

Company Registration No. 02690082 (England and Wales)

ARKEN.LEGAL (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020
PAGES FOR FILING WITH REGISTRAR

ARKEN.LEGAL (UK) LIMITED

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ARKEN.LEGAL (UK) LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

		2020		2019	
	Notes	£	£	as restated	£
Fixed assets					
Intangible assets	3		1,292,165		1,125,720
Tangible assets	4		8,651		10,413
Investments	5		587,000		680,000
			<u>1,887,816</u>		<u>1,816,133</u>
Current assets					
Debtors	6	303,581		259,430	
Cash at bank and in hand		228,027		57,691	
		<u>531,608</u>		<u>317,121</u>	
Creditors: amounts falling due within one year	7	(874,056)		(605,164)	
Net current liabilities			<u>(342,448)</u>		<u>(288,043)</u>
Total assets less current liabilities			1,545,368		1,528,090
Provisions for liabilities			<u>(1,267)</u>		<u>-</u>
Net assets			<u>1,544,101</u>		<u>1,528,090</u>
Capital and reserves					
Called up share capital			34,000		34,000
Profit and loss reserves			1,510,101		1,494,090
Total equity			<u>1,544,101</u>		<u>1,528,090</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 10 May 2021 and are signed on its behalf by:

D J W Newick
Director

Company Registration No. 02690082

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Arken.Legal (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Arken.Legal (UK) Limited, General Woolfe House, 83 High Street, Westerham, Kent, United Kingdom, TN16 1PG.

The company provides automatic gathering and document preparation systems to its customers.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bath Street Capital Limited. These consolidated financial statements are available from its registered office, Level 14, 191 Queen Street, Auckland, New Zealand.

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.2 Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT, discount and rebates.

Turnover from provision of automatic information gathering and document preparation systems is recognised by reference to contractual commitments with customers.

Turnover not recognised immediately under this policy is classified as deferred income in the statement of financial position until the relevant performance criteria have been met.

Accrued income is recognised when work has been fully completed by the period end but has yet to be invoiced. Provision is made for any foreseeable losses where appropriate.

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.4 Intangible fixed assets other than goodwill

Amortisation 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:

Software development costs	10 years on straight line basis
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The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense and are not recognised as an asset.

1.5 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	10 years on straight line basis
Computer equipment	4 years on straight line basis

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

1.6 Fixed asset investments

Interests in subsidiary 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.

1.7 Impairment of fixed assets

At each reporting 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). 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.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

1.9 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 balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors 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. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

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.

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 profit or loss 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 leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

2 Employees

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

	2020 Number	2019 Number
Total	14	14

3 Intangible fixed assets

	Other £
Cost	
At 1 July 2019	1,647,981
Additions	362,213
At 30 June 2020	2,010,194
Amortisation and impairment	
At 1 July 2019	522,261
Amortisation charged for the year	195,768
At 30 June 2020	718,029
Carrying amount	
At 30 June 2020	1,292,165
At 30 June 2019	1,125,720

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 July 2019	37,512
Additions	3,840
	<hr/>
At 30 June 2020	41,352
	<hr/>
Depreciation and impairment	
At 1 July 2019	27,099
Depreciation charged in the year	5,602
	<hr/>
At 30 June 2020	32,701
	<hr/>
Carrying amount	
At 30 June 2020	8,651
	<hr/>
At 30 June 2019	10,413
	<hr/>

5 Fixed asset investments

	2020 £	2019 £
Investments	587,000	680,000
	<hr/>	<hr/>

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

Documents Limited, the company's subsidiary, is a private company domiciled in Guernsey Channel Islands and holds the intellectual property rights to the Chameleon software used by the company. The company holds 100% of the ordinary shares in Documents Limited.

The current value of the fixed asset investments have been reviewed by the directors. The directors have impaired it by £93,000 given the current value of £587,000.

