Grant Thornton

Financial Statements
NPS Property Consultants Limited

For the year ended 31 January 2012

Company No. 02888194

Officers and professional advisers

Company registration number	02888194
Registered office	Lancaster House 16 Central Avenue St Andrews Business Park Norwich Norfolk NR7 0HR
Directors	D R White M L Britch P M Hawes A T Williams
Secretary	G Reynolds
Bankers	The Co-operative Bank 69 London Street Norwich Norfolk NR2 1HT
Solicitors	nplaw Norfolk County Council County Hall Martineau Lane Norwich Norfolk NR1 2DL
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Kingfisher House 1 Gilders Way St James Place Norwich Norfolk NR3 1UB

Contents

Report of the directors

The directors present their report and the financial statements of the company and group for the year ended 31 January 2012

Principal activities and business review

The principal activities of the group are that of professional property consultants, providing services in the areas of architectural design, building surveying and CDM and project management

Overview

NPS continued to consolidate its position within its core markets, despite extremely difficult trading conditions arising from reductions in Local Authority capital related funded expenditure and declining fee rates Income reductions from existing partnering arrangements were however offset by income derived from new partnering arrangements and external clients, with the overall impact being that year-on-year income remained the same Despite the difficult trading conditions, NPS maintained a high client retention ratio

The Group delivers multi-discipline property consultancy services primarily via eight long-term partnering arrangements with Local Authorities In addition the Group also delivers services via a large number of framework contracts with Local Authorities and London Boroughs, as well as via specific commercially won contracts with private sector clients With such a wide and diverse client base, NPS has achieved particular recognition for providing innovative and cost effective solutions to clients' property issues by incorporating best practice principles whilst subscribing to the need to protect the environment and employ sustainable methods of construction wherever possible

The Group's gross profit margin (excluding the impact of IAS19 adjustments) declined to 21% (2011 - 25%), however this was impacted by redundancy costs in the year of £1,150,000 (2011 - £562,000)

The Group's notable successes during the year included,

- A new fifteen year joint venture partnership with Barnsley MBC,
- Multi-discipline framework with Cumbria County Council,
- A four year project management framework with Hertfordshire County Council,
- Multi-discipline framework for capital and revenue building programmes with East Sussex County Council

In addition, the NPS Group has received national professional recognition being ranked 14th in Building Magazine's Top 100 Surveyors 2011, 20th in the AJ100 list of biggest architectural practices for 2011 and 20th in Building Magazine's Top 100 Consultants 2011

Outlook and post balance sheet events

The group's core markets are based primarily upon the number of long-term partnership contracts the group has with Local Authorities and government bodies, but it continues to seek new partnership agreements, ad-hoc commissions and commercial acquisitions to strengthen its position

Since the year-end there have been a number of events that improve the outlook for 2012/2013 and beyond and the most significant of these are,

- Formation of a new 10-year joint venture partnership with Leeds County Council to provide multi-discipline property services worth around £2 million a year,
- Formation of a new 10-year joint venture partnership with Norwich City Council to provide estates services worth around £1 million a year

The Group aims to improve existing profit margins in the year ahead

Key performance indicators

The group uses a range of performance measures to monitor and manage the business effectively These are both financial and non-financial and the most significant of these are the key performance indicators (KPI's) The key financial performance indicators are turnover, gross profit and margin, net profit and margin These KPI's indicate the volume of work the group has undertaken as well as the efficiency and profitability with which this work has been delivered

The Board believe that in order to gain a true reflection and appreciation of the group's trading activities, the financial KPI's should be stated before the impact of pension adjustments made under IAS19 (see footnote) The KPI's for the year to 31 January 2012, with comparatives, are as follows

	2012	2011
Turnover excluding share of associate (£'000)	**76,765**	76,765
Gross profit (£'000)	**15,960**	19,298
Gross profit margin	**20.8%**	25 1%
Net (loss)/profit before tax (£'000)	**(1,188)**	266
Net (loss)/profit margin (£'000)	**(1.5%)**	0 3%
Average number of employees	**1,367**	1,248

The results for the financial year show a consistent turnover of £77million The new subsidiary companies, NPS Barnsley Limited and Barnsley Norse Limited, have generated turnover of £10m This has, however, been offset by a reduction in turnover from existing partnering arrangements as a result of reductions in Local Authority spend

The gross profit margin declined to 21% (2011 - 25%) due to a number of one-off costs, primarily redundancy and associated costs and this also impacted the net profit margin The average number of employees has increased as a result of the two new Barnsley subsidiaries Average employee numbers across the rest of the group have decreased from 1,248 to 1,124, partly as a result of redundancies in the year Having reduced the employee base, the group is now well placed to deal with the anticipated workload for 2012/2013 and beyond

The IAS19 pension adjustment is a credit to the income statement of £157,000 (2011 credit to the income statement of £8,288,000) This represents employer contributions paid of £5,100,000 less the pension cost charged to the income statement of £4,799,000 less the net finance charge within finance costs of £144,000 The prior year IAS 19 pension adjustment represented employer contributions paid of £4,480,000 plus the pension cost credited to operating profit of £4,191,000 less the net finance charge within finance costs of £383,000)

Financial risk management objectives and policies

In common with other businesses, the group aims to minimise financial risk The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business Trade debtors are also closely monitored to keep the risk of bad debts to a minimum

Credit risk

Credit limits are set for customers based on a combination of credit checks and trading history, the limits are reviewed regularly and the debts are actively chased by the credit control department

Interest rate risk

Borrowings attract interest at both fixed and variable rates, the variable element is agreed at regular intervals with the lending party

Liquidity risk

Working capital requirements are regularly reviewed in conjunction with available financing facilities as part of routine financial management

Directors

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

M L Britch	
P M Hawes	
A T Williams	
D R White	(appointed 1 April 2011)
P W Adams	(resigned 31 March 2011)

The group maintains liability insurance for its directors and officers The directors and officers have also been granted a qualifying third party indemnity provision under section 234 of the Companies Act 2006 Neither the company's indemnity nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly

Results and dividends

The loss for the financial year was £757,000 (2011 profit of £6,223,000) The directors have not recommended a dividend

Donations

During the year the group made the following contributions

	2012	2011
	£'000	£'000
Charitable	**11**	258

Principal risks and uncertainties

The principal risk and uncertainty facing the group is that the bulk of the group's revenue is with Local Authorities Cuts in local government spending are likely to impact on the volume of work available to the NPS Group from existing customers The group is seeking to mitigate this risk by seeking new partnership agreements, ad-hoc commissions and commercial acquisitions to strengthen its position,

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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 individual financial statements of the company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) and have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 and profit or loss of the company and group 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,
- state whether applicable UK Accounting Standards and IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Employee involvement

The directors recognise the importance of the employees to the ongoing success of the group and they ensure that they are all suitably qualified to undertake their roles and responsibilities The recruitment and retention of employees is a key company objective and once employees have been recruited, all necessary training is put into place including

- Induction course
- Customer care training
- Continuous training and development for professional employees
- Business related training as identified via the appraisal of employees
- Management training as appropriate
- Personal development

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the group may continue

Policy on the payment of creditors

The group endeavours to pay all invoices by the end of the month following the month of invoice

BY ORDER OF THE BOARD

G Reynolds
Secretary
24 July 2012

Grant Thornton

Independent auditor's report to the member of NPS Property Consultants Limited

We have audited the financial statements of NPS Property Consultants Limited for the year ended 31 January 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet and the parent company balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on the financial statements

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 January 2012 and of the group's loss for the year then ended,

- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the member of NPS Property Consultants Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors' for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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

Grant Thornton UK LLP

Nigel Savory
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
NORWICH

27 July 2012

Consolidated income statement

	Note	2012 £'000	2011 £'000
Group revenue	4	**76,765**	76,765
Cost of sales - recurring		**(59,354)**	(56,675)
Cost of sales - non-recurring	5	**(1,150)**	7,879
Cost of sales		**(60,504)**	(48,796)
Gross profit		**16,261**	27,969
Administrative expenses		**(17,728)**	(19,398)
Other operating income		**673**	466
Group operating (loss)/profit	5	**(794)**	9,037
Recurring		**356**	1,158
Non-recurring		**(1,150)**	7,879
		(794)	9,037
Share of profit from equity accounted investments	14	**6**	5
Finance income	8	**14**	27
Finance costs	9	**(257)**	(515)
(Loss)/profit before taxation		**(1,031)**	8,554
Taxation	10	**274**	(2,331)
(Loss)/profit for the financial year		**(757)**	6,223
(Loss)/profit for the financial year attributable to.			
Non-controlling interests	28	**97**	430
Owners of the parent		**(854)**	5,793
		(757)	6,223

All of the activities of the group are classed as continuing

Consolidated statement of comprehensive income

	Note	2012 £'000	2011 £'000
(Loss)/profit for the financial year		**(757)**	6,223
Other comprehensive (expense)/income:			
Actuarial loss in respect of defined benefit pension scheme	25	**(7,292)**	(1,255)
Deferred tax in respect of defined benefit pension scheme	16	**1,823**	339
Movement in deferred tax in respect of pension scheme arising from change in rates	16	**(484)**	(313)
Other comprehensive (expense)/income for the year, net of tax		**(5,953)**	(1,229)
Total comprehensive (expense)/income for the year		**(6,710)**	4,994
Total comprehensive (expense)/income for the year attributable to.			
Non-controlling interests		**(446)**	181
Owners of the parent		**(6,264)**	4,813
		(6,710)	4,994

The accompanying accounting policies and notes form part of these financial statements.

