

Norcros Estates Limited
Annual report and financial statements
for the year ended 31 March 2022

Registered Number 407403



Norcros Estates Limited
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for the year ended 31 March 2022

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Norcros Estates Limited

Directors and advisors

Directors

N. P. Kelsall

S. M. Smith (Resigned 1 August 2021)

J. D. Eyre (Appointed 1 August 2021)

R. H. Collins

Secretary

R. J Sidell (Resigned 12 November 2021)

A. Hamer (Appointed 12 November 2021)

Independent Auditor

BDO LLP

3 Hardman Street

Spinningfields

Manchester

M3 3AT

Registered Office

Ladyfield House

Station Road

Wilmslow

Cheshire

SK9 1BU

Registered Number

407403

Norcros Estates Limited

Directors' report for the year ended 31 March 2022

The Directors present their report and the audited financial statements for the year ended 31 March 2022.

The principal activities of the Company relate to the management of its sole remaining property lease at Groundwell Swindon.

Results and dividends

The profit for the financial year amounted to £917,000 (2021: loss of £568,000).

The Directors are unable to recommend payment of a dividend for the year ended 31 March 2022 (2021: £nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are given below:

N P Kelsall
S M Smith (Resigned 1 August 2021)
J. D. Eyre (Appointed 1 August 2021)
R H Collins

Directors' Indemnity Provisions

The Company benefits from a Directors' and Officers' liability insurance policy provided by a third party and arranged by Norcros plc on behalf of the Company for its Directors and Officers. The policy was in force throughout the financial year and remains so up to the date of approval of the financial statements. Norcros plc also provides an indemnity for the Directors (to the extent permitted by law) in respect of liabilities which could occur as a result of their office. This is a qualifying third party indemnity provision, but does not provide cover should a Director be proved to have acted fraudulently or dishonestly.

Statutory records

The Company is registered in England and Wales with a company registration number of 407403.

Principal Risks and Uncertainties

Risk management is carried out in line with the processes performed by the Company's parent company Norcros plc. Further details are provided in the strategic report of the annual report and financial statements of Norcros plc on pages 36-40. These can be obtained online at www.norcros.com.

Going concern

The Company meets its day-to-day working capital requirements through intercompany debt ultimately provided and supported by the ultimate parent company, Norcros plc, that continues to formally support the company. The Directors have received written confirmation that Norcros plc intends to support the company for at least one year after these financial statements are signed. Norcros plc performed a detailed going concern assessment for its 31 March 2022 Annual Accounts that assessed the future financial performance and liquidity based on a number of downside scenarios. After taking account of this analysis and the improved financial performance and position of Norcros plc against these downside scenarios at the time of signing these subsidiary accounts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of one year, 12 months from the date of signing, and therefore it is appropriate for the Company to adopt the going concern basis in preparing its financial statements.

Please refer to page 112 of the Norcros plc group accounts for further commentary on the considerations directors have given on Going Concern.

Strategy and future developments

The Company no longer holds any property and will hereafter become dormant.

The company has met the requirements in the Companies Act 2006 to obtain the exemption provided, based on its size, from the presentation of a Strategic Report.

Norcros Estates Limited

Directors' report for the year ended 31 March 2022 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

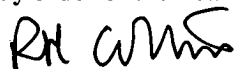
This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The Director's report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Independent auditor

The auditor, BDO LLP, has indicated its willingness to continue in office and a resolution concerning its re-appointment was passed at the Annual General Meeting of Norcros plc on 19 July 2022.

By order of the Board



R. H. Collins
Director

Norcros Estates Limited

Independent auditor's report to the members of Norcros Estates Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit 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.

We have audited the financial statements of Norcros Estates Limited ("the Company") for the year ended 31 March 2022 which comprise the Income statement, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

Norcros Estates Limited

Independent auditor's report to the members of Norcros Estates Limited (continued)

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Norcros Estates Limited

Independent auditor's report to the members of Norcros Estates Limited (continued)

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

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

As a part of our audit in accordance with United Kingdom Generally Accepted Accounting Practice; and requirements of the Companies Act 2006 we exercise professional judgement and maintain professional scepticism throughout the audit. Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the accounting policies, United Kingdom Generally Accepted Accounting Practice and the UK Companies Act 2006. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to property provisions;
- Identifying and testing a sample of journal entries;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Norcros Estates Limited

Independent auditor's report to the members of Norcros Estates Limited (continued)

Use of our report

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

DocuSigned by:

Gary Harding

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Gary Harding (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
22 December 2022

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

Norcros Estates Limited

Income statement for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	1	-	17
Operating loss before exceptional items	2	(5)	(5)
Exceptional Operating items	3	1,042	(510)
Operating Profit/(Loss)		1,037	(515)
Finance costs	4	(120)	(53)
Profit/(Loss) before taxation		917	(568)
Tax on loss	6	-	-
Profit/(Loss) for the financial year		917	(568)

The Company has no items of income or expense other than the profit/(loss) for the financial year shown above and therefore no separate statement of comprehensive income has been presented.

