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Company Registration Number: 07235487



ArchOver Limited

Annual Report and Financial Statements

For the year ended

31 December 2022

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ARCHOVER LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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ARCHOVER LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 DECEMBER 2022

The board of directors	I P M Anderson F W Johnston C L Marsh
Company secretary	Hampden Legal Plc
Registered office	5 th Floor 40 Gracechurch Street London England EC3V 0BT
Registered number	07235487 (England & Wales)
Registered auditor	CBW Audit Limited Chartered Accountants & Statutory Auditor 66 Prescott Street London E1 8NN

ARCHOVER LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

The purpose of this report is to inform the members of the Company and help them to assess how the directors have performed their duties under s172 of the Companies Act 2006, in promoting the success of the Company.

The directors have performed their duties under s172 with regard to their responsibility to members of the Company and wider stakeholders interests.

The principle activity of ArchOver is that of a P2P Business lender providing British SMEs access to raise the funding they need to grow or take their business to the next step, all the while providing secure returns for our community of Lenders.

To date, ArchOver has facilitated over £161m of borrowing for British SMEs.

Our offering has appealed to a wide variety of Lenders; from individuals, through family offices, to companies and institutions, those that make up our Lender community has received over £13.5m in interest.

REVIEW OF THE BUSINESS

Management

There have been no changes to management or key personnel during the year. However, in early 2023 will see a reduction in staff across the business as we exit the peer to peer sector and enter a wind down phase of our retail based loan book.

Services

ArchOver provides loans secured in a traditional sense with an all-asset charge over the Borrower. We recognise that not all Lenders want the same level of security; this has been demonstrated by the demand for our 'Advance' service, which offers higher returns, for a shorter loan term, secured against R&D tax claims and Grants.

We operate 'open banking' technology to monitor a Borrower's bank account(s). In addition, Lenders continue to enjoy the safeguard of having ArchOver monthly monitor all Borrower's security and management information.

Secured lending service remains the highest proportion of our active loan book.

From 2023 we will begin to see the active loan book decrease as we will no longer accept or promote any new loan applications as we begin our exit from the peer to peer sector and begin the wind down of the loan book.

Performance

Over the past two years we have successfully and organically implemented and delivered new lending services and introduced amortised structure to our projects. Typically we see up to half of the loan value being repaid along with interest in the first two years leaving a final capital settlement amount being refinanced by another lender or being repaid by the borrower as a bullet payment.

During the year we established a good balance between office and home working which suited the demands of the business and our team. Our key partners Gislen Software PVT remain committed to delivering our bespoke technology from their offices in Chennai, India and have implemented further streamlining processes to assist our plans.

ARCHOVER LIMITED
STRATEGIC REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2022

Communication and Development

ArchOver has a strict Governance strategy in place, which provides the board with; Terms of Reference and procedures for decision making. The directors are aware of the impact of their decisions and how they might affect stakeholders.

FUTURE DEVELOPMENTS

ArchOver conducted a strategic review of the business in January 2023 and concluded that it would exit the peer to peer sector.

ArchOver will not promote or accept any new loan applications in 2023 and begin an orderly wind down of the active loan book. An operational team will remain in place to conduct the wind down, this is expected to take at least 24 months. The wind down plan is fully supported for the duration by the shareholder.

The principle activity of the company will be to monitor, review and manage the existing loan portfolio, working with each Borrower to ensure repayments of interest and capital are repaid in a timely manner with no unnecessary interruption to the lenders payment schedules, this includes the management of sale of any loans to a third party. The operational team will continue to maintain monthly monitoring, borrower relationships and recovery services.

Due to our decision to exit the peer to peer sector and not promote new regulated business the 2022 financial statements have been prepared on a basis other than going concern.

ArchOver will remain fully regulated with the Financial Conduct Authority.