Consolidated balance sheet

	Note	2012 £'000	2011 £'000	2010 £'000
Non-current assets				
Goodwill	11	**4,085**	4,085	4,135
Other intangible assets	12	**1,152**	1,316	1,658
Property plant and equipment	13	**2,222**	2,777	2,989
Investments accounted for using the equity method	14	**36**	30	11
Deferred tax asset	16	**8,088**	6,906	9,099
Non-current assets		**15,583**	15,114	17,892
Current assets				
Inventories	17	**429**	370	753
Trade and other receivables	18	**18,877**	18,774	20,071
Current tax assets		**473**	281	-
Cash and cash equivalents	19	**1,501**	1,367	797
Current assets		**21,280**	20,792	21,621
Total assets		**36,863**	35,906	39,513
Current liabilities				
Trade and other payables	20	**(23,646)**	(22,395)	(22,360)
Current tax liabilities		**-**	-	(652)
Obligations under finance leases	22	**(55)**	(80)	(165)
Borrowings and overdrafts	23	**(174)**	(417)	(795)
Current liabilities		**(23,875)**	(22,892)	(23,972)
Non-current liabilities				
Obligations under finance leases	22	**(50)**	(101)	(189)
Borrowings and overdrafts	23	**-**	(400)	(800)
Retirement benefit obligations	25	**(31,353)**	(24,218)	(31,251)
Non-current liabilities		**(31,403)**	(24,719)	(32,240)
Total liabilities		**(55,278)**	(47,611)	(56,212)
Net liabilities		**(18,415)**	(11,705)	(16,699)
Equity				
Equity attributable to owners of the parent				
Share capital	29	**2,543**	2,543	2,543
Retained earnings		**(20,257)**	(13,993)	(18,806)
		(17,714)	(11,450)	(16,263)
Non-controlling interests	28	**(701)**	(255)	(436)
Total equity		**(18,415)**	(11,705)	(16,699)

These financial statements were approved by the directors and authorised for issue on 24 July 2012 and signed on their behalf by

M L Britch

Consolidated statement of changes in equity

	Share capital £'000	Retained earnings £'000	Total attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 February 2010	2,543	(18,806)	(16,263)	(436)	(16,699)
Profit for the year	-	5,793	5,793	430	6,223
Other comprehensive income					
Actuarial loss in respect of defined benefit pension scheme	-	(1,006)	(1,006)	(249)	(1,255)
Deferred tax in respect of defined benefit pension scheme	-	26	26	-	26
Total comprehensive income for the year	-	4,813	4,813	181	4,994
Balance at 31 January 2011	**2,543**	**(13,993)**	**(11,450)**	**(255)**	**(11,705)**
Loss for the year	-	**(854)**	**(854)**	**97**	**(757)**
Other comprehensive income					
Actuarial loss in respect of defined benefit pension scheme	-	**(6,588)**	**(6,588)**	**(704)**	**(7,292)**
Deferred tax in respect of defined benefit pension scheme	-	**1,178**	**1,178**	**161**	**1,339**
Total comprehensive income for the year	-	**(6,264)**	**(6,264)**	**(446)**	**(6,710)**
Balance at 31 January 2012	**2,543**	**(20,257)**	**(17,714)**	**(701)**	**(18,415)**

The accompanying accounting policies and notes form part of these financial statements.

Consolidated statement of cash flows

	Note	2012 £'000	2011 £'000
Operating activities			
(Loss)/profit before tax		**(1,031)**	8,554
Adjustments	30	**5,879**	(2,108)
Contributions to defined benefit pension plans	25	**(5,100)**	(4,480)
Net changes in working capital	30	**1,071**	1,715
Taxes received/(paid)		**239**	(1,046)
Cash flow from operating activities		**1,058**	2,635
Investing activities			
Purchase of property plant and equipment		**(137)**	(905)
Purchase of intangible assets		**(229)**	(94)
Proceeds from disposal of property plant and equipment		**20**	4
Purchase of shares in associate undertaking		**-**	(14)
Interest received		**14**	27
Cash flow from investing activities		**(332)**	(982)
Financing activities			
Repayment of loan notes		**(400)**	(400)
Interest paid		**(113)**	(132)
Capital element of finance lease repayments		**(76)**	(173)
Cash flow from financing activities		**(589)**	(705)
Net change in cash and cash equivalents		**137**	948
Cash and cash equivalents at the beginning of the year		**1,350**	402
Cash and cash equivalents at the end the year		**1,487**	1,350

Cash and cash equivalents comprise.			
Cash at bank	19	**1,501**	1,367
Bank overdraft	23	**(14)**	(17)
		1,487	1,350

Notes to the financial statements

1. Nature of operations

The company and group provide property consultancy services including architectural services, CDM and project management, building surveying, valuation and estate management, land agency, quantity surveying, graphic design and archaeological services

2. General information and statement of compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed and adopted for use in the European Union, International Financial Reporting Interpretations Committee ('IFRIC') interpretations and the Companies Act 2006 applicable to companies reporting under IFRS These are the Group's first financial statements prepared in accordance with IFRS (see note 32 for explanation of the transition to IFRS) The date of transition to IFRS is 1 February 2010

The financial framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

3. Summary of accounting policies

3.1. Overall considerations and first time adoption of IFRS

The consolidated financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the reporting period (31 January 2012)

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below

These accounting policies have been used throughout all periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to IFRS The exemptions applied by the Group and the effects of transition to IFRS are as presented in note 32

3.2. Going concern

As shown within the Key Performance Indicators, set out in the report of the directors, the group has made a loss for the year of £1 2m after eliminating the impact of IAS19 pension adjustments This is however after one-off redundancy costs amounting to £1,150k The full benefit of the reduced on-going staff costs will be seen during the 2012/13 financial year

Forecasts prepared by the directors indicate that the group will return to profitability in the 2012/13 financial year Furthermore the group does not have significant external borrowings other than the bank overdraft The bulk of any finance required by the Norse Group is provided by the ultimate controlling party, Norfolk County Council, by way of available loan facilities The facility available to the overall Norse Group from Norfolk County Council at the year end was £17m A formal letter has been obtained from Norfolk County Council confirming that it will continue to make available this facility at the current level for a period of at least twelve months from the signing of these financial statements The directors do not anticipate any further finance facilities being required by the NPS Property Consultants group over the next twelve months

As a consequence the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook Accordingly, it remains appropriate to prepare the financial statements on a going concern basis

3.3. Basis of consolidation

The group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 January 2012 Subsidiaries are all entities over which the Group has the power to control the financial and operating policies NPS Property Consultants obtains and exercises control through more than half of the voting rights for all its subsidiaries All subsidiaries have a reporting date of 31 January

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable

Non-controlling interests represent the portion of a subsidiary's profit or loss and net assets or liabilities that is not held by the Group In accordance with IAS 27 (revised 2008) all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest in the absence of explicit agreements to the contrary, even if the attribution of losses to the non-controlling interest results in a debit balance in shareholders' equity

3.4. Business combinations

Business combinations occurring on or after 1 February 2010 are accounted for using the acquisition method under the revised IFRS 3 Business Combinations (IFRS 3R) The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement Acquisition costs are expensed as incurred

The Group recognises identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values

Goodwill is stated after separate recognition of identifiable intangible assets It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately

See note 32 5(a) for information on business combinations prior to 1 February 2010

3.5. Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture Investments in associates are initially recognised at cost and subsequently accounted for using the equity method

Acquired investments in associates are also subject to the purchase method as explained in note 3 4 above However, any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognised as investment in associates

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the carrying amount of the investment Changes resulting from the profit or loss generated by the associate are reported within 'Share of profit from equity accounted investments' in profit or loss These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities

Changes resulting from other comprehensive income of the associate or items recognised directly in the associate's equity are recognised in other comprehensive income or equity of the Group, as applicable

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities Where unrealised losses are eliminated, the underlying asset is also tested for impairment losses from a group perspective

Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies of the Group

3.6. Segmental reporting

The group is not required to include information required by IFRS 8 Operating Segments on the grounds that the entity does not have any debt or equity instruments which are traded in a public market

3.7. Revenue

Revenue comprises revenue from the sale of goods and the rendering of services Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT, rebates, and trade discounts

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods In practice the satisfaction of these conditions generally coincides with when the goods are delivered

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date Further information regarding the assessment of the stage of completion is provided below

Revenue (continued)

Property Consultancy Services

Revenue in respect of property consultancy services is generally earned under fixed sum contracts, on a time-charge basis or under fixed term service agreements

Where there is a fixed sum contract with agreed milestones, revenue is recognised in line with RIBA plan of work stages and the achievement of the agreed milestones In other cases revenue is recognised using the percentage of completion method, based on the proportion of costs incurred at the balance sheet date to the total estimated cost of completing the contracted work Where work is performed on a time charge basis revenue is recognised based on the number of hours work that has been performed at the balance sheet date Revenue earned under fixed term service agreements is generally recognised on a straight term basis over the length of the contract

Revenue from long-term contracts represents the sales value of work done in the year, including fees invoiced and estimates in respect of amounts to be invoiced after the year end Profits are recognised on long-term contracts where the final outcome can be assessed with reasonable certainty In calculating the profit attributable to the period, the percentage of completion method is used based on the proportion of costs incurred at the balance sheet date to the total estimated cost of completing the contracted work Full provision is made for all known or anticipated losses on each contract immediately such losses are forecast Where the outcome of a long term contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable

Gross amounts due from customers are stated at the proportion of the anticipated net sales value earned to date less amounts billed on account To the extent that fees paid on account exceed the value of work performed, they are included within accruals and deferred income

3.8. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin

3.9. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses It is reviewed for impairment at least annually Any impairment is recognised immediately in profit or loss and is not subsequently reversed

Goodwill is allocated to cash-generating units for the purpose of impairment testing Any impairment is recognised immediately in the income statement On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date

3.10. Intangible assets

Intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite Residual values and useful lives are reviewed at each reporting date In addition, they are subject to impairment testing as described in note 3 13

The amortisation charge for the year is included within administrative expenses

The useful lives are detailed in note 12

3.11. Property plant and equipment

Buildings, plant and machinery, motor vehicles, computer equipment, and other equipment (comprising fixtures and fittings) are carried at acquisition cost or manufacturing cost less subsequent depreciation and impairment losses

Depreciation is recognised to write down the cost less estimated residual value of property, plant and equipment The periods and/or rates generally applicable are

Leasehold property improvements	-	shorter of ten years or over period of lease
Plant & equipment	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	20 % straight line

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'administrative expenses'

3.12. Leased assets

In accordance with IAS 17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially

Depreciation methods and useful lives for assets held under finance lease agreements, correspond to those applied to comparable assets which are legally owned by the Group The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease

All other leases are treated as operating leases Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term Associated costs, such as maintenance and insurance, are expensed as incurred

3.13. Impairment testing

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units) As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements Discount factors are determined individually for each cash generating unit and reflect their respective risk profiles as assessed by management

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist

3.14. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires

Financial assets and financial liabilities are measured initially at fair value plus transactions costs Financial assets and financial liabilities are measured subsequently as described below

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition

- loans and receivables,
- financial assets at fair value through profit or loss,
- held to maturity investments, and
- available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired Different criteria to determine impairment are applied for each category of financial assets, which are described below

Financial instruments (continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs' or 'finance income', except for impairment of trade receivables which is presented within 'administrative expenses'

The Group considers that the only categories of financial assets which it uses are loans and receivables along with cash and cash equivalents These are accounted for as follows

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment Discounting is omitted where the effect of discounting is immaterial The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics The percentage of the write down is then based on recent historical counterparty default rates for each identified group Impairment of trade receivables are presented within 'administrative expenses'

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

Financial liabilities
The Group's financial liabilities include trade and other payables and borrowings

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'

Trade and other payables
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Borrowings
Borrowings are initially recognised at fair value plus any transaction costs associated with the issue of the relevant financial liability Subsequent to initial measurement, borrowings are measured at amortised cost with the borrowing costs being accounted for on an accruals basis in the income statement using the effective interest rate method At the balance sheet date accrued interest is recorded separately from the associated borrowings within current liabilities

