

**ARCHANGEL INVESTORS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**



# ARCHANGEL INVESTORS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	I R Macleod (Chairman) E M Young (resigned 11.01.23) M W M R MacPhee T E D Allan M Kinsler A E Sealey J N R Cunningham (appointed 07.09.22)
<b>Secretary</b>	MBM Secretarial Services Ltd
<b>Company number</b>	SC209206
<b>Registered office</b>	Suite 2 Ground Floor Orchard Brae House 30 Queensferry Road Edinburgh EH4 2HS
<b>Auditors</b>	Chiene & Tait LLP (Trading as CT) Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
<b>Bankers</b>	Virgin Money 83 George Street Edinburgh EH2 3ES

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# **ARCHANGEL INVESTORS LIMITED**

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# ARCHANGEL INVESTORS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present the strategic report and financial statements for the period ended 31 March 2023.

#### **Fair review of the business**

Archangel Investors Limited assesses and vets investment opportunities and carries out due diligence and other portfolio management services on behalf of our investors. All regulated activities in connection with the business of Archangels are carried out by Archangels Investors (Management) Limited, a subsidiary of Archangel Investors Limited, which is authorised and regulated by the Financial Conduct Authority.

2022/23 was another exceptionally busy year for our syndicate.

We arranged investment totalling £25.1m (2021/22: £27.7m) over eleven investment rounds during the financial year, of which £11.2m came from Archangels members.

We had one substantial exit during the year, with the sale of Blackford Analysis to Bayer Pharma, which had been in our portfolio since 2012. While we cannot disclose the detailed terms because of confidentiality obligations, the money multiple and IRR on our investment were strong. In addition to the exit of Blackford Analysis, we continued to receive dividend income from one of our portfolio companies and we received 100% of the escrow which was held back for 12 months, following the sale of Optoscribe.

On a corporate level, I am pleased to report that our investor base has remained steady at 107 during the year (2021/22: 107). Our investors are fundamental to Archangels' activities and without their ongoing support for what we do, we could not continue to provide the significant levels of investment in money and time to our companies.

#### **Key Performance Indicators**

Key performance indicators are measured and reviewed on a regular basis to enable the business to set its performance targets and monitor its performance against these targets. Our primary target relates to providing an excellent level of service for our investors and is measured by reference to investor retention. It is important that we retain a strong market presence and that our investment approach is well understood so that we maintain an adequate flow of high-quality investment opportunities for our members. In this respect, our new deals committee monitors the number and quality of investment opportunities and business plans that we receive each year.

Our investors invest significant amounts each year and we endeavour to actively manage the investee portfolio in order to return cash to investors by way of exits. However, the board does not consider it appropriate to set specific KPIs in these areas. However, we do set specific targets in relation to working capital and debtor collection within our own business, which we have successfully achieved during the period.

#### **Key risks**

The Board determines the Company's business strategy and risk appetite along with designing and implementing a risk management framework that recognises the risks that the business faces, both presently and in the future. They also determine how those risks may be mitigated and assess on an on-going basis the arrangements to manage those risks.

# **ARCHANGEL INVESTORS LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 31 MARCH 2023***

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The Board considers business planning and risk management on a regular basis. This includes managing the Company's risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules with the aim of operating a defined and transparent risk management framework. These policies and procedures are updated as required. The Company has an operational infrastructure appropriate to its size.

#### **Currency risk**

Archangels' receives income from investee companies through research fees and monitoring fees. These are paid in sterling. Whilst the Company does have some indirect exposure to currency through performance fees paid on a successful exit where the exit consideration is not sterling denominated, the exposure is immaterial to the Company's financial position.

#### **Market risk**

Market risk is the risk of any impact upon the Company's financial condition due to fluctuations in values of, or income from, assets or in interest or exchange rates. The Company does not take positions which materially expose it to market risk.

#### **Investment Risk**

The Company facilitates the investment activity of its investors in disruptive, early-stage technology companies based in Scotland. It is inherent in the nature of the company's activities that some investments will be made which will ultimately be loss making. Such losses impact on the level of performance fees and could, in the long term, impact the Company's track record and its ability to retain and recruit new investors. The Company has put in place rigorous due diligence procedures for all investment rounds to mitigate this risk.