KEY PERFORMANCE INDICATORS

The directors consider the following to be the key performance indicators of the company:

	31 st Dec 2019	31 st Dec 2020	31 st Dec 2021	31 st Dec 2022	28 th Feb 2023
Number of potential lenders registered	3,328	3,464	3,577	2,637	2,640
Number who have lent	1,192	1,227	1,244	1,281	1,281
Average loan size	£226,000	£224,500	£231,856	£239,679	£239,679
Number of total loans facilitated	510	579	635	674	674

ARCHOVER LIMITED
STRATEGIC REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks of the company are:

Regulatory Risk

P2P Business Lending is regulated by the Financial Conduct Authority (FCA). The company is authorised and regulated by the FCA and the directors ensure that the various aspects of the FCA regulation that apply to the company are followed.

Reputation Risk

In common with other P2P lenders and with many other facilitators of loans ArchOver does not lend its own money. We rely on the good reputation our service commands to continue attracting investors' money to lend. Any damage to this reputation reduces lenders appetite and decreases ArchOver's business.

Finance Risks

For the company to continue its growth within an expanding part of the lending market it needs to have sufficient working capital and investment funding. As well as the directors keeping a close monitor on budgets and the costs involved in running the business to avoid unnecessary costs being incurred, the company also receives continued financial support from its shareholders to enable it to continue to grow.

Environment Business Risk

The company directors ensure the company keeps pace with the changing trends of the lending market by maintaining a monitoring service available from competitors and ensuring that good communication is kept with its current Lenders and Borrowers.

Technology Business Risk

Future profitability and cash flows of the business are dependent on the continuing use and relevance of the lender and Borrower platform. Lending cannot be undertaken if the platform became unable to attract and maintain the participation of its users. The directors recognise the platform as one of the key features to the business's success and as such prioritise the maintenance of its functionality and continued development.

These risks and uncertainties are managed by maintaining strong relationships with our customers, providing them with excellent quality service, retaining our experienced staff to develop systems and technology and continuing to maintain robust control environments.

Signed on behalf of the directors

C Marsh
26/04/2023 14:45:51

Charlotte Marsh

C L Marsh
Director

Approved by the directors on 26 April 2023

ARCHOVER LIMITED
DIRECTORS REPORT
YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements of the company for the year ended 31 December 2022.

DIRECTORS

The directors who served the company during the year were as follows:

I P M Anderson
F W Johnston
C L Marsh

During the year the company maintained liability insurance for its directors and officers.

DIVIDENDS

The loss for the year amounted to £948,528. The directors are unable to recommend a dividend.

FUTURE DEVELOPMENTS

From January 2023, the company ceased to promote or accept any new applications for lending by retail customers and commenced run-off activities which are expected to last for a period of no more than 24 months.

FINANCIAL INSTRUMENTS

These financial statements have been prepared on a basis other than going concern as the company is no longer considered to be a going concern. From January 2023, the company ceased to promote or accept any new applications for lending by retail customers and commenced run-off activities which are expected to last for a period of no more than 24 months. Due to this the directors have reviewed the financial instruments held by the company and considered impairments were necessary.

POST BALANCE SHEET EVENTS

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

The directors have considered matters concerning s172 of the Companies Act 2006 with regard to their responsibility to members of the Company and wider stakeholders' interests. The directors have provided detail within their strategic report demonstrating deliverability of decision making, governance and culture within the business.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'. 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 group and the company and the profit or loss of the group for that period.

ARCHOVER LIMITED
DIRECTORS REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2022

DIRECTORS RESPONSIBILITIES STATEMENT *(continued)*

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

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

PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken, as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

AUDITOR

CBW Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors

C Marsh
26/04/2023 14:45:51

Charlotte Marsh

C L Marsh
Director

Approved by the directors on 26 April 2023

ARCHOVER LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHOVER
LIMITED

YEAR ENDED 31 DECEMBER 2022

OPINION

We have audited the financial statements of Archover Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

EMPHASIS OF MATTER – financial statements prepared on a basis other than going concern

We draw attention to Note 2 of the financial statements which explains that the company has commenced run-off activities and have ceased activities in accepting new applications for lending. Therefore, the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2.