3.15. Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of work in progress

3.16. Income taxes

The tax expense represents the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity

The tax payable in respect of the year is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement 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 Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, 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 profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future The carrying amount of deferred tax assets is reviewed at each reporting date

Deferred tax is calculated, without discounting, based on the laws enacted or substantially enacted by the reporting date and 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 income statement except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity

3.17. Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued

Retained earnings include all current and prior period retained profits

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date

3.18. Employee benefits

The Group provides post employment benefits through defined benefit plans as well as various defined contribution plans

Defined benefit schemes
The defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in a separate trustee-administered fund

The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets

The Group estimates the DBO annually using the projected unit method with the assistance of independent actuaries The estimate of its post-retirement benefit obligations is based on standard rates of inflation and mortality It also takes into account the Group's specific anticipation of future salary increases Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability

Actuarial gains and losses are recognised in full in the period in which they occur through the statement of comprehensive income Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period) In this case, the past service costs are amortised on a straight-line basis over the vesting period

The interest cost and the expected return on assets are shown as a net amount within either finance income or finance costs, as appropriate

Defined benefit schemes treated as money purchase schemes
Employees of NPS Humber Limited, NPS Barnsley Limited and Barnsley Norse Limited are members of various local government pension schemes Under the terms of the relevant transfer agreements, the actuarial risks associated with the scheme remain with the relevant Council The contributions paid by these companies are set in relation to the current service period only and as such the group has accounted for the contributions to these schemes as if they were contributions to a defined contribution scheme

Defined contribution schemes
Contributions to defined contribution schemes are charged to profit and loss when they fall due on an accruals basis

Short term employee benefits
Short-term employee benefits, including holiday entitlement, are current liabilities included in 'accruals and deferred income', measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement

3.19. Accounting judgements and estimates

To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements These estimates are based on historical experience and various other assumptions that management and the Board of directors believe are reasonable under the circumstances The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below

Critical judgements

Revenue and profit on property consultancy contracts

In respect of certain property consultancy services the stage of completion of any contract is assessed by management by taking into consideration all information available at the reporting date In this process management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work Further information on the Group's accounting policy for these contracts is provided in note 3 7

The Group uses the percentage-of-completion method to determine the appropriate amount to recognise in a given period The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract

Critical estimates

Impairment of work in progress

In assessing whether work in progress is impaired, estimates are made of future sales revenue, timing and costs The Group has controls in place to ensure that estimates of sales revenue are consistent, and external valuations are used where appropriate

Impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy previously stated The recoverable amounts of cash-generating units have been determined based on value-in-use calculations These calculations require the use of estimates Further details of the estimates used are set out in note 11

Business combinations and intangible assets

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated statement of financial position at their fair values In measuring fair value, management uses estimates of future cash flows and discount rates Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment Any other change would be recognised in the income statement in the subsequent period

Accounting judgements and estimates (continued)

Defined benefit liability

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions The assumptions used in determining the net cost/income for pensions include the discount rate

Any changes in these assumptions will impact the carrying amount of pension obligations The Group determines the appropriate discount rate at the end of each year This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability

Other key assumptions for pension obligations are based in part on current market conditions Additional information, including sensitivity analysis, is disclosed in note 25

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances

3.20. Adoption of new and revised International Financial Reporting Standards

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective

- IFRS 7 "Amendments to IFRS 7 Disclosures – "Transfers of Financial Assets" - effective financial years commencing on or after 1 July 2011,
- IAS 12 "Amendments to IAS 12 "Deferred Tax – Recovery of Underlying Assets" - effective financial years commencing on or after 1 January 2012

The directors are of the opinion that the above standards will not have a material financial impact on the results of the Group

4. Revenue

The following significant categories of revenue were recognised in the year

	2012 £'000	2011 £'000
Property consultancy and design services	**76,765**	76,765
	76,765	76,765

All revenue has arisen in the United Kingdom

5. Group operating (loss)/profit

Group operating (loss)/profit is stated after charging/(crediting)

	2012 £'000	2011 £'000
Amortisation of intangible assets	**393**	436
Impairment of goodwill	**-**	50
Depreciation of owned property, plant and equipment	**607**	919
Depreciation of property, plant and equipment held under finance leases and hire purchase agreements	**61**	185
Loss on disposal of property, plant and equipment	**4**	10
Operating lease costs		
- Plant and equipment	**493**	280
- Land and buildings	**1,745**	1,957
Auditor's remuneration - audit of the financial statements	**10**	6
Auditor's remuneration - other fees	**124**	114
Non-recurring items within cost of sales:		
- Credit in respect of past service costs (note 6)	**-**	(8,441)
- Redundancy costs	**1,150**	562

	2012 £'000	2011 £'000
Auditor's remuneration - other fees		
- Statutory audit of subsidiaries	**67**	60
- Taxation services	**42**	38
- Accountancy advisory services	**15**	12
- Advisory and business support	**-**	4
	124	114

6. Particulars of employees

The average number of staff employed by the group during the financial year amounted to

	2012 Number	2011 Number
Architectural services	**412**	391
Building surveying group	**505**	479
Business support	**213**	209
Estates	**128**	112
CDM and project management	**66**	14
NPS Norwich	**43**	43
	1,367	1,248

The aggregate payroll costs of the above were

	2012 £'000	2011 £'000
Wages and salaries	**39,972**	38,373
Social security costs	**3,138**	3,152
Pension costs - Defined benefit schemes (note 25)	**4,799**	(4,191)
- Defined contribution schemes (note 25)	**1,061**	1,016
	48,970	38,350

Pension costs are amounts charged/(credited) to operating profit and do not include amounts charged to finance costs (note 9) and amounts recognised within other comprehensive income

The prior year defined benefit pension credit included a credit of £8,441,000 in respect of past service costs as a result of the change from RPI to CPI to determine the level of future statutory pension increases

In addition to the payroll costs disclosed above, further costs amounting to £1,150,000 (2011 - £562,000) have been incurred in respect of redundancy costs in the year

7. Directors

Remuneration in respect of directors was as follows

	2012 £'000	2011 £'000
Emoluments receivable	**157**	157

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

	2012 Number	2011 Number
Defined benefit schemes	**2**	2

8. Finance income

	2012 £'000	2011 £'000
Bank interest receivable	**7**	13
Other interest receivable	**7**	14
	14	27

9. Finance costs

	2012 £'000	2011 £'000
Interest payable on bank borrowing and similar charges	**113**	132
Net finance charge in respect of defined benefit pension schemes (note 25)	**144**	383
	257	515

10. Taxation

(a) Analysis of (credit)/charge in the year

	2012 £'000	2011 £'000
Current tax		
In respect of the year		
Corporation tax based on the results for the year	**(423)**	93
Adjustments in relation to prior years	**(8)**	19
Total current tax	**(431)**	112
Deferred tax		
Retirement benefit obligation (note 16)	**39**	2,238
Origination and reversal of temporary differences (note 16)	**109**	9
Adjustments in relation to prior years (note 16)	**9**	(28)
Total deferred tax	**157**	2,219
Total tax (credit)/charge for the year (note 10(b))	**(274)**	2,331

(b) Factors affecting the tax (credit)/charge

The taxation assessed for the year is higher (2011 - lower) than the standard rate of corporation tax in the UK of 26% (2011 - 28%) The charge is affected by a number of factors in addition to the standard UK rate The differences are explained as follows

	2012 £'000	2011 £'000
(Loss)/profit before tax	**(1,031)**	8,554
(Loss)/profit before tax multiplied by standard rate of tax	**(268)**	2,395
Expenses not deductible for tax purposes	**87**	88
Income not taxable	**(58)**	(23)
Impact of changes in statutory tax rates	**(36)**	(120)
Adjustments to tax charge in respect of prior years	**1**	(9)
Total tax (credit)/charge for the year (note 10(a))	**(274)**	2,331

(c) Factors affecting future tax charges

Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was included in the Finance Act 2011 and has since become substantively enacted Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements Deferred tax has been provided for at 25% as this is the rate enacted at the balance sheet date

11. Goodwill

	£'000
Cost and net book value	
At 1 February 2010	4,135
Impairment provision in year	(50)
At 31 January 2011	4,085
At 31 January 2012	**4,085**

The goodwill balance is summarised by cash generating unit as follows

	2012 £'000	2011 £'000	2010 £'000
Hamson Partnership Limited	**978**	978	978
Barron & Smith Limited	**411**	411	411
Robson Liddle Limited	**1,437**	1,437	1,487
John Packer Associates Limited	**1,259**	1,259	1,259
	4,085	4,085	4,135

At the date of transition the amount of goodwill was tested for impairment based on conditions at that date The forecasts at the transition date showed that no impairment was necessary

The carrying values of the Group's goodwill balances are reassessed at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable If analysis indicates that the carrying value is too high, then this is reduced to its recoverable amount which is the higher of fair value less costs to sell and its value in use

Value in use is calculated using pre-tax cash flow projections based on financial budgets and business plans covering a five year period These have been extrapolated for the units remaining useful lives using the growth rates stated below

The key assumptions for the value in use calculations are those regarding the operating margin, discount rates and growth rates and these are as set out below

	Operating margin			**Growth rates**			**Discount rates**		
	2012 %	2011 %	2010 %	**2012 %**	2011 %	2010 %	**2012 %**	2011 %	2010 %
Hamson Partnership Limited	**11**	17	25	**2.5**	2.5	2.5	**18**	18	18
Barron & Smith Limited	**9**	25	20	**2.5**	2.5	2.5	**16**	16	16
Robson Liddle Limited	**15**	15	20	**2.5**	2.5	2.5	**14**	14	14
John Packer Associates Limited	**19**	15	20	**2.5**	2.5	2.5	**14**	14	14

Operating margins are estimated by management based on historical trends and market conditions Discount rates are estimated by management using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units The growth rate is based on the average growth rate of the UK economy since the second world war Management consider this to be a reasonable basis for the estimate of the future growth rate in each of the relevant markets

12. Other intangible assets

	Computer software £'000	Other intangible assets £'000	Total £'000
Cost			
At 1 February 2010	1,926	1,101	3,027
Additions	94	-	94
At 31 January 2011	2,020	1,101	3,121
Additions	229	-	229
Disposals	(786)	-	(786)
At 31 January 2012	**1,463**	**1,101**	**2,564**
Amortisation			
At 1 February 2010	1,183	186	1,369
Charge for the year	250	186	436
At 31 January 2011	1,433	372	1,805
Charge for the year	207	186	393
Disposals	(786)	-	(786)
At 31 January 2012	**854**	**558**	**1,412**
Net book value at 31 January 2012	**609**	**543**	**1,152**
Net book value at 31 January 2011	587	729	1,316
Net book value at 31 January 2010	743	915	1,658