#### **Credit risk**

Credit risk relates to risk of non-payment by investee companies of monitoring fees. Monitoring fees comprise a small proportion of the overall income of the Company each year.

#### **Liquidity risk**

Liquidity risk is defined as the risk that the Company, although solvent, either does not have sufficient available resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The Board regularly monitors cash flow and management accounts to ensure that the Company maintains adequate working capital.

#### **Operational risk**

Operational risk, inherent in all businesses, is the potential for financial and reputation loss arising from failures in internal controls, operational processes or systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The environment in which the Company operates imposes extensive reporting requirements and continuing self-assessment and appraisal. Internal arrangements and processes are in place to re-evaluate continually as the Company seeks to improve its operating efficiencies and these are considered to have been effective to date.

#### **Board and Investor Succession**

The Company relies on its board and investors to provide investment capital, oversight, domain expertise and mentoring to investee companies. These are important aspects of the business angel syndicate. The Company has a strategy in place to recruit new investors with appropriate skills.

#### **Dependence on key technical personnel**

The Company's success is driven by its key technical staff in providing services to its target market. Therefore the Board consider a key risk to be the loss of its key staff and the retention of these individuals is a key objective of the Company through having competitive remuneration policies.

# ARCHANGEL INVESTORS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2023**

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### Section 172 Statement

The Directors have a duty to promote the success of the Company for the benefit of its members and to describe how they have performed this duty having regard to matters set out in section 172(1) of the Companies Act 2006. In fulfilling this duty, the Directors consider the likely consequences of their actions over the long term and on other stakeholders.

The Company and wider group are committed to being a responsible business, providing regular opportunities for employee feedback and suggestions. The group aims to foster a positive working environment which is enforced by regular team meetings.

The Company is committed to developing and maintaining strong relationships with its customers and suppliers. Management are in frequent contact with the Company's suppliers to discuss and plan for future service requirements and ensure the company is receiving the best possible service and value.

Management arrange a number of regular events for our investors and maintain regular dialogue with them throughout the year. Management is also in regular contact with investee company representatives through attendance at monthly board meetings and regular contact in between.

The Directors are conscious of the impact the Company's operations have on the community and the environment and aims to minimise environmental disruption from its activities. The Company is always looking for ways in which it can reduce its carbon footprint.

The Board are committed in their day to day operations and dealing with stakeholders, to uphold the highest standard of business integrity and conduct. If there are any concerns with the standard of conduct then this will be actively raised and discussed at board meetings.

On behalf of the board

*Ian Macleod*

Ian Macleod (Jul 7, 2023 10:32 GMT+1)

I R Macleod

**Chairman**

5<sup>th</sup> July 2023

# ARCHANGEL INVESTORS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the period ended 31 March 2023.

#### Principal activities

The principal activity of the Group continued to be that of a professional business angel syndicate and the promotion of commercial activity or enterprise in Scotland.

The company is a company limited by guarantee.

#### Directors

None of the directors has any beneficial interest in the company. All of the directors guarantee to contribute £1 in the event of winding up.

T E D Allan  
J N R Cunningham (appointed 07.09.22)  
M Kinsler  
M W M R MacPhee  
I R McLeod (Chairman)  
A E Sealey  
E M Young (resigned 11.01.23)

An indemnity provision is in place for the directors.

#### Results and dividends

The results for the period are set out on page 9.

#### Auditors

The auditors, Chiene & Tait LLP (Trading as CT), are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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.

# ARCHANGEL INVESTORS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Group's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditors are aware of that information.

### Energy and carbon report

As the Company has not consumed more than 40,000kWh of energy in this reporting period, it qualifies as a low energy user under regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

### MIFIDPRU 8

In accordance with MIFIDPRU 8, the required disclosures in respect of risk management objectives and policies, with own funds requirement, policy and practices are available from the company's registered office on request or on company's website.