Norcros Estates Limited

Statement of financial position as at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	7	-	-
Right of use asset	10	-	-
Total fixed assets		-	-
Current assets			
Debtors	8	17	3
Current liabilities			
Creditors: amounts falling due within one year	9	(31,724)	(29,505)
Current lease liabilities	11	-	(748)
Net current liabilities		(31,707)	(30,250)
Total assets less current liabilities		(31,707)	(30,250)
Provisions for liabilities	12	-	(2,374)
Net liabilities		(31,707)	(32,624)
Capital and reserves			
Called up share capital	13	57,000	57,000
Revaluation reserve		32	32
Accumulated losses		(88,739)	(89,656)
Total shareholders' deficit		(31,707)	(32,624)

The financial statements on pages 8 to 19 were approved by the Board of Directors on 22 December 2022 and were signed on its behalf by:



R. H. Collins
Director
Norcros Estates Limited
Co number: 407403

Norcros Estates Limited

Statement of changes in equity for the year ended 31 March 2022

	Called up share capital	Revaluation reserve	Accumulated losses	Total shareholders' deficit
	£'000	£'000	£'000	£'000
At 31 March 2020	57,000	32	(89,088)	(32,056)
Loss for the financial year	-	-	(568)	(568)
At 31 March 2021	57,000	32	(89,656)	(32,624)
Profit for the financial year	-	-	917	917
At 31 March 2022	57,000	32	(88,739)	(31,707)

Norcros Estates Limited

Accounting policies

General information

Norcros Estates Limited (the Company) is incorporated and domiciled in England, UK as a private company limited by shares. The principal activities of the Company relate to the management of its sole remaining property lease at Groundwell Swindon. The address of its registered office is Ladyfield House, Station Road, Wilmslow, Cheshire, SK9 1BU, UK.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company is a qualifying entity and as such the financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention, as modified for derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The following exemptions from the requirements of UK adopted International Accounting Standards have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

The Company meets its day-to-day working capital requirements through intercompany debt ultimately provided and supported by the ultimate parent company, Norcros plc, that continues to formally support the Company. The Directors have received written confirmation that Norcros plc intends to support the Company for at least one year after these financial statements are signed. Norcros plc performed a detailed going concern assessment for its 31 March 2022 Annual Accounts that assessed the impacts of future financial performance and liquidity based on a number of downside scenarios. After taking account of this analysis and the improved financial performance and position of Norcros plc against these downside scenarios at the time of signing these subsidiary accounts, the Directors have a reasonable expectation that the Group has adequate resources to meet the Company's net liabilities of £31,707,000 and continue in operational existence for a minimum of one year, 12 months from the date of signing, and therefore it is appropriate for the Company to adopt the going concern basis in preparing its financial statements.

Please refer to page 116 of the Norcros plc group accounts for further commentary on the considerations directors have given on Going Concern.

Norcros Estates Limited

Accounting policies (continued)

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2022, have had a material impact on the Company.

The Company's accounting policy in relation to leases can be found below.

Consolidated financial statements

The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it is a wholly owned subsidiary of Norcros plc, which itself prepares consolidated financial statements.

Revenue Recognition

Revenue represents the total of rents receivable and fee income from properties let during the year, and relates to the one class of business, carried out wholly in the UK. Revenue is recognised over the length of the lease.

Revenue is measured at the fair value of the consideration received or receivable. Revenue represents the amounts receivable for goods supplied or services provided, stated net of discounts, returns, rebates and value-added taxes. Accumulated experience is used to estimate and provide for rebates, discounts, and expected returns using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. An accrual is made at each Balance Sheet date as a deduction from revenue to reflect management's best estimate of amounts to be paid in respect of arrangements in place with customers regarding rebates, discounts, and expected returns.

Investments

Investments in subsidiary undertakings are stated at the lower of cost and net realisable value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Operating leases

Operating lease income and payments are credited/charged against the profit for the year in which they are incurred.