Computer software is amortised on a straight line basis over its useful economic life of five years

Other intangible assets valuation comprises

	Year acquired	Carrying value £'000	Original valuation £'000	UEL * Years
Hamson Partnership - Customer relationships	2010	**355**	507	10
Hamson Partnership - Order backlog	2010	-	267	3
Hamson Partnership – Tradename	2010	**134**	192	10
Hamson Partnership - Technology based asset	2010	**54**	135	5
		543	1,101	

* UEL = original useful economic life

For the valuations above the purchase price allocation method was used, which required identification and fair value estimation of the individual intangible assets acquired In order to arrive at an estimate of fair value, the income approach was used which values the cash flows that the asset might reasonably be expected to generate

13. Property, plant and equipment

	Leasehold property £'000	Plant & equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost					
At 1 February 2010	1,813	2,058	87	3,830	7,788
Additions	124	302	-	479	905
Disposals	-	-	(2)	(1,273)	(1,275)
At 31 January 2011	1,937	2,360	85	3,036	7,418
Additions	1	15	-	121	137
Disposals	(27)	(36)	(27)	(1,712)	(1,802)
At 31 January 2012	**1,911**	**2,339**	**58**	**1,445**	**5,753**
Depreciation					
At 1 February 2010	543	1,251	39	2,966	4,799
Charge for the year	178	271	11	644	1,104
On disposals	-	-	(2)	(1,260)	(1,262)
At 31 January 2011	721	1,522	48	2,350	4,641
Charge for the year	182	255	8	223	668
On disposals	(27)	(29)	(10)	(1,712)	(1,778)
At 31 January 2012	**876**	**1,748**	**46**	**861**	**3,531**
Net book value at 31 January 2012	**1,035**	**591**	**12**	**584**	**2,222**
Net book value at 31 January 2011	1,216	838	37	686	2,777
Net book value at 31 January 2010	1,270	807	48	864	2,989

Included within the net book value above is £7,000 (2011 £ 70,000, 2010, £256,000) relating to assets held under finance leases and hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £61,000 (2011 £185,000, 2010, £194,000) Finance lease liabilities (see note 22) are secured by the related assets held under finance leases

14. Investments accounted for using the equity method

	Investment in associates £'000
Cost and net book value	
At 1 February 2010	11
Acquired in the year	14
Share of result for the financial year	5
At 31 January 2011	**30**
Share of result for the financial year	6
At 31 January 2012	**36**

The above investments consist of	
Share of gross assets	1,395
Share of gross liabilities	(1,359)
	36

15. Investments in associate companies

The group has a 24% shareholding in North Lincolnshire Learning Partnership (PSP) Limited, a company incorporated in England The principal activity of North Lincolnshire Learning Partnership (PSP) Limited is that of a holding company North Lincolnshire Learning Partnership (PSP) Limited owns 80% of the share capital of Engage North Lincolnshire Limited, the principal activity of which is construction and civil engineering

The group also has a 35% shareholding in Lambeth Learning Partnership (PSP) Limited, a company incorporated in England The principal activity of Lambeth Learning Partnership (PSP) Limited is that of a holding company Lambeth Learning Partnership (PSP) Limited owns 80% of the share capital of Engage Lambeth Limited, the principal activity of which is construction and civil engineering

The investments are accounted for under the equity method. Both associates have a reporting date of 31 March and have been consolidated based on un-audited management accounts for the period ended 31 January 2012 The most recent audited accounts for North Lincolnshire Learning Partnership (PSP) Limited and Lambeth Learning Partnership (PSP) Limited are for the year ended 31 March 2011
The aggregate amounts of certain financial information of the associates can be summarised as follows

	2012 £'000	2011 £'000	2010 £'000
Assets	**4,343**	6,224	1,773
Liabilities	**(4,216)**	(6,117)	(1,728)
Revenues	**32,700**	28,216	6,360
Profit	**20**	28	7
Profit attributable to the Group	**6**	5	1

The Group has not incurred any contingent liabilities or other commitments relating to its investments in associates

16. Deferred taxation

The movement in the deferred taxation asset during the year was

	2012 £'000	2011 £'000
Asset brought forward	**6,906**	9,099
Recognised in income statement:		
Charge to profit and loss account in respect of pension obligation	**(39)**	(2,238)
Origination and reversal of other temporary differences	**(109)**	(9)
Adjustment in respect of prior years	**(9)**	28
Recognised in other comprehensive income.		
Deferred tax on actuarial loss for the year	**1,823**	339
Impact of change in tax rates recognised in other comprehensive income	**(484)**	(313)
Asset carried forward	**8,088**	6,906

The group's asset for deferred taxation consists of the tax effect of temporary differences in respect of

	2012 £'000	2011 £'000	2010 £'000
Defined benefit pension obligation	**7,838**	6,539	8,750
Excess of depreciation on fixed assets over taxation allowances	**181**	245	233
Other temporary differences	**69**	122	116
	8,088	6,906	9,099

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority

17. Inventories

	2012 £'000	2011 £'000	2010 £'000
Work in progress	**429**	370	753
	429	370	753

18. Trade and other receivables

	2012 £'000	2011 £'000	2010 £'000
Trade receivables	**10,475**	9,541	10,474
Amounts owed by parent and fellow group undertakings (note 27)	**1,684**	2,524	2,201
Amounts owed by associate companies	**50**	99	96
Amounts recoverable on contracts	**3,886**	4,416	4,906
Other debtors	**368**	453	314
Prepayments and accrued income	**2,414**	1,741	2,080
	18,877	18,774	20,071

Trade and other receivables are initially stated at their fair value and subsequently measured at amortised cost as reduced by appropriate allowance or estimated irrecoverable amounts The directors consider that the carrying values of current trade and other receivables approximate their fair values

Trade and other receivables have been reviewed for indicators of impairment Certain trade receivables were found to be potentially impaired and a provision of £138k (2011 £309k, 2010 £318k) has been recorded accordingly

The average credit period taken by customers is 50 days (2011 45 days, 2010 50 days)

In addition, some of the unimpaired trade receivables are past due as at the reporting date The age of financial assets past due but not impaired is as follows

	2012 £'000	2011 £'000	2010 £'000
Not more than three months	**785**	1,665	1,734
More than three months but not more than six months	**171**	122	206
More than six months	**1,085**	90	387
	2,041	1,877	2,327

The movement in the provision for impairment of trade receivables is as follows

	2012 £'000	2011 £'000	2010 £'000
Balance as at 1 February	**309**	318	241
Charged/(credited) to the income statement			
- additional provisions	**22**	83	212
- unused amounts reversed	**(193)**	(92)	(135)
Balance as at 31 January	**138**	309	318

19. Cash and cash equivalents

	2012 £'000	2011 £'000	2010 £'000
Cash at bank and in hand	**1,501**	1,367	797
	1,501	1,367	797

The carrying amount of cash and cash equivalents approximates their fair value

20. Trade and other payables

	2012 £'000	2011 £'000	2010 £'000
Trade creditors	**2,625**	2,711	3,547
Amounts owed to parent and fellow group undertakings	**5,390**	5,629	5,027
Other taxation and social security	**3,777**	3,144	2,770
Other creditors	**1,918**	906	967
Accruals and deferred income	**9,936**	10,005	10,049
	23,646	22,395	22,360

Trade and other payables are initially stated at their fair value and subsequently measured at amortised cost The directors consider that the carrying values of current trade and other payables approximate their fair values The average credit period taken by the Group on trade payables was 34 days (2011 35 days, 2010 45 days)

Included within other creditors is £613k (2011 £641k, 2010 £630k) in respect of outstanding pension contributions

21. Financial Instruments analysis

Categories of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities

Financial assets	2012 £'000	2011 £'000	2010 £'000
Loans and receivables			
- Trade and other receivables	**16,463**	17,033	17,991
- Cash and cash equivalents	**1,501**	1,367	797
	17,964	18,400	18,788

Financial liabilities	2012 £'000	2011 £'000	2010 £'000
Financial liabilities measured at amortised cost			
Non current			
- Borrowings	-	400	800
Current			
- Borrowings	**174**	417	795
- Trade and other payables	**19,869**	19,251	19,590
	20,043	20,068	21,185

See note 3 14 for a description of the accounting policies for each category of financial instruments The fair values are presented in the related notes A description of the Group's risk management objectives and policies for financial instruments is given in note 24

Financial instruments analysis (continued)

Maturity of the Groups financial liabilities	2012 £'000	2011 £'000	2010 £'000
Due within one year			
Trade creditors	**2,625**	2,711	3,547
Amounts owed to parent and fellow group undertakings	**5,390**	5,629	5,027
Other creditors	**1,918**	906	967
Accruals and deferred income	**9,936**	10,005	10,049
Borrowings	**174**	417	795
Total due within one year	**20,043**	19,668	20,385
Due within one to two years			
Borrowings	-	400	400
Due within two to five years			
Borrowings	-	-	400
	20,043	20,068	21,185

The above contractual maturities reflect the gross cash flows which may differ to the carrying values of the liabilities at the reporting date

22. Obligations under finance leases

Maturity analysis - minimum lease payments	2012 £'000	2011 £'000	2010 £'000
Due within one year	**69**	91	183
Due within one to two years	**39**	69	91
Due within two to five years	**22**	61	130
Minimum lease payments	**130**	221	404
Less future finance charges	**(25)**	(40)	(50)
Present value of lease obligations	**105**	181	354

Maturity analysis - present value of minimum lease payments

	2012 £'000	2011 £'000	2010 £'000
Due within one year	**55**	80	165
Due within one to two years	**32**	55	80
Due within two to five years	**18**	46	109
	105	181	354

The average lease term is 3 years (2011 3 years, 2010 3years) Interest rates are fixed at the contract date All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments All lease obligations are denominated in Sterling The carrying amount of the Group's finance lease liabilities approximates to their fair value The Group's obligations under finance leases are secured by the lessors' charges over the assets concerned The average effective interest rate on finance leases was 6 0% (2011 6 0%, 2010 5 4%)

23. Borrowings and overdrafts

Bank overdrafts	2012 £'000	2011 £'000	2010 £'000
Due within one year	**14**	17	395
	14	17	395

Loan notes	2012 £'000	2011 £'000	2010 £'000
Due within one year	**160**	400	400
Due within one to two years	-	400	400
Due within two to five years	-	-	400
	160	800	1,200

The loan notes are redeemable in three equal instalments on the first, second and third anniversary of the date of issue Interest is payable at a rate of 1% over the base lending rate of Barclays Bank plc

24. Financial instrument risks

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments The Group's financial assets and liabilities by category are summarised in note 21

Capital risk management

The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital

The capital structure of the Group comprises equity attributable to equity holders of NPS Property Consultants Limited consisting of issued ordinary share capital, reserves and retained earnings (see consolidated statement of changes in equity) and cash and cash equivalents as disclosed in note 19