On behalf of the board

Ian Macleod

Ian Macleod (Jul 7, 2023 10:32 GMT+1)

I R Macleod

Chairman

5<sup>th</sup> July 2023



**ARCHANGEL INVESTORS LIMITED****INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF ARCHANGEL INVESTORS LIMITED**

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**Opinion**

We have audited the financial statements of Archangel Investors Limited and its subsidiary for the year ended 31 March 2023 which comprise the consolidated profit and loss account, the group and parent company balance sheets, the group and parent company statement of changes in equity, the consolidated statement of cash flows, and the 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 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 group's and of the parent company's affairs as at 31 March 2023 and of the group's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

**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.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**ARCHANGEL INVESTORS LIMITED****INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF ARCHANGEL INVESTORS LIMITED**

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**Opinions on other matters prescribed by the Companies Act 2006**

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.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent 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 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 the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 the 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 group's and the parent 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 group or the parent 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.

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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, the Financial Conduct Authority and Health and Safety Regulations.

# ARCHANGEL INVESTORS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ARCHANGEL INVESTORS LIMITED

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.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the joint managing directors, office manager and other directors;
- review of minutes of board meetings throughout the year;
- review of legal correspondence or invoices; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements 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 would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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

*Barry Truswell*

Barry Truswell (Jul 7, 2023 15:31 GMT+1)

Barry Truswell CA (Senior Statutory Auditor)

For and on behalf of  
Chiene + Tait LLP (Trading as CT)  
Chartered Accountants & Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

**ARCHANGEL INVESTORS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Turnover	<b>2</b>	1,784,825	1,278,806
Administrative expenses		<u>(1,678,866)</u>	<u>(1,259,147)</u>
<b>Operating Profit/(Loss)</b>		105,959	19,659
Interest receivable and similar income		<u>-</u>	<u>-</u>
<b>Profit/(Loss) before taxation</b>		105,959	19,659
Taxation	<b>5</b>	<u>(30,474)</u>	<u>(7,473)</u>
<b>Profit/(Loss) for the financial</b>		75,485	12,186
<b>Total comprehensive income for the period</b>		<u><u>75,485</u></u>	<u><u>12,186</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

# ARCHANGEL INVESTORS LIMITED

## BALANCE SHEETS

AS AT 31 MARCH 2023

		Group		Company	
	Notes	2023 £	2022 £	2023 £	2022 £
<b>Fixed Assets</b>					
Tangible Fixed Assets	7	4,564	7,263	4,564	7,263
Investments	8	-	-	75,002	5,002
		4,564	7,263	79,566	12,265
<b>Current Assets</b>					
Debtors	9	132,433	104,499	137,349	109,486
Cash at bank and in hand		463,184	419,552	329,385	356,434
		595,617	524,051	466,734	465,920
<b>Creditors (amounts falling due within one year)</b>	10	(158,234)	(164,852)	(104,353)	(111,723)
<b>Net Current Assets</b>		437,383	359,199	362,381	354,197
<b>Total Assets less current liabilities</b>		441,947	366,462	441,947	366,462
<b>Reserves</b>					
Profit and loss account		441,947	366,462	441,947	366,462

The financial statements were approved by the board of directors and authorised for issue on 5th July 2023 and are signed on its behalf by:

Ian Macleod  
Ian Macleod (Jul 7, 2023 10:32 GMT+1)

I R Macleod  
**Chairman**

**Company Registration No. SC209206**

The notes on pages 13 to 23 form part of these financial statements.

**ARCHANGEL INVESTORS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**Company:-**

	<b>Profit and loss reserves £</b>
<b>Balance at 1 April 2021</b>	354,276
<b>Period ended 31 March 2022:</b>	
Profit and total comprehensive income for the period	12,186
<b>Balance at 31 March 2022</b>	366,462
<b>Period ended 31 March 2023:</b>	
Profit and total comprehensive income for the period	75,485
<b>Balance at 31 March 2023</b>	441,947

**Consolidated:-**

	<b>Profit and loss reserves £</b>
<b>Balance at 1 April 2021</b>	354,276
<b>Period ended 31 March 2022:</b>	
Profit and total comprehensive income for the period	12,186
<b>Balance at 31 March 2022</b>	366,462
<b>Period ended 31 March 2023:</b>	
Profit and total comprehensive income for the period	75,485
<b>Balance at 31 March 2023</b>	441,947