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

5 Fixed asset investments (Continued)

Movements in fixed asset investments

Shares in group undertakings

£

Cost or valuation

At 1 July 2019 & 30 June 2020

680,000

Impairment

At 1 July 2019

-

Impairment losses

93,000

At 30 June 2020

93,000

Carrying amount

At 30 June 2020

587,000

At 30 June 2019

680,000

6 Debtors

2020

2019

Amounts falling due within one year:

£

£

Trade debtors

63,027

19,960

Corporation tax recoverable

116,626

148,877

Amounts owed by group undertakings

92,744

50,555

Other debtors

31,184

40,038

303,581

259,430

7 Creditors: amounts falling due within one year

2020

2019

£

£

Bank loans and overdrafts

113

-

Trade creditors

37,808

38,573

Taxation and social security

180,390

50,630

Other creditors

655,745

515,961

874,056

605,164

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Neil Johnson.
The auditor was Bryden Johnson Limited.

9 Operating lease commitments

Lessee

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

2020	2019
£	£
52,320	104,640

10 Related party transactions

In accordance with paragraph 33.1A of FRS 102, the company is exempt, as a wholly owned subsidiary of Bath Street Capital Limited, from the requirement to disclose transactions with entities that are part of Bath Street Capital Limited or investees of Bath Street Capital Limited qualifying as related parties.

11 Immediate and Ultimate parent undertaking and controlling party

The immediate parent of the company is Kowhiri Limited, the ultimate parent of the company and controlling party is Bath Street Capital Limited, a public company registered at Level 14, 191 Queen Street, Auckland, New Zealand.

Bath Street Capital Limited is the parent of both the largest and smallest group of undertakings to consolidate these financial statements as at 30 June 2019. The consolidated financial statements of Bath Street Capital Limited are available at the registered office of the company.

12 Prior period adjustment

Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 30 Jun 2019 £
Fixed assets			
Other intangibles	1,053,851	71,869	1,125,720
Current assets			
Debtors due within one year	232,799	26,631	259,430
Net assets	1,429,590	98,500	1,528,090

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

12 Prior period adjustment

(Continued)

	As previously reported	Adjustment	As restated at 30 Jun 2019
Capital and reserves			
Profit and loss	1,395,590	98,500	1,494,090
	<u> </u>	<u> </u>	<u> </u>

Changes to the profit and loss account

	As previously reported	Adjustment	As restated
Period ended 30 June 2019	£	£	£
Administrative expenses	(1,416,742)	71,869	(1,344,873)
Taxation	182,402	26,631	209,033
Loss for the financial period	(222,458)	98,500	(123,958)
	<u> </u>	<u> </u>	<u> </u>

Reconciliation of changes in equity

	1 July 2018	30 June 2019
	£	£
Adjustments to prior year		
Increase in R&D cost capitalised	-	79,854
Increase in amortisation of R&D capitalised	-	(7,985)
Increase in Corporation Tax recoverable	-	26,631
	<u> </u>	<u> </u>
Total adjustments	-	98,500
Equity as previously reported	1,652,049	1,429,590
	<u> </u>	<u> </u>
Equity as adjusted	1,652,049	1,528,090
	<u> </u>	<u> </u>

Reconciliation of changes in loss for the previous financial period

	2019 £
Adjustments to prior year	
Increase in R&D cost capitalised	79,854
Increase in amortisation of R&D capitalised	(7,985)
Increase in Corporation Tax recoverable	26,631
	<u> </u>
Total adjustments	98,500
Loss as previously reported	(222,458)
	<u> </u>
Loss as adjusted	(123,958)
	<u> </u>

ARKEN.LEGAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

12 Prior period adjustment

(Continued)

Notes to reconciliation

Research and Development

Note 1 - Prior year adjustment in relation to a fundamental error in research and development calculation

A prior year adjustment has been recognised in relation to a fundamental error in the recognition of research and development costs. This has resulted in an increase in research & development additions of £79,854 and a decrease in wages and salaries and related costs of £79,854,

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