The Group's overall capital risk management strategy remains unchanged from previous years

Financial risk management

Financial risk management is an integral part of the way the Group is managed In the course of its business, the Group is exposed primarily to interest rate risk, credit risk and liquidity risk The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets

Management manages the principal financial risks within policies and operating parameters approved by the Board of directors

Foreign currency risk

The Group does not have significant foreign currency transactions and exposure to foreign currency risk is therefore minimal Accordingly, these financial statements do not include any sensitivity analysis in respect of currency risk

Interest rate risk

Interest rate risk does not arise on the Group's obligations under finance leases as interest rates are fixed at the start of the lease Interest rate risk arises on the Group's cash and cash equivalents and bank borrowings A 1% increase in the Bank of England base rate would not result in a significant increase in the Group's finance cost

Credit risk

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, namely cash and cash equivalents and trade and other receivables

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used The Group's policy is to deal only with creditworthy counterparties

The Group's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due An analysis of amounts that are past due but not impaired is shown in note 18

None of the Group's financial assets are secured by collateral or other credit enhancements

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings

The Group has no significant concentration of credit risk in respect of amounts due from trade receivable balances at the reporting date, with exposure spread over a number of customers and across the Group's operations

Liquidity risk

The Group manages its liquidity needs by carefully monitoring all cash outflows due in day-to-day business Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling monthly projection

The Group maintains cash to meet its liquidity requirements on a weekly basis Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities

25. Pensions and employee benefit obligations

The liabilities recognised for pensions and other employee remuneration in the balance sheet consist of the following amounts

	2012 £'000	2011 £'000	2010 £'000
Non current			
Defined benefit plans	**31,353**	24,218	31,251
Current			
Other pension obligations (within other creditors)	**613**	641	630
Other short term employee obligations (within accruals)	**419**	960	1,039
	1,032	1,601	1,669

Other pension obligations represent pension contributions that had not been paid at the balance sheet date Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date

Pensions and employee benefit obligations (continued)

Defined benefit pension schemes

The group is a participating employer in a number of multi-employer Local Government Pension Schemes, the main one being the Norfolk Pension Fund

The calculations for the disclosures are based on a full actuarial valuation of the schemes as at 31 March 2010 updated to 31 January 2012 by a qualified independent actuary

The main assumptions used by the actuary to calculate scheme liabilities of the Group were

	2012 %	2011 %	2010 %
Rate of increase in salaries	**3 6**	4 1	4 0
Rate of increase in pensions in payment	**2 3**	3 1	3 5
Discount rate	**4 9**	5 6	5 5
Inflation assumption	**2.3**	3 1	3 5

The post retirement mortality assumptions used to value the benefit obligation at the year end are based on the Fund's VitaCurves with improvements from 2007 in line with the Medium Cohort and a 1% per annum underpin Based on these the average future life expectancies at age 65 are as follows

	2012 Males	**2012** Females	2011 Males	2011 Females
Current pensioners (years)	**21 2**	**23 4**	21 2	23 4
Future pensioners (years)	**23.6**	**25 8**	23 6	25 8

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers These assumptions have led to the amounts determined as the Group's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate However, the actual outcome may vary Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase in salaries, deferred pension revaluation or pensions in payment) can have a significant impact on the value of the liabilities reported There is also uncertainty around life expectancy of the UK population The value of current and future pension benefits will depend on how long they are assumed to be in payment

Pensions and employee benefit obligations (continued)

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit are

	Long-term rate of return expected %	2012 Value £'000	Long-term rate of return expected %	2011 Value £'000	Long-term rate of return expected %	2010 Value £'000
Equities	6 1	**81,244**	7 5	73,691	7 7	63,157
Bonds	3 8	**24,364**	5 0	17,891	5 0	16,281
Property	4 1	**12,346**	5 5	8,852	5 7	8,195
Cash	3 2	**6,373**	4 6	6,183	4 8	6,951
Total fair value of assets		**124,327**		106,617		94,584
Present value of scheme liabilities		**(155,680)**		(130,835)		(125,835)
Deficit in the scheme		**(31,353)**		(24,218)		(31,251)

The actual return on scheme assets in the year was £1,895,000 (2011 £8,074,000, 2010 £13,915,000)

The expected rate of return on scheme assets are based on a weighted average of the expected returns on the various assets held in the plan, and include an analysis of historical returns and predictions about future returns

An analysis of the movement in the deficit during the year is shown below

	2012 £'000	2011 £'000
At 1 February 2011	**(24,218)**	(31,251)
Initial recognition of the IAS 19 defined benefit deficit	**(1,955)**	-
Total operating - (charge)/credit	**(4,799)**	4,191
Total finance charge	**(144)**	(383)
Actuarial losses	**(5,337)**	(1,255)
Contributions by the Group	**5,100**	4,480
At 31 January 2012	**(31,353)**	(24,218)

The initial recognition of the IAS 19 defined benefit pension deficit relates to the employees of NPS London Limited that are members of the Norfolk Pension Fund At the end of the prior financial year the transfer value in respect of these employees had not been agreed and therefore the actuary was unable to allocate the assets and liabilities pertaining to these employees Contributions to this scheme were therefore treated as if they were contributions to a defined contribution scheme The allocation of assets and liabilities took place in the current year at which point the defined benefit pension deficit was recognised in the financial statements

Pensions and employee benefit obligations (continued)

An analysis of the defined benefit cost follows

Analysis of the amount (charged)/credited to operating (loss)/profit:

	2012 £'000	2011 £'000
Current service cost	**(4,307)**	(4,157)
Past service (cost)/credit	**(190)**	8,441
Losses on settlements and curtailments	**(302)**	(93)
Total operating (charge)/credit	**(4,799)**	4,191

Analysis of the amount charged to finance costs:

	2012 £'000	2011 £'000
Expected return on assets in the scheme	**7,610**	6,606
Interest on pension scheme liabilities	**(7,754)**	(6,989)
Total finance charge (note 9)	**(144)**	(383)

Analysis of the amount recognised in other comprehensive income:

	2012 £'000	2011 £'000
Actual return less expected return on scheme assets	**(5,715)**	1,468
Experience losses arising on scheme liabilities	**(58)**	(8,149)
Effect on changes in assumptions in respect of scheme liabilities	**436**	5,426
Initial recognition of IAS 19 defined benefit pension deficit	**(1,955)**	-
Actuarial loss recognised in other comprehensive income	**(7,292)**	(1,255)

A history of experience gains and losses is shown below

	2012	2011	2010	2009	2008
Difference between the expected and actual return on scheme assets					
- amount (£'000)	**(5,715)**	1,468	9,104	(19,710)	(5,923)
- % of scheme assets	**(5)**	1	10	(30)	(8)
Experience adjustments on scheme liabilities					
- amount (£'000)	**(58)**	(8,149)	-	4,518	(5,893)
- % of the present value of scheme liabilities	**-**	(6)	-	5	(6)

Pensions and employee benefit obligations (continued)

Analysis of changes in the fair value of the scheme assets during the year

	2012 £'000	2011 £'000
Fair value of scheme assets at the beginning of the year	**106,617**	94,584
On initial recognition of defined benefit scheme	**12,630**	-
Expected return on scheme assets	**7,610**	6,606
Actuarial (losses)/gains	**(5,715)**	1,468
Contributions by employers	**5,100**	4,480
Contributions by members	**1,870**	1,933
Benefits paid	**(3,785)**	(2,454)
Fair value of the scheme assets at the end of the year	**124,327**	106,617

Analysis of changes in the present value of the scheme liabilities during the year

	2012 £'000	2011 £'000
Present value of scheme liabilities at the start of the year	**130,835**	125,835
On initial recognition of defined benefit scheme	**14,585**	-
Total operating charge/(credit)	**4,799**	(4,191)
Interest cost	**7,754**	6,989
Contributions by members	**1,870**	1,933
Benefits paid	**(3,785)**	(2,454)
Actuarial (gains)/losses	**(378)**	2,723
Present value of the scheme liabilities at the end of the year	**155,680**	130,835

History of scheme assets, liabilities and net deficit position

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of plan assets at end of year	**124,327**	106,617	94,584	66,806	77,661
Present value of scheme liabilities at end of year	**(155,680)**	(130,835)	(125,835)	(88,844)	(91,082)
Net deficit in the plan at end of year	**(31,353)**	(24,218)	(31,251)	(22,038)	(13,421)

The cumulative amount of actuarial gains and losses recognised in other comprehensive income at 31 January 2012 was a net loss of £25,778,000 (2011 net loss of £18,486,000)

Pensions and employee benefit obligations (continued)

Future funding obligation

The directors anticipate that contributions of approximately £5,018,000 (2011 £4,688,000) will be paid in the year to 31 January 2013

Sensitivity analysis

The sensitivity of the defined benefit obligations to changes in principal actuarial assumptions is shown below

	Change in assumption	Increase in Deficit £'000
Rate of increase in salaries	+0 5%	5,140
Rate of increase in pensions in payment	+0 5%	11,025
Discount rate	-0 5%	16,993
Life expectancy	+1 year	4,519

Defined contribution pension schemes

The group operates a number of defined contribution retirement benefit schemes for qualifying employees The assets of the schemes are held separately from those of the group in funds controlled by the scheme providers

The Group also makes contributions to a number of local government defined benefit pension schemes which are accounted for as if they are defined contribution schemes

During the year the group paid contributions of £ 1,061,000 (2011 - £1,016,000) to defined contribution schemes

26. Operating lease and capital commitments

Operating lease commitments

At 31 January 2012 the Group's future minimum operating lease payments are as follows

	2012		2011	
	Land and Buildings £'000	**Assets other than land and buildings £'000**	Land and buildings £'000	Assets other than land and buildings £'000
Within 1 year	**1,740**	**266**	1,908	299
Within 2 to 5 years	**6,347**	**471**	6,726	364
After more than 5 years	**5,247**	**-**	6,575	-
	13,334	**737**	15,209	663

Lease payments recognised as an expense during the period amount to £ 2,238,000 (2011 - £2,237,000) This amount consists of minimum lease payments These operating lease payments represent rentals payable by the group for certain of its office properties and the hire of vehicles and other equipment No sublease payments or contingent rent payments were made or received No sublease income is expected as all assets held under lease agreements are used exclusively by the Group

Capital commitments

At the year end the group was committed to further capital expenditure of £164,000 (2011 £Nil)

27. Related party transactions

Transactions with key management personnel

Key management are the directors of NPS Property Consultants Limited along with certain executive directors of other group companies Key management personnel remuneration includes the following expenses

	2012 £'000	2011 £'000
Short term employee benefits	**249**	249
Post employment benefits - contributions to defined benefit pension plans	**37**	45
Total remuneration	**286**	294