Leasehold provisions

Where the Company has vacated a property but is committed to a leasing arrangement, an onerous lease provision is recorded. This is calculated as the cost which is expected to be incurred over the remaining life of the lease, net of any expected future sub-lease income. Leasehold provisions are discounted.

Taxation

Current tax, which comprises UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying amounts of assets and liabilities in the Statement of financial position and the corresponding tax bases used in the computation of taxable profits and is accounted for using the Balance Sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised and is charged in the Income Statement, except where it relates to items charged or credited to equity via the Statement of Comprehensive Income, when the deferred tax is also dealt with in equity and is shown in the Statement of Comprehensive Income.

Norcros Estates Limited

Accounting policies (continued)

Exceptional items

Exceptional items are disclosed separately in accordance with the requirements of IAS 1, 'Presentation of financial statements'. They include profits and losses on disposal of non-current assets outside the normal course of business, restructuring costs and large or significant one-off items which in management's judgment need to be disclosed to enable the user to obtain a proper understanding of the Company's financial performance.

Leases

Recognition

At the date of commencement, the Company assesses whether a contract is or contains a lease by judging whether the contract is in relation to a specified asset and to what extent the Company obtains substantially all the economic benefits from, and has the right to direct the use of that asset. As permitted in the standard, on adoption the Company has not applied the requirements to leases outside the scope of IAS17 and IFRIC4.

The Company recognises a right of use (ROU) asset and a lease liability at the commencement of the lease.

Non-lease components

Fees for components such as property taxes, maintenance, repairs and other services, which are either variable or transfer benefits separate to the Company's right to use the asset, are separated from lease components based on their relative stand-alone selling price. These components are expensed in the income statement as incurred.

Lease liabilities

Lease liabilities are initially measured at the present value of future lease payments at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, or where this cannot be readily determined, the lessee's incremental borrowing rate. Lease payments include the following payments due within the non-cancellable term of the lease, as well as the term of any extension options where these are considered reasonably certain to be exercised:

- Fixed payments
- Variable payments that depend on an index or rate
- The exercise price of purchase or termination options if it is considered reasonably certain these will be exercised.

Subsequent to the commencement date, the lease liability is measured at the initial value, plus an interest charge determined using the incremental borrowing rate, less lease payments already made such as deposits. The interest expense is recorded in finance costs in the income statement. The liability is remeasured when future lease payments change, when the exercise of extension or termination options becomes reasonably certain, or when the lease is modified.

Right of use assets

The ROU asset is initially measured at cost, being the value of the lease liability, plus the value of any lease payments made at or before the commencement date, initial direct costs and the cost of any restoration obligations, less any incentives received. The ROU asset is subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is adjusted for any remeasurement of the lease liability. The ROU asset is subject to testing for impairment where there are any impairment indicators.

Norcros Estates Limited

Accounting policies (continued)

Critical estimates

The Company's accounting policies have been set by management and approved by the Board. The application of these accounting policies to specific scenarios requires estimates and assumptions to be made concerning the future. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates or judgments are considered critical where they involve a significant risk or cause a material adjustment to the carrying amounts of assets and liabilities from period to period. This may be because the estimate or judgment involves matters which are highly uncertain, or because different estimation methods or assumptions could reasonably have been used.

Critical estimates have been made in the following area:

- UK property provision - the valuation of the UK property provision relating to the one remaining onerous legacy property lease requires an assessment of the likely income from rental, costs from a void period, and final dilapidations, which will be incurred over the remainder of the lease tenure. The resulting valuation set out in note 12 represents a key source of estimation uncertainty for the Company.

Norcros Estates Limited

Notes to the financial statements for the year ended 31 March 2022

1 Revenue

All of the Company's revenue originates in the United Kingdom. The Company's turnover is analysed below by destination and is derived solely from the principal activities of the Company:

	2022 £'000	2021 £'000
United Kingdom	-	17

2 Operating profit/(loss) before exceptional items

	2022 £'000	2021 £'000
Operating profit/(loss) before exceptional items is stated after charging:		
Services provided by the Company's auditor:		
- Audit fees	5	5
Impairment of right of use asset	-	241
Depreciation of right of use asset	-	17

3 Exceptional operating items

	2022 £'000	2021 £'000
Release of UK property provision ⁽¹⁾	1,042	-
Provisions for future leasehold commitments ⁽²⁾	-	(510)
	1,042	(510)

¹In the year the company reached an agreement with the landlord of the one remaining legacy onerous lease at Groundwell, Swindon to exit the lease early. The balance of the provision remaining after the settlement of final lease payments and other obligations is released as an exceptional operating item.