Our opinion is not modified in respect to this matter.

OTHER INFORMATION

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

In connection with our audit of the financial statements, 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.

ARCHOVER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHOVER LIMITED

YEAR ENDED 31 DECEMBER 2022

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters where 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 directors' responsibilities statement, 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.

AUDITORS 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.

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.

ARCHOVER LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHOVER
LIMITED

YEAR ENDED 31 DECEMBER 2022

We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. The laws and regulations applicable to the company were identified through discussions with directors and other management, and from our commercial knowledge and experience of secured and insured P2P lending and financial services. Of these laws and regulations, we focused on those that we considered may have a direct material effect on the financial statements or the operations of the company, including those required by the Financial Conduct Authority ("FCA") in the FCA handbook, Financial Services and Markets Act 2000, Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation. The extent of compliance with these laws and regulations identified above was assessed through making enquiries of management and inspecting legal correspondence. The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators including the FCA and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit 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.

ARCHOVER LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHOVER
LIMITED**

YEAR ENDED 31 DECEMBER 2022

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.

CBW Audit Limited.

Daniel Howarth FCA (Senior Statutory Auditor)
For and on behalf of
CBW AUDIT LIMITED
Chartered Accountants
Statutory Auditor

66 Prescott Street
London
E1 8NN

26 April 2023

ARCHOVER LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
TURNOVER	4	984,539	1,095,827
Cost of sales		(39,430)	(67,570)
GROSS PROFIT		945,109	1,028,257
Distribution costs		(44,457)	(74,737)
Administrative expenses		(2,088,492)	(1,750,958)
Other operating income		239,312	148,859
OPERATING LOSS	5	(948,528)	(648,579)
 LOSS BEFORE TAXATION		 (948,528)	 (648,579)
Tax on loss	8	—	—
LOSS FOR THE FINANCIAL YEAR		(948,528)	(648,579)
 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		 (948,528)	 (648,579)

All of the activities of the company were from operations which have been discontinued post year-end.

The notes on pages 16 to 26 form part of these financial statements.

ARCHOVER LIMITED
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

	Note	2022	2021
		£	£
FIXED ASSETS			
Intangible assets	9	—	354,846
Tangible assets	10	—	1,412
Investments	11	—	—
		<u>—</u>	<u>356,258</u>
CURRENT ASSETS			
Debtors: due within one year	12	978,702	205,726
Cash at bank and in hand		76,960	79,227
		<u>1,055,662</u>	<u>284,953</u>
CREDITORS: Amounts falling due within one year	13	<u>(323,282)</u>	<u>(440,303)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>732,380</u>	<u>(155,350)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>732,380</u>	<u>200,908</u>
NET ASSETS		<u>732,380</u>	<u>200,908</u>
CAPITAL AND RESERVES			
Called up share capital	15	7,616,431	6,136,431
Share premium account	16	1,446,585	1,446,585
Profit and loss account	16	(8,330,636)	(7,382,108)
SHAREHOLDERS FUNDS		<u>732,380</u>	<u>200,908</u>

These financial statements were approved by the board of directors and authorised for issue on 26 April 2023, and are signed on behalf of the board by:

C Marsh
26/04/2023 14:45:51

Charlotte Marsh

C L Marsh
Director

Company registration number: 07235487

The notes on pages 16 to 26 form part of these financial statements.

ARCHOVER LIMITED
STATEMENT OF CHANGES IN EQUITY

31 DECEMBER 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
AT 1 JANUARY 2021	5,911,431	1,446,585	(6,733,529)	624,487
Loss for the year	—	—	(648,579)	(648,579)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	(648,579)	(648,579)
Issue of shares	225,000	—	—	225,000
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	225,000	—	—	225,000
AT 31 DECEMBER 2021	6,136,431	1,446,585	(7,382,108)	200,908
Loss for the year	—	—	(948,528)	(948,528)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	(948,528)	(948,528)
Issue of shares	1,480,000	—	—	1,480,000
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	1,480,000	—	—	1,480,000
AT 31 DECEMBER 2022	7,616,431	1,446,585	(8,330,636)	732,380

The notes on pages 16 to 26 form part of these financial statements.