There were no other transactions with key management personnel in either the current or preceding year

Related party transactions (continued)

Transactions with ultimate controlling party and other group companies

The group had the following transactions in the normal course of trade with the ultimate controlling party, Norfolk County Council and other companies within the Norse Group

2012	Sales £'000	Purchases £'000	Debtor £'000	Creditor £'000
Norfolk County Council	10,349	1,368	1,222	3,421
Norse Commercial Services Limited	641	556	216	1,426
GYB Services Limited	-	-	24	-
Suffolk Coastal Services Limited	17	114	-	-
Waveney Norse Limited	3	-	-	-
Eventguard Limited	-	-	15	-
Devon Norse Limited	4	-	2	-
Norfolk Environmental Waste Services	127	4	-	543
Norse Care Limited	271	-	205	-

2011	Sales £'000	Purchases £'000	Debtor £'000	Creditor £'000
Norfolk County Council	12,801	1,526	2,249	5,020
Norse Commercial Services Limited	391	168	146	52
GYB Services Limited	7	-	32	-
Suffolk Coastal Services Limited	-	131	-	14
Waveney Norse Limited	12	-	-	-
Norfolk Environmental Waste Services	278	3	97	543

In addition the group invests cash with Norfolk County Council on a commercial basis The amount invested at 31 January 2012 was £1,307,000 (2011 - £1,044,000)

28. Non-controlling interests

	2012 £'000	2011 £'000
At 1 February 2011	(255)	(436)
Profit attributable to non-controlling interest	97	430
Other comprehensive income attributable to non-controlling interest	(543)	(249)
At 31 January 2012	(701)	(255)

29. Share capital

Authorised share capital

	2012 £'000	2011 £'000
2,542,968 Ordinary shares of £1 each	**2,543**	2,543

Allotted, called up and fully paid

	2012 Number	£'000	2011 Number	£'000
Ordinary shares of £1 each	**2,542,968**	**2,543**	2,542,968	2,543

30. Notes to the statement of cash flows

The following non-cash flow adjustments and adjustments for changes in working capital have been made to the result before tax to arrive at operating cash flow

Adjustments

	2012 £'000	2011 £'000
Amortisation and goodwill impairment	**393**	486
Depreciation	**668**	1,104
Loss on disposal of property, plant and equipment	**4**	10
Finance income	**(14)**	(27)
Finance costs	**113**	132
Finance costs in respect of defined benefit pension scheme	**144**	383
Current and past service costs in respect of defined benefit pension scheme	**4,799**	(4,191)
Share of profit from equity accounted investments	**(6)**	(5)
Reduction in deferred consideration (loan notes)	**(222)**	-
Total adjustments	**5,879**	(2,108)

Net changes in working capital

	2012 £'000	2011 £'000
Change in inventories	**(59)**	383
Change in trade and other receivables	**(103)**	1,297
Change in trade and other payables	**1,233**	35
Total changes in working capital	**1,071**	1,715

31. Ultimate controlling undertaking

The ultimate parent undertaking is Norse Group Limited and consolidated financial statements for this group are available from Companies House, Cardiff, CF14 3UZ

The ultimate controlling party is Norfolk County Council by its ownership of 100% of the ordinary share capital of Norse Group Limited

32. First time adoption of IFRS

These are the Group's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) The date of transition to IFRS is 1 February 2010

The Group's IFRS accounting policies presented in note 3 have been applied in preparing the financial statements for the year ended 31 January 2012, the comparative information and the opening balance sheet at the date of transition

The Group has applied IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these first IFRS consolidated financial statements The effects of the transition to IFRS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the notes that accompany the tables

32.1. First time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application The Group has applied the mandatory exceptions and certain optional exemptions The exemptions adopted by the Group are set out below

Mandatory exceptions adopted by the Group

- Financial assets and liabilities that had been de-recognised before 1 February 2010 under previous GAAP have not been recognised under IFRS
- The Group has used estimates under IFRS that are consistent with those applied under previous GAAP (with adjustment for accounting policy differences) unless there is objective evidence those estimates were in error

Optional exceptions adopted by the Group

- The Group has elected to apply to apply IFRS 3 Business Combinations retrospectively to one business combination that occurred before the date of transition (1 February 2010) For all other business combinations IFRS 3 has not been applied retrospectively See note 32 5a for an explanation of the effect of the exemption
- The Group has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement contains a lease No such assessment was done under previous GAAP
- The Group has elected to recognise all cumulative actuarial gains and losses for its defined benefit plans at the date of transition

32.2. Reconciliation of equity

Equity at the date of transition and at 31 January 2011 can be reconciled to the amounts reported under previous GAAP as follows

	1 February 2010			31 January 2011		
	Previous GAAP £'000	Effect of transition £'000	IFRS £'000	Previous GAAP £'000	Effect of transition £'000	IFRS £'000
Non-current assets						
Goodwill	4,896	(761)	4,135	4,549	(464)	4,085
Other intangible assets	-	1,658	1,658	-	1,316	1,316
Property plant and equipment	3,732	(743)	2,989	3,364	(587)	2,777
Investments accounted for using the equity method	11	-	11	30	-	30
Deferred tax asset	314	8,785	9,099	305	6,601	6,906
Non-current assets	8,953	8,939	17,892	8,248	6,866	15,114
Current assets						
Inventories	753	-	753	370	-	370
Trade and other receivables	20,071	-	20,071	18,774	-	18,774
Current tax assets	-	-	-	281	-	281
Cash and cash equivalents	797	-	797	1,367	-	1,367
Current assets	21,621	-	21,621	20,792	-	20,792
Total assets	30,574	8,939	39,513	29,040	6,866	35,906
Current liabilities						
Trade and other payables	(21,321)	(1,039)	(22,360)	(21,435)	(960)	(22,395)
Current tax liabilities	(652)	-	(652)	-	-	-
Obligations under finance leases	(165)	-	(165)	(80)	-	(80)
Borrowings and overdrafts	(795)	-	(795)	(417)	-	(417)
Current liabilities	(22,933)	(1,039)	(23,972)	(21,932)	(960)	(22,892)
Non-current liabilities						
Borrowings and overdrafts	(800)	-	(800)	(400)	-	(400)
Obligations under finance leases	(189)	-	(189)	(101)	-	(101)
Retirement Benefit Obligations	(22,501)	(8,750)	(31,251)	(17,679)	(6,539)	(24,218)
Non-current liabilities	(23,490)	(8,750)	(32,240))	(18,180)	(6,539)	(24,719)
Total liabilities	(46,423)	(9,789)	(56,212)	(40,112)	(7,499)	(47,611)
Net liabilities	(15,849)	(850)	(16,699)	(11,072)	(633)	(11,705)
Equity						
Share capital	2,543	-	2,543	2,543	-	2,543
Retained earnings	(17,956)	(850)	(18,806)	(13,360)	(633)	(13,993)
	(15,413)	(850)	(16,263)	(10,817)	(633)	(11,450)
Non-controlling interests	(436)	-	(436)	(255)	-	(255)
Total equity	(15,849)	(850)	(16,699)	(11,072)	(633)	(11,705)

Reconciliation of equity (continued)

The total effect on retained earnings is further analysed as follows

	Note	1 February 2010 £'000	31 January 2011 £'000
Expense of costs of Acquisition		(60)	(60)
Amortisation of other intangible assets		(186)	(372)
Additional goodwill in respect of deferred tax recognised on intangible assets acquired in a business combination		308	308
Amortisation of goodwill		92	356
Reduction in deferred consideration		-	83
Impairment of goodwill		-	(50)
Recognition of holiday pay accrual		(1,039)	(960)
Deferred tax adjustments		35	62
Effect of transition to IFRS		(850)	(633)

32.3. Reconciliation of total comprehensive income

Total comprehensive income for the reporting period ended 31 January 2011 can be reconciled to the amounts reported under previous GAAP as follows

	Previous GAAP £'000	Effect of Transition £'000	IFRS £'000
Group revenue	**76,765**	-	76,765
Cost of sales	**(48,875)**	79	(48,796)
Gross profit	**27,890**	79	27,969
Administrative expenses	**(19,509)**	111	(19,398)
Other operating income	**466**	-	466
Group operating profit	**8,847**	190	9,037
Share of profit from equity accounted investments	**5**	-	5
Profit before financing	**8,852**	190	9,042
Finance income	**27**	-	27
Finance costs	**(515)**	-	(515)
Profit before taxation	**8,364**	190	8,554
Taxation	**(2,358)**	27	(2,331)
Profit for the year	**6,006**	217	6,223
Other comprehensive income:			
Actuarial loss in respect of defined benefit pension scheme	**(1,255)**	-	(1,255)
Deferred tax in respect of defined benefit pension scheme	**339**	-	339
Movement in deferred tax asset on pension scheme arising from change in rates	**(313)**		(313)
Other comprehensive income for the year, net of tax	**4,777**	217	4,994
Total comprehensive income for the year			
Total comprehensive income for the year attributable to			
Non-controlling interests	**181**	-	181
Owners of the parent	**4,596**	217	4,813
	4,777	**217**	4,994

32.4. Presentation differences

Certain presentation differences between previous GAAP and IFRS have no impact on reported profit or total equity For example, certain assets and liabilities have been reclassified into another line item under IFRS at the date of transition The most significant of these re-classifications are noted below

32.5. Notes to the reconciliations

a. Goodwill and business combinations

Hamson Partnership Limited
The group has elected apply IFRS3 'Business Combinations' (revised 2008) to the acquisition of Hamson Partnership Limited which took place on 31 March 2009, prior to the date of transition

In accordance with IFRS 3 (revised) costs of £60,000 associated with the acquisition of Hamson Partnership Limited, which were included within goodwill under UK GAAP, have been excluded from goodwill under IFRS Retained earnings have also been reduced by this amount

IFRS 3 (revised) requires that intangible assets acquired are recognised separately from goodwill The intangible assets separated out from goodwill in respect of the acquisition of Hamson Partnership Limited amounted to £1,101,000 Amortisation of £186,000 relates to the period from acquisition to the date of transition (retained earnings at the date of acquisition have been reduced by this amount) Accordingly, 'other intangible assets' of £915,000 were recognised at the date of transition Further amortisation of £186,000 has been charged to administrative expenses in the year to 31 January 2011 As a result the carrying value of 'other intangible assets' at 31 January 2011 was £729,000

Goodwill is not amortised under IFRS As a result, the amortisation of goodwill of £92,000 recorded under UK GAAP at the date of transition was reversed with a corresponding increase in retained reserves The amortisation charge for the year ended 31 January 2011 of £87,000 has also been reversed with a corresponding reduction in administrative expenses for that year

During the year ended 31 January 2011, there was a reduction of £83k in contingent consideration due on the acquisition of Hamson Partnership Under IFRS this is credited to the income statement rather than goodwill Accordingly, goodwill at 31 January 2011 has increased by £83k with a corresponding reduction in administrative expenses for the year