**ARCHANGEL INVESTORS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	43,632	34,867
<b>Net cash inflow/(outflow) from operating activities</b>		43,632	34,867
<b>Investing activities</b>			
Purchase of tangible fixed assets		-	(6,756)
Interest received		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		43,632	28,111
Cash and cash equivalents at beginning of period		419,552	391,441
<b>Cash and cash equivalents at end of period</b>		463,184	419,552

**ARCHANGEL INVESTORS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**1 Accounting policies**

**Company information**

Archangel Investors Limited is a company limited by guarantee incorporated in Scotland. The registered office is Suite 2, Ground Floor Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The principal accounting policies adopted are set out below.

**1.2 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2023. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

**1.3 Going concern**

The Directors and Management have assessed the company's activities and the appropriateness of the use of the going concern basis. The company has not faced any material changes to its activities during the period and does not expect any material impact on its revenues or costs. In addition, the company operates a prudent cash reserves policy which would give it sufficient time to make any changes required to its business if it were at any point to face material adverse trading conditions. Thus the Directors consider it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

**1.5 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the director is 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



# ARCHANGEL INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% straight line
Computer equipment	33.3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 1.8 Impairment of fixed assets

At each reporting 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# ARCHANGEL INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### 1.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

# ARCHANGEL INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# ARCHANGEL INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 2 Turnover and other revenue – Group

An analysis of the company's turnover is as follows:

	2023 £	2022 £
<b>Turnover</b>		
Research fees	583,781	514,955
Monitoring fees	185,090	199,590
Membership fees	112,500	111,000
Members' contributions on exit event	550,484	243,337
Warrant income	305,478	180,439
Other income	47,492	29,485
	<u>1,784,825</u>	<u>1,278,806</u>

#### Turnover analysed by geographical market

	2023 £	2022 £
UK	<u>1,784,825</u>	<u>1,278,806</u>

#### 3 Operating profit – Group

	2023 £	2022 £
Operating profit for the period is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	6,250	4,550
Depreciation of owned tangible fixed assets	2,699	1,712
Operating lease charges	<u>24,700</u>	<u>24,700</u>

#### 4 Employees – Group

The average monthly number of persons (including directors) employed by the company during the period was:

	2023 Number	2022 Number
Directors	7	6
Key management	3	3
Administration	<u>2</u>	<u>2</u>
	<u>12</u>	<u>11</u>

# ARCHANGEL INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 4 Employees – Group (continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	1,168,478	902,925
Social security costs	157,865	118,624
Pension costs	36,019	36,342
	<u>1,362,362</u>	<u>1,057,891</u>

#### 5 Taxation – Group

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	30,614	8,405
Adjustment in respect of prior periods	<u>(140)</u>	<u>(932)</u>
	<u>30,474</u>	<u>7,473</u>

The charge for the period can be reconciled to the profit per the profit and loss account as follows:

	2023 £	2022 £
Profit/(Loss) before taxation	<u>105,959</u>	<u>19,659</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	20,132	3,735
Tax effect of expenses that are not deductible in determining taxable profit	9,969	5,629
Permanent capital allowances in excess of depreciation	513	(959)
Prior period adjustment	<u>(140)</u>	<u>(932)</u>
Tax expense for the period	<u>30,474</u>	<u>7,473</u>

#### Factors that may affect future tax

The UK government announced an increase in the UK corporation tax rate in respect of large companies from 19% to 25% to take effect from 1 April 2023. Therefore the corporation tax rate with effect from 1 April 2022 and 1 April 2023 was 19%. However, in future periods the effective rate of corporation tax will be determined by the company's profit level.