²Exceptional costs of £510,000 were incurred in the prior year to increase the provision in relation to an onerous and surplus legacy property lease following the reappraisal of the likely future cash flows. The property is the only remaining legacy lease the Company has which will expire in June 2022.

Norcros Estates Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

4 Finance costs

	2022 £'000	2021 £'000
Unwinding of discount in provisions	120	30
Interest on lease liabilities	-	23
	120	53

5 Staff costs

Other than the Directors, the Company has no employees (2021: nil). None of the Directors received any remuneration from the Company (2021: £nil).

6 Taxation

No charge to United Kingdom taxation has been provided in relation to the profit for the year (2021: £nil). Any United Kingdom tax liability which may arise and is not eliminated by the offset of group relief for which no payment will be made, will be discharged by Norcros Group (Holdings) Limited. The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit/(Loss) before taxation	917	(568)
Standard tax rate in the UK of 19% (2021: 19%)	174	(108)
Group relief surrendered for nil consideration	(174)	108
Total tax charge for the year	-	-

On 23 May 2021, the UK corporation tax rate change to 25% from 2023 was substantively enacted. This will affect future tax charges accordingly.

7 Investments

As at 31 March 2022, the Company held 100% of the equity of the following companies:

	Country of incorporation	Principal Activity	Registered address
Principal direct subsidiary undertakings:			
Norcros Developments Limited	UK	Dormant	Ladyfield House, Station Road, Wilmslow, SK9 1BU, UK
Stonechester (Stoke) Limited	UK	Dormant	Ladyfield House, Station Road, Wilmslow, SK9 1BU, UK

Norcros Estates Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

8 Debtors

	2022 £'000	2021 £'000
Other debtors	17	3

9 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	-	222
Amounts owed to group undertakings	31,719	29,278
Accruals and deferred income	5	5
	31,724	29,505

Amounts due to group undertakings are interest free, unsecured and repayable on demand.

10 Right of use Asset

Right of use asset recognised on the adoption of IFRS 16.

	2022 £'000
Cost	
At 1 April 2021	767
Disposal	(767)
At 31 March 2022	-
Accumulated depreciation	
At 1 April 2021	767
Disposal	(767)
At 31 March 2022	767
Net book amount at 31 March 2021	-
Net book amount at 31 March 2022	-

Norcros Estates Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

11 Lease Liabilities

Lease liabilities recognised on the adoption of IFRS 16.

	2022 £'000
Fair value at 1 April 2021	748
Gross Payment	(748)
At 31 March 2022	-

12 Provisions for liabilities

	Leasehold provision £'000
At 1 April 2021	2,374
Provision utilisation	(1,452)
Credited to income statement	(1,042)
Amortisation of discount	120
At 31 March 2022	-

The leasehold provision relates to the expected liability arising from the lease shortfall on the Company's sole remaining property at Groundwell, Swindon. An early exit from the lease was negotiated in the year and the balance of the provision remaining after the settlement of final lease payments and other obligations is released as an exceptional operating item.

Deferred taxation

No provision for deferred United Kingdom taxation has been made, nor is any contingent liability disclosed, as any such liability will be discharged by Norcros Group (Holdings) Limited (2021: £nil) as long as the Company remains a member of the Norcros Group. The potential deferred tax asset is calculated at 25% (2021: 19%). The full potential deferred tax asset is:

	2022 £'000	2021 £'000
Losses	2,175	1,653

No deferred tax asset has been recognised on the grounds that it is not considered probable that there will be suitable taxable profits against which to recover carried forward tax losses.

Norcros Estates Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

13 Called up share capital

	2022 £'000	2021 £'000
<hr/>		
Allotted, called up and fully paid		
227,998,624 (2021: 227,998,624) ordinary shares of 25p each	57,000	57,000
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14 Ultimate holding company and controlling party

The Company's immediate parent undertaking is Norcros Group (Holdings) Limited.

The Company's ultimate holding company and controlling party is Norcros plc.

Consolidated financial statements for Norcros plc, which is the largest and smallest group into which the results of the Company are consolidated, can be obtained from the Company Secretary at Norcros plc, Ladyfield House, Station Road, Wilmslow, Cheshire, SK9 1BU.