A deferred tax liability of £308,000 was recognised on acquisition in respect of separately identifiable intangible assets with goodwill arising on acquisition increasing by the same amount The deferred tax liability at the date of transition had reduced to £256,000 with a corresponding increase of £52,000 in retained earnings at that date

Goodwill and business combinations (continued)

Other business combinations
For all business combinations that occurred before 31 March 2009, the Group has elected to not restate these in accordance with IFRS3 The carrying amount of goodwill has not been adjusted for intangible assets subsumed within goodwill or for intangible assets that do not qualify for recognition under IFRS The amount of goodwill, at the date of transition, relating to the following cash-generating units is disclosed in note 11 to the financial statements

- Barron & Smith Limited
- Robson Liddle Limited
- John Packer Associates Limited

At the date of transition this goodwill was tested for impairment based on cash flow forecasts made at that date No impairment was identified The amount of goodwill recognised upon transition to IFRS is therefore the carrying amount under UK GAAP at 1 February 2010

Goodwill is not amortised under IFRS and is instead subject to an annual impairment revuiew As a result, the amortisation of goodwill of £177,000 recorded under UK GAAP was reversed in the reconciliation to IFRS with a corresponding reduction in administrative expenses for the year ended 31 January 2011 As a result of the annual impairment review an impairment charge of £50,000 was recognised within administrative expenses

b. Other intangible assets – computer software

IAS 38 'Intangible Assets' requires computer software which is not an integral part of hardware to be treated separately as an intangible asset rather than included within tangible fixed assets as under UK GAAP This has resulted in a re-classification of £743,000 in the balance sheet at the transitional date and a re-classification of £587k in the balance sheet at 31 January 2011

c. Amortisation

For the year ended 31 January 2011 there is a net reduction in amortisation expenses of £78,000 This consists of increased amortisation of £186,000 in respect of intangible assets acquired in a business combination and a reduction in goodwill amortisation of £264,000

d. Other employee benefit liabilities

Under IAS 19 'Employee Benefits' the group is required to accrue for all short term accumulating compensated absences such as holiday entitlement earned but not taken at the balance sheet date The impact of this is to increase accruals and deferred income by £1,039,000 at the date of transition and by £960,000 at 31 January 2011 There is a credit of £79,000 to the income statement for the year ended 31 January 2011 reflecting the reduction in the accrual at that year end

Notes to the reconciliations (continued)

e. Deferred tax

Under UK GAAP the deferred tax asset associated with the defined benefit pension deficit was required to be netted off against the pension deficit Under IFRS, this asset is included with other deferred tax balances in the balance sheet As a result the deferred tax balance within non-current assets is increased by £8,750,000 at the date of transition and by £6,539,000 at 31 January 2011 There is no impact on net assets as there is a corresponding increase in the retirement benefit obligation within non-current liabilities

As noted within section 32 5(a) above, at the date of transition, a deferred tax liability of £256,000 was recognised at the date of transition in respect of intangible assets acquired on the acquisition of Hamson Partnership Limited During the year ended 31 January 2011, there was a credit to the income statement of £59,000 in relation to this Accordingly, at 31 January 2011 the net deferred tax asset is reduced by £197,000

As noted within section 32 5(d) above the group is required to accrue for all short term accumulating compensated absences such as holiday entitlement earned but not taken at the balance sheet date This is a temporary difference under IAS12 'Income Taxes' As a result a deferred tax asset of £291,000 was recognised at the date of transition During the year ended 31 January 2011 there was a charge to the income statement of £32,000 in relation to this Accordingly, as 31 January 2011 the net deferred tax asset is increased by £259,000

32.6. Impairment losses recognised at the point of transition

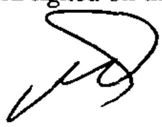
The Group has applied IAS 36 in determining whether any impairment losses arose at the date of transition to IFRS No impairment losses (or reversals) were identified

The estimates used for this analysis were consistent with the estimates used under previous GAAP at the same date, adjusted for accounting policy differences where necessary

Company balance sheet

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible assets	2		**932**		1,081
Investments	3		**5,337**		5,559
			6,269		6,640
Current assets					
Stocks	4	**128**		103	
Debtors	5	**7,985**		7,159	
Cash at bank and in hand		**1,354**		1,162	
		9,467		8,424	
Creditors: amounts falling due within one year	7	**(16,413)**		(14,499)	
Net current liabilities			**(6,946)**		(6,075)
Total assets less current liabilities			**(677)**		565
Financed by.					
Creditors: amounts after more than one year	8	**44**		475	
Defined benefit pension scheme liability	9	**11,438**		9,897	
			11,482		10,372
Capital and reserves					
Called-up equity share capital	12	**2,543**		2,543	
Profit and loss account	13	**(14,702)**		(12,350)	
Equity shareholder's deficit			**(12,159)**		(9,807)
			(677)		565

These financial statements were approved by the directors and authorised for issue on 24 July 2012 and signed on their behalf by



M L Britch
Director

Notes to the company financial statements

1. Statement of significant accounting policies

1.1. Basis of preparation

The separate financial statements of the company are presented as required by the Companies Act 2006

The separate financial statements of the company have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice)

A separate profit and loss for the parent company is omitted from the parent company financial statements by virtue of section 408 of the Companies Act 2006

1.2. Investments

Investments are stated at cost less any provision for impairment

1.3. Fixed assets

All fixed assets are initially recorded at cost

1.4. Depreciation

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

Leasehold property improvements	-	shorter of ten years or over period of lease
Plant & equipment	-	25% reducing balance per annum
Motor vehicles	-	25% reducing balance per annum
Computer equipment	-	20% straight line per annum

1.5. Stocks

Stocks are valued at the lower of cost and net realisable value

1.6. Work in progress

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty The profit recognised reflects the proportion of work completed to date on the project Costs associated with long-term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover Long term contract balances included in stocks are stated at cost after provision has been made for any foreseeable losses and the deduction of applicable payments on account Full provision is made for losses on all contracts in the year in which the loss is first foreseen

1.7. Operating lease agreements

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term

1.8. Finance leases and hire purchase agreements

Assets acquired under finance leases and hire purchase are treated as tangible fixed assets and depreciation is provided accordingly The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding

1.9. Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised on all timing differences where the transactions or events that give an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred but not reversed by the balance sheet date

Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date and is not discounted

1.10. Pension costs and other post-retirement benefits

Defined benefit schemes
The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in a separate trustee-administered fund Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are prepared on a triennial basis and updated annually The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet Further details regarding the pension scheme are contained in note 9 to the company financial statements

1.11. Financial instruments

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 entity after deducting all of its financial liabilities

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

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

2. Tangible fixed assets

	Leasehold property improvements £'000	Plant & equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost					
At 1 February 2011	571	968	78	2,412	4,029
Additions	2	1	-	173	176
Disposals	(3)	(26)	(27)	(1,271)	(1,327)
At 31 January 2012	570	943	51	1,314	2,878
Depreciation					
At 1 February 2011	297	752	45	1,854	2,948
Charge for the year	57	54	7	186	304
Disposals	(3)	(23)	(10)	(1,270)	(1,306)
At 31 January 2012	351	783	42	770	1,946
Net book value					
At 31 January 2012	**219**	**160**	**9**	**544**	**932**
At 31 January 2011	274	216	33	558	1,081

The net book value of fixed assets includes an amount of £4,000 (2011 £9,000) in respect of assets held under finance leases (including hire purchase contracts) The depreciation charge in respect of these assets for the year was £5,000 (2011 £81,000)

3. Investments

Company	Investment in associate undertakings £'000	Investment in subsidiary undertakings £'000	Total £'000
Cost and net book value			
At 1 February 2011	24	5,535	5,559
Adjustment to deferred consideration	-	(222)	(222)
At 31 January 2012	**24**	**5,313**	**5,337**

The investment in subsidiary undertakings comprises of the following undertakings incorporated in England

	Holding	Proportion of voting rights and shares held	Nature of business
NPS North East Limited	Ordinary shares	100%	Property consultants
NPS North West Limited	Ordinary shares	100%	Property consultants
NPS South East Limited	Ordinary shares	100%	Property consultants
NPS Stockport Limited	Ordinary shares	80%	Property consultants
NPS London Limited	Ordinary shares	80%	Property consultants
NPS South West Limited	Ordinary shares	80%	Property consultants
John Packer Associates Limited	Ordinary shares	100%	Building services consultants
NPS Humber Limited	Ordinary shares	60%	Property consultants
Barron and Smith Limited	Ordinary shares	100%	Architects
Robson Liddle Limited	Ordinary shares	100%	Building services consultants
Hamson Partnership Limited	Ordinary shares	100%	Building services consultants
NPS Barnsley Limited	Ordinary shares	80%	Building services consultants
Barnsley Norse Limited*	Ordinary shares	80%	Catering, cleaning services

* shares held by subsidiary undertaking

Associate undertakings
The company has a 24% shareholding in North Lincolnshire Learning Partnership (PSP) Limited, a company incorporated in England The principal activity of North Lincolnshire Learning Partnership (PSP) Limited is that of a holding company North Lincolnshire Learning Partnership (PSP) Limited owns 80% of the share capital of Engage North Lincolnshire Limited, the principal activity of which is construction and civil engineering

The company also has a 35% shareholding in Lambeth Learning Partnership (PSP) Limited, a company incorporated in England The principal activity of Lambeth Learning Partnership (PSP) Limited is that of a holding company Lambeth Learning Partnership (PSP) Limited owns 80% of the share capital of Engage Lambeth Limited, the principal activity of which is construction and civil engineering

4. Stocks

	2012 £'000	2011 £'000
Work in progress	**128**	103

5. Debtors

	2012 £'000	2011 £'000
Trade debtors	**1,391**	1,116
Amounts owed by group undertakings (note 11)	**2,859**	2,767
Amounts owed by parent and fellow subsidiary undertakings (note 11)	**1,566**	1,553
Amounts owed by associate undertakings	**50**	99
Corporation tax	**486**	281
Amounts recoverable on contracts	**300**	540
Other debtors	**96**	203
Deferred taxation (note 6)	**128**	185
Prepayments and accrued income	**1,109**	415
	7,985	7,159

6. Deferred taxation

The movement in the deferred taxation asset during the year was

	2012 £'000	2011 £'000
Asset brought forward	**185**	180
Origination and reversal of timing differences	**(57)**	10
Adjustment in respect of prior years	**-**	(5)
Asset carried forward (note 5)	**128**	185

The deferred tax asset consists of the tax effect of timing differences in respect of

	2012 £'000	2011 £'000
Excess of depreciation over capital allowances	**105**	159
Other timing differences	**23**	26
	128	185

The movement in the deferred tax asset relating to the pension deficit is as follows