# ARCHANGEL INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 6 Profit for the financial period

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial period is made up as follows:

	2023 £	2022 £
Holding company's profit/(loss) for the financial period	75,485	12,186

#### 7 Tangible fixed assets – Group and company

	Fixtures, fittings & equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2022	13,419	22,099	35,518
Additions	-	-	-
Disposals	-	-	-
At 31 March 2023	13,419	22,099	35,518
<b>Depreciation and impairment</b>			
At 1 April 2022	13,413	14,842	28,255
Depreciation charged in the period	6	2,693	2,699
Depreciation on disposals	-	-	-
At 31 March 2023	13,419	17,535	30,954
<b>Carrying amount</b>			
At 31 March 2023	-	4,564	4,564
At 31 March 2022	6	7,257	7,263

# **ARCHANGEL INVESTORS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

### **8 Fixed asset investments - Company**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Investments in subsidiaries	75,002	5,002
	<u>75,002</u>	<u>5,002</u>
<b>Movements in fixed asset investments</b>		
		<b>Shares in group undertakings</b>
		<b>£</b>
<b>Cost or valuation</b>		
At 1 April 2022		5,002
Additions		<u>70,000</u>
At 31 March 2023		<u>75,002</u>
<b>Carrying amount</b>		
At 31 March 2023		75,002
At 31 March 2022		<u>5,002</u>

The company's subsidiaries at 31 March 2023 included in the consolidation are as follows:

<b>Name of undertaking</b>	<b>Nature of the business</b>	<b>Shareholding</b>	<b>% Held</b>
Archangel Directors Limited	Investment	Ordinary	100.00
Archangel Investors (Management) Limited	Investment	Ordinary	100.00

Archangel Informal Investment Limited, a subsidiary of the Parent, has not been included in the consolidation as it is dormant.

# **ARCHANGEL INVESTORS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

### **9 Debtors**

**Amounts falling due within one year:**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	97,364	84,803	97,364	84,803
Other debtors	2	2	-	-
Amounts due by fellow group undertakings	-	-	4,918	4,989
Prepayments and accrued income	<u>35,067</u>	<u>19,694</u>	<u>35,067</u>	<u>19,694</u>
	<u>132,433</u>	<u>104,499</u>	<u>137,349</u>	<u>109,486</u>

### **10 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	17,811	3,623	17,811	3,623
Amounts due to fellow group undertakings	-	-	20	772
Corporation tax	30,614	8,405	30,614	8,405
Other taxation and social security	26,273	91,875	26,273	91,875
Other creditors	53,901	53,901	-	-
Accruals and deferred income	<u>29,635</u>	<u>7,048</u>	<u>29,635</u>	<u>7,048</u>
	<u>158,234</u>	<u>164,852</u>	<u>104,353</u>	<u>111,723</u>

### **11 Retirement benefit schemes**

#### **Defined contribution schemes**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £36,019 (2022 - £36,342).



# ARCHANGEL INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 12 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	1,108,306	822,874

No guarantees have been given or received.

None of the directors received any remuneration during the year.

EM Young is a director of Rutterford Limited. During the period the company paid rent and service charge costs totalling £35,942 (2022: £46,883) to Rutterford Limited.

N McKenzie, one of the company's key management personnel, is also a director of Administrate Limited, one of Archangel Investors Limited's client companies. During the year Archangel Investors Limited invoiced Administrate Limited for monitoring services in the sum of £11,200 (2022 - £11,200) and for research fees in the sum of £17,799 (2022 - £113,085).

#### 13 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	75,485	12,186
<b>Adjustments for:</b>		
Taxation charged	30,614	7,473
Interest received	-	-
Depreciation and impairment of tangible fixed assets	2,699	1,712
<b>Movements in working capital:</b>		
Decrease/(Increase) in debtors	(27,934)	13,608
(Decrease)/Increase in creditors	(28,827)	5,379
	52,037	40,358
Taxes paid	(8,405)	(5,491)
<b>Cash generated from operations</b>	<b>43,632</b>	<b>34,867</b>

# ARCHANGEL INVESTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### 14 Operating lease commitments

#### Lessee

The company has lease arrangements in respect of office rental.

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

	2023 £	2022 £
Not later than one year	4,117	24,700
Later than one year and not later than five years	-	4,117
	<u>4,117</u>	<u>28,817</u>

The company renewed the lease on their offices post year end for a lease term of 10 years.