ARCHOVER LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial year	(948,528)	(648,579)
<i>Adjustments for:</i>		
Depreciation of tangible assets	3,311	5,016
Amortisation of intangible assets	247,187	260,637
Impairment of fixed asset investments	—	200
Impairment of intangible assets	331,448	—
<i>Changes in:</i>		
Trade and other debtors	91,878	(23,440)
Trade and other creditors	(18,725)	28,296
Cash generated used in operations	(293,429)	(377,870)
Net cash used in operating activities	<u>(293,429)</u>	<u>(377,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(1,899)	—
Purchase of intangible assets	(223,789)	(217,238)
Net cash used in investing activities	<u>(225,688)</u>	<u>(217,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	1,480,000	225,000
(Increase)/decrease in loans to group companies	(864,854)	346,718
Decrease in loans from group companies	(98,296)	(19,261)
Net cash from financing activities	<u>516,850</u>	<u>552,457</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(2,267)</u>	<u>(42,651)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>79,227</u>	<u>121,878</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>76,960</u>	<u>79,227</u>

The notes on pages 16 to 26 form part of these financial statements.

ARCHOVER LIMITED
STATEMENT OF CASH FLOWS *(continued)*
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE STATEMENT OF CASH FLOWS**1. ANALYSIS OF CHANGES IN NET DEBT**

	At 01.01.22	Cash flows	At 31.12.22
Cash and cash equivalents			
Cash at bank and in hand	<u>79,227</u>	<u>(2,267)</u>	<u>76,960</u>
	<u>79,227</u>	<u>(2,267)</u>	<u>76,960</u>
 Total	 <u>79,227</u>	 <u>(2,267)</u>	 <u>76,960</u>

The notes on pages 16 to 26 form part of these financial statements.

ARCHOVER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

ArchOver Limited is a limited liability company incorporated in England. The address of the registered office and principal place of business is disclosed on the officers and professional advisors' page.

The company's principal activity is that of secured and insured P2P lending.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statement are rounded to the nearest £ unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain items as specified in the accounting policies below.

These financial statements have been prepared on a basis other than going concern as the company is no longer considered to be a going concern. From January 2023, the company ceased to promote or accept any new applications for lending by retail customers and commenced run-off activities which are expected to last for a period of no more than 24 months.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for services rendered, net of discounts and Value Added Tax.

ArchOver has two revenue streams; a marketing fee, the fee payable by a successful borrower for marketing their project on the ArchOver platform and a monitoring fee. The monitoring fee is recognised each month as the fee arises.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

ARCHOVER LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

A net deferred tax asset is regarded as recoverable and therefore recognised, only when it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted by the balance sheet date.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Cash at bank

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

ARCHOVER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets, which relate to the costs associated with developing the ArchOver platform are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Cost includes expenditure that is directly attributable to the creation of these assets. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of platform development, less its estimated residual value, over the useful life of the asset as follows:

Development costs - Straight line over 3 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Equipment	-	Straight line over 2 to 3 years
Computer equipment	-	Straight line over 2 to 3 years

Impairment of fixed assets

At each period end date, the company reviews the carrying amounts of its tangible and intangible 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).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, with the impairment recognised immediately in the statement of income and retained earnings.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

ARCHOVER LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES *(continued)*

Employee benefits

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Financial instruments

The company has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102 to all of its financial instruments.

Financial instruments are classified and accounted for, according to the substance of the contractual agreement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distribution relating to equity instruments are debited direct to equity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas for which estimation has been applied are considered to be in calculating depreciation and the useful economic life of assets, estimating any necessary bad debt provision and the impairment of intangible assets.

ARCHOVER LIMITED**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2022****4. TURNOVER**

	2022	2021
	£	£
United Kingdom	<u>984,539</u>	<u>1,095,827</u>

The whole of the turnover and loss before tax are attributable to the principal activity of the company.