	2012 £'000	2011 £'000
Asset brought forward	**3,660**	3,552
Credit/(charge) to profit and loss account in year	**68**	(727)
Deferred tax on actuarial loss for the year	**356**	962
Change in deferred tax rates	**(271)**	(127)
Asset carried forward	**3,813**	3,660

7. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	**499**	603
Amounts owed to group undertakings (note 11)	**5,586**	4,326
Amounts owed to parent and fellow subsidiary undertakings (note 11)	**4,495**	5,210
Obligations under finance leases	**39**	39
Other taxation and social security	**2,817**	2,325
Other creditors	**1,157**	611
Accruals and deferred income	**1,820**	1,385
	16,413	14,499

The company

Included within other creditors is £130,00 (2011 £141,000) in respect of outstanding pension contributions

8. Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Obligations under finance leases	**44**	75
Loan notes	**-**	400
	44	475

Net obligations under finance leases and hire purchase contracts are secured by the assets concerned Obligations under finance leases and hire purchase contracts are all repayable within five years

The loan notes fall due for repayment as follows

	2012 £'000	2011 £'000
Within one year (included within other creditors)	**160**	400
Between one and two years	**-**	400
	160	800

9. Pension commitments

The calculations for FRS 17 disclosures are based on a full actuarial valuation of the scheme as at 31 March 2010 updated to 31 January 2012 by a qualified independent actuary

The main assumptions used by the actuaries to calculate scheme liabilities of the company under FRS 17 were

	2012 %	2011 %	2010 %
Rate of increase in salaries	**3 6**	4 1	4 0
Rate of increase in pensions in payment	**2.3**	3 1	3 5
Discount rate	**4.9**	5 6	5 5
Inflation assumption	**2.3**	3 1	3 5

The post retirement mortality assumptions used to value the benefit obligation at the year end are based on the Fund's VitaCurves with improvements from 2007 in line with the Medium Cohort and a 1% per annum underpin Based on these the average future life expectancies at age 65 are as follows

	2012 Males	**2012** Females	2011 Males	2011 Females
Current pensioners (years)	**21.2**	**23.4**	21 2	23 4
Future pensioners (years)	**23 6**	**25.8**	23 6	25 8

The actual return on scheme assets in the year was a gain of £462,000 (2011 loss of £713,000)

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit are

	2012 Long-term rate of return expected %	**2012** Value £'000	2011 Long-term rate of return expected %	2011 Value £'000	2010 Long-term rate of return expected %	2010 Value £'000
Equities	**6.1**	**19,788**	7 5	20,705	7 7	19,689
Bonds	**3.8**	**6,282**	5 0	5,176	5 0	5,538
Property	**4.1**	**4,083**	5 5	3,349	5 7	3,384
Cash	**3.2**	**1,256**	4 6	1,218	4 8	2,154
Total market value of assets		**31,409**		30,448		30,765
Present value of scheme liabilities		**(46,660)**		(44,005)		(43,451)
Deficit in the scheme		**(15,251)**		(13,557)		(12,686)
Related deferred tax asset		**3,813**		3,660		3,552
Net pension liability		**(11,438)**		(9,897))		(9,134)

Pension commitments (continued)

An analysis of the movement in the deficit during the year is shown below

	2012 £'000	2011 £'000
At 1 February 2011	**(13,557)**	(12,686)
Total operating (charge)/credit	**(1,198)**	1,804
Total finance charge	**(417)**	(293)
Actuarial loss	**(1,425)**	(3,562)
Employer contributions	**1,346**	1,180
At 31 January 2012	**15,251**	(13,557)

An analysis of the defined benefit (cost)/credit follows

Analysis of the amount (charged)/credited to operating profit

	2012 £'000	2011 £'000
Current service cost	**(1,123)**	(1,112)
Past service (cost)/credit	**(59)**	2,916
Losses on settlements and curtailments	**(16)**	-
Total operating (charge)/credit	**(1,198)**	1,804

Analysis of the amount charged to finance costs

	2012 £'000	2011 £'000
Expected return on pension scheme assets	**2,055**	2,104
Interest on pension scheme liabilities	**(2,472)**	(2,397)
Total finance charge	**(417)**	(293)

Analysis of the amount recognised in statement of total recognised gains and losses

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	**(1,593)**	(2,817)
Experience losses arising on scheme liabilities	**-**	(3,069)
Gain arising from changes in assumptions underlying the present value of scheme liabilities	**168**	2,324
Actuarial loss	**(1,425)**	(3,562)

Pension commitments (continued)

Five year history of scheme assets, liabilities and net deficit position

	2012	2011	2010	2009	2008
Difference between the expected and actual return on scheme assets					
- amount (£'000)	**(1,593)**	(2,817)	2,941	(12,007)	(3,549)
- % of scheme assets	**(5)**	(9)	10	(32)	(8)
Experience (losses)/gains on scheme liabilities					
- amount (£'000)	-	(3,069)	-	1,821	(2,182)
- % of the present value of scheme liabilities	-	(7)	-	4	(4)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses at 31 January 2012 was a net loss of £11,793,000 (2011 net loss of £10,368,000)

Analysis of changes in the value of the scheme assets during the year

	2012 £'000	2011 £'000
Market value of scheme assets at the beginning of the year	**30,448**	30,765
Expected return on scheme assets	**2,055**	2,104
Actuarial losses	**(1,593)**	(2,817)
Employer contributions	**1,346**	1,180
Member contributions	**501**	526
Benefits paid	**(1,348)**	(1,310)
Market value of the scheme assets at the end of the year	**31,409**	30,448

Analysis of changes in the value of the scheme liabilities during the year

	2012 £'000	2011 £'000
Present value of scheme liabilities at the start of the year	**44,005**	43,451
Total operating charge/(credit)	**1,198**	(1,804)
Interest cost	**2,472**	2,397
Member contributions	**501**	526
Benefits paid	**(1,348)**	(1,310)
Actuarial (gains)/losses	**(168)**	745
Present value of the scheme liabilities at the end of the year	**46,660**	44,005

Pension commitments (continued)

Five year history of scheme assets, liabilities and net deficit position

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Market value of plan assets at end of year	**31,409**	30,448	30,765	37,833	44,715
Present value of scheme liabilities at end of year	**(46,660)**	(44,005)	(43,451)	(50,840)	(51,700)
Net deficit in the plan at end of year	**(15,251)**	(13,557)	(12,686)	(13,007)	(6,985)

Future funding obligation

The directors anticipate that contributions of approximately £1,418,000 (2011 £1,328,000) will be paid in the year to 31 January 2013

10. Commitments

Operating lease commitments
At 31 January 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Assets other than land and buildings	
	2012 £'000	2011 £'000	**2012 £'000**	2011 £'000
Operating leases which expire				
Within 1 year	-	-	**8**	13
Within 2 to 5 years	-	-	**41**	44
Over 5 years	**232**	232	-	-
	232	232	**49**	57

11. Related party transactions

NPS Property Consultants Limited had the following transactions and balances in the normal course of trade with other companies within the NPS Property Consultants group

	Transactions			
	Sales		Purchases	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
NPS North East Limited	**394**	195	**101**	128
NPS North West Limited	**222**	173	**262**	323
NPS Stockport Limited	**209**	190	**64**	33
John Packer Associates Limited	**36**	34	**109**	284
NPS London Limited	**302**	166	**8**	2
NPS South West Limited	**270**	209	**225**	157
Robson Liddle Limited	**26**	22	**12**	4
Barron and Smith Limited	**138**	140	**985**	1,121
NPS South East Limited	**340**	283	**1,121**	846
NPS Humber Limited	**340**	403	**212**	36
Hamson Partnership Limited	**33**	5	**175**	119
NPS Barnsley Limited	**195**	-	**-**	-

In addition to the above management charges amounting to £2,420,000 (2011 £2,433,000) were charged to subsidiary undertakings

	Balance Sheet			
	Debtor		Creditor	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
NPS North East Limited	**-**	-	**799**	87
NPS North West Limited	**1,611**	1,717	**-**	-
NPS Stockport Limited	**-**	-	**263**	137
John Packer Associates Limited	**-**	-	**39**	251
NPS London Limited	**1,548**	1,547	**-**	-
NPS South West Limited	**459**	143	**-**	-
Robson Liddle Limited	**430**	191	**-**	-
Barron and Smith Limited	**494**	312	**-**	-
NPS South East Limited	**-**	-	**3,472**	2,697
NPS Humber Limited	**-**	-	**804**	1,154
Hamson Partnership Limited	**170**	442	**-**	-
NPS Barnsley Limited	**-**	-	**209**	-

At the year end there were provisions of £802,000 (2011 £834,000), £942,000 (2011 £751,000) and £109,000 (2011 £nil) against the balances due from NPS London Limited, NPS North West Limited and Barron & Smith Limited respectively

Related party transactions (continued)

In addition NPS Property Consultants Limited had the following transactions in the normal course of trade with the following entities within the Norfolk County Council and subsidiaries group

	Transactions			
	Sales		Purchases	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Norfolk County Council	**7,381**	8,298	**1,258**	1,519
Norse Commercial Services Limited	**639**	391	**521**	156
Waveney Norse Limited	**-**	12	**-**	-
GYB Services Limited	**-**	7	**-**	-
Suffolk Coastal Services Limited	**17**	-	**114**	131
Norfolk Environmental Waste Services Ltd	**37**	59	**2**	1
Norse Care Limited	**163**	-	**-**	-
Devon Norse Limited	**4**	-	**-**	-

	Balance Sheet			
	Debtor		Creditor	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Norfolk County Council	**1,219**	1,315	**3,077**	4,818
Norse Commercial Services Limited	**217**	145	**1,088**	49
GYB Services Limited	**24**	33	**-**	-
Suffolk Coastal Services Limited	**-**	-	**-**	13
Eventguard Limited	**15**	-	**-**	-
Norfolk Environmental Waste Services Ltd	**-**	60	**330**	330
Norse Care Limited	**89**	-	**-**	-
Devon Norse Limited	**2**	-	**-**	-

In addition, the company invests cash with Norfolk County Council on a commercial basis The amount invested at 31 January 2012 was £1,307,000 (2011 - £1,044,000)

12. Share capital

Authorised share capital

	2012	2011
	£'000	£'000
2,542,968 Ordinary shares of £1 each	**2,543**	2,543

Allotted, called up and fully paid

	2012		2011	
	Number	**£'000**	Number	£'000
Ordinary shares of £1 each	**2,542,968**	**2,543**	2,542,968	2,543

13. Reserves

	Profit and loss account £'000
At 1 February 2011	**(12,350)**
Loss for the year	**(1,012)**
Actuarial loss in respect of defined benefit pension scheme	**(1,340)**
At 31 January 2012	**(14,702)**

14. Profit attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £1,012,000 (2011 profit of £184,000)