5. OPERATING LOSS

Operating loss is stated after charging:

	2022	2021
	£	£
Amortisation of intangible assets	247,187	260,637
Depreciation of tangible assets	3,311	5,016
Impairment of fixed asset investment	—	200
Impairment of intangible assets	331,448	—
Fees payable for the audit of the financial statements	27,000	25,000
Pensions – defined contribution plans	36,388	33,482
Operating lease costs: Other	<u>100,197</u>	<u>102,587</u>

6. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No	No
Administrative staff	12	11
Management staff	<u>3</u>	<u>3</u>
	<u>15</u>	<u>14</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	913,980	829,395
Social security costs	107,390	91,349
Other pension costs	36,388	33,482
	<u>1,057,758</u>	<u>954,226</u>

ARCHOVER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2022****7. DIRECTORS REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	228,123	228,103
Company contributions to defined contribution pension schemes	6,185	6,145
	<u>234,308</u>	<u>234,248</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2022	2021
	No	No
Defined contribution schemes	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022	2021
	£	£
Aggregate remuneration	135,000	135,000
Contributions to defined contribution pension plans	6,185	6,145
	<u>141,185</u>	<u>141,145</u>

8. TAXATION

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £nil (2021: £nil).

Reconciliation of tax charge

The tax assessed on the loss for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022	2021
	£	£
Loss before taxation	<u>(948,528)</u>	<u>(648,579)</u>
Loss by rate of tax	(180,220)	(123,230)
Effect of expenses not deductible for tax purposes	1,974	1,842
Effect of non-taxable income	(61,158)	(28,321)
Effect of capital allowances and depreciation	92	850
Group relief	<u>239,312</u>	<u>148,859</u>
Tax on loss	<u>—</u>	<u>—</u>

ARCHOVER LIMITED**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2022****8. TAXATION** *(continued)***Factors that may affect future tax charge**

The standard rate of corporation tax prevailing during the period was 19%.

On 11 March 2020, it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. In the Budget of 3 March 2021 (and subsequently confirmed in the Autumn Statement on 17 November 2022) it was announced that the main rate of corporation tax would increase to 25% from 1 April 2023; this was substantively enacted on 24 May 2021.

Deferred tax balances included within the accounts have been calculated with reference to the rate expected to be applicable at the date of reversal (2021: 19%).

9. INTANGIBLE ASSETS

	Development costs £	Total £
COST		
At 1 January 2022	615,483	615,483
Additions	223,789	223,789
At 31 December 2022	839,272	839,272
AMORTISATION		
At 1 January 2022	260,637	260,637
Charge for the year	247,187	247,187
At 31 December 2022	507,824	507,824
IMPAIRMENT		
At 1 January 2022	—	—
Impairment during the year	331,448	331,448
At 31 December 2022	331,448	331,448
NET BOOK VALUE		
At 31 December 2022	—	—
At 31 December 2021	354,846	354,846

ARCHOVER LIMITED**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2022****10. TANGIBLE ASSETS**

	Equipment £	Computer £	Total £
COST			
At 1 January 2022	11,096	56,069	67,165
Additions	—	1,899	1,899
At 31 December 2022	11,096	57,968	69,064
DEPRECIATION			
At 1 January 2022	11,096	54,657	65,753
Charge for the year	—	3,311	3,311
At 31 December 2022	11,096	57,968	69,064
NET BOOK VALUE			
At 31 December 2022	—	—	—
At 31 December 2021	—	1,412	1,412

11. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2022	200
Disposal	(200)
At 31 December 2022	—
IMPAIRMENT	
At 1 January 2022	200
Eliminated on disposal	(200)
At 31 December 2022	—
NET BOOK VALUE	
At 31 December 2022	—
At 31 December 2021	—

ARCHOVER LIMITED**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2022****11. INVESTMENTS** *(continued)***Subsidiaries, associates and other investments**

During the year ended 31 December 2022, the following companies were dissolved:

Name of subsidiary undertaking	Principal activity
ArchOver SPV 10 Limited	Financial services
ArchOver Intellectual Property Limited	Holding company

12. DEBTORS

Debtors falling due within one year are as follows:

	2022	2021
	£	£
Trade debtors	2,471	86,003
Amounts owed by group undertakings	938,333	73,479
Prepayments and accrued income	37,898	45,505
Directors loan accounts	—	739
	978,702	205,726

13. CREDITORS

	2022	2021
	£	£
Trade creditors	147,419	87,504
Amounts owed to group undertakings	200	98,496
Accruals and deferred income	104,757	171,000
Social security and other taxes	62,572	69,398
Other creditors	8,334	13,905
	323,282	440,303

14. EMPLOYEE BENEFITS**Defined contribution plans**

The company makes contributions to several defined contributions schemes. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £36,388 (2021: £33,482).

ARCHOVER LIMITED**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2022****15. CALLED UP SHARE CAPITAL**

Issued, called up and fully paid

	2022		2021	
	No	£	No	£
Ordinary A shares of £0.01 each	1,018,704	10,187	1,018,704	10,187
Ordinary B shares of £0.01 each	124,366	1,244	124,366	1,244
Ordinary C shares of £1.00 each	7,605,000	7,605,000	6,125,000	6,125,000
	<u>8,748,070</u>	<u>7,616,431</u>	<u>7,268,070</u>	<u>6,136,431</u>

During the year 780,000 ordinary C shares were issued and fully paid at par.

Class A ordinary shares have 75.1% of the voting rights of all dividends declared by the company and a right to 40% participation on any return of capital. The holders also have the right to appoint an A director to the board of directors.

Class B shares have 24.9% of the voting of all dividends declared by the company and a right to 60% participation on any return of capital. The holders also have the right to appoint an B director to the board of directors.

Class C share are non-voting apart from on a winding up or third party sale of the company and will rank ahead of the A Ordinary shares and B Ordinary shares for repayment, at par value only, on a winding up or third part sale of the company

16. RESERVES

Called-up share capital – This represents the nominal value of shares that have been issued.

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

Profit and loss account – This distributable reserve records retained earnings and accumulated losses.

17. RELATED PARTY TRANSACTIONS

The company's majority shareholder has been Hampden Holdings since its incorporation. At 1 December 2021, Hampden Holdings owned 98.70%, which was increased to 99.48% during the year ended 31 December 2021. This was further increased to 99.57% in the current year.

During the year, the company purchased services of £21,470 (2021: £22,295) from fellow subsidiaries of the Hampden Holdings Limited group.

During the year the company paid rent of £100,197 (2021: £102,287) to fellow group companies.

During the year the company charged fellow subsidiaries of the Hampden Holdings Limited group £239,312 (2021: £148,859) in respect of group relief.

As at 31 December 2022 an amount of £938,333 (2021: £73,479) was owed by fellow group companies. An amount of £200 (2021: £2,123) was owed to fellow group companies.

As at 31 December 2022 an amount of £701 (2021: £739 was due from) was due to directors of the company.

ARCHOVER LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2022

18. ULTIMATE PARENT COMPANY

The directors consider Hampden Holdings Limited to be the company's immediate parent company and ultimate parent company.

The largest and smallest group, in which this company's information is consolidated is that of Hampden Holdings Limited. Hampden Holdings Limited is incorporated in England and Wales and will be drawing up consolidated financial statements to 31 December 2022. The principal place of business for Hampden Holdings Limited is:

Hampden House
Great Hampden
Great Missenden
Buckinghamshire
HP16 9RD

Copies of the consolidated financial statements of Hampden Holdings Limited can be obtained from the above address.

19. POST BALANCE SHEET EVENTS

From January 2023, the company ceased to promote or accept any new applications for lending by retail customers and commenced run-off activities. At the same date, a restructuring plan was communicated to employees. As this is a non-adjusting event, the costs of this restructuring will be recognised in 2023, along with the establishment of a provision for run-off costs.