

**Strategic Report,  
Report of the Directors and  
Audited Financial Statements  
for the Year Ended 31 December 2021  
for  
Norstead Limited**

Haines Watts North East Audit LLP  
17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

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for the Year Ended 31 December 2021**

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**Norstead Limited**  
**Company Information**  
**for the Year Ended 31 December 2021**

**DIRECTORS:**

Mr J Rankin  
Mr C Cant  
Mr D Hopkins  
Mr J R Grant  
Dr A B Langman  
Mr T Rankin

**SECRETARY:**

Dr A B Langman

**REGISTERED OFFICE:**

Metnor House  
Mylord Crescent  
Killingworth  
Newcastle upon Tyne  
NE12 5YD

**REGISTERED NUMBER:**

03596379 (England and Wales)

**AUDITORS:**

Haines Watts North East Audit LLP  
17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

**Norstead Limited**  
**Strategic Report**  
**for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

**REVIEW OF BUSINESS**

Norstead, the mechanical and electrical contracting business, has achieved the return to profit that was anticipated on increased turnover - up to £20 million from the £17 million posted in 2020 - as well as the lower cost base instigated during the pandemic.

2020 saw an emphasis on intra-Group work and projects completed include a leisure centre and hotel for Metnor Construction. Three other such contracts continue into 2021, namely a PRS scheme, data centre and medical facility.

**Future developments**

Over 60% of Norstead's work in 2021 came from third parties and this percentage will increase considerably in 2022 on the work already secured. Healthcare continues to be a strong sector and NHS work on the Dorset and Yorkshire coasts will dominate the results of 2022 and beyond.

**Key performance indicators**

The 3 KPIs the company use to monitor performance are turnover, operating profit/loss and cash at bank. The performance of these 3 KPIs over the past 3 years is as follows

	2021	2020	2019
Turnover	£20,306k	£17,482k	£23,517k
Operation P/L	£50k	(£1,143k)	(£1,490k)
Cash	£85k	£972k	£1,237k

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors consider the management of risk to be key to the future success of the company. The main risks and uncertainties facing the Group can be broken down into the following areas:

- market risk
- operational risks
- health and safety risk
- financial risks

**Market risk**

Market conditions continue to be the single biggest risk factor across the company.

The economic climate influences our client's appetite to commit to large construction projects. The company looks to mitigate this risk by concentrating on sectors showing sustainable growth, such as healthcare and buildings of multiple occupancy.

**Operational risks - construction and contracting**

At any point in time, the company is working on numerous projects and there is always a risk a project will overrun resulting in loss of profits and reputation with the customer. The company employs an experienced team of estimators, project engineers and quantity surveyors who control costs and resources from start to finish of a project.

The company's supply chain comprises a number of key suppliers and subcontractors each of whom are important to the company's ability to deliver projects on time. The company operates a formal interview and assessment process for both new and existing suppliers and subcontractors to ensure they are both financially and commercially capable of meeting the company's high standards of performance.

**Health and Safety risk**

Health and Safety matters represent a significant area of risk in the sectors in which the company operates. The company recognises the need to provide a safe working environment for its employees, others who work on our sites and members of the public and has recently launched a 'Safer Together' initiative. The company also understands the negative impact on its business if it does not achieve this. In order to ensure a first-class health and safety record, the company enhances its in-house Health and Safety procedures by engaging independent consultants to visit sites on a regular basis and report back independently to Board members.

**Norstead Limited**  
**Strategic Report**  
**for the Year Ended 31 December 2021**

**Financial risks**

The company faces a number of financial risks including:

Liquidity risk - a lack of available funds to meet the company's needs. This risk is managed by monitoring existing cash balances and cash flows against requirements based on rolling cash forecasts.

Credit risk - a risk of financial loss if customers are unable to settle their contractual obligations. This risk is mitigated by taking credit references on new clients and actively managing cash receipts throughout each project.

**ON BEHALF OF THE BOARD:**

.....  
Dr A B Langman - Director

Date: 12 Aug 2022

**Norstead Limited**

**Report of the Directors  
for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the provision of mechanical and electrical contracting services (M&E).

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2021.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Mr J Rankin  
Mr C Cant  
Dr A B Langman  
Mr T Rankin

Other changes in directors holding office are as follows:

Mr D Hopkins - appointed 1 February 2021  
Mr J R Grant - appointed 1 February 2021

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen in accordance with S.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of financial instruments and future developments.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

Haines Watts North East Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
Dr A B Langman - Director

Date: 12 Aug 2022

## **Report of the Independent Auditors to the Members of Norstead Limited**

### **Opinion**

We have audited the financial statements of Norstead Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Report of the Independent Auditors to the Members of Norstead Limited

### Responsibilities of directors

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

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

### Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as building regulations and HSE directives, as well as the Companies Act 2006, UK GAAP (FRS 102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:


- confirming with the directors and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates, including corroborating with personnel from outside the finance department.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

### Use of our report

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

  
Nicola Scarr ACA (Senior Statutory Auditor)  
for and on behalf of Haines Watts North East Audit LLP  
17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

Date: 16th August 2022



**Norstead Limited**

**Profit and Loss Account  
for the Year Ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
<b>TURNOVER</b>	5	20,306	17,482
Cost of sales		<u>18,428</u>	<u>16,458</u>
<b>GROSS PROFIT</b>		1,878	1,024
Administrative expenses		<u>1,878</u>	<u>2,490</u>
		-	(1,466)
Other operating income	6	<u>50</u>	<u>323</u>
<b>OPERATING PROFIT/(LOSS)</b>	8	50	(1,143)
Interest receivable and similar income		<u>30</u>	<u>25</u>
		80	(1,118)
Interest payable and similar expenses	10	<u>6</u>	<u>1</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		74	(1,119)
Tax on profit/(loss)	11	<u>(59)</u>	<u>(233)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u>133</u></u>	<u><u>(886)</u></u>

The notes form part of these financial statements

**Balance Sheet**  
**31 December 2021**

	Notes	2021 £'000	£'000	2020 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	12		212		161
			<u>212</u>		<u>161</u>
<b>CURRENT ASSETS</b>					
Debtors	13	7,686		7,094	
Cash at bank		85		972	
		<u>7,771</u>		<u>8,066</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	14	4,266		4,643	
		<u>4,266</u>		<u>4,643</u>	
<b>NET CURRENT ASSETS</b>			<u>3,505</u>		<u>3,423</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,717</u>		<u>3,584</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		202		202
Profit and loss account	16		3,515		3,382
			<u>3,717</u>		<u>3,584</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>3,717</u>		<u>3,584</u>

The financial statements were approved by the Board of Directors and authorised for issue on 12 August 2022 and were signed on its behalf by:

.....  
Mr C Cant - Director

**Norstead Limited**

**Statement of Changes in Equity  
for the Year Ended 31 December 2021**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
<b>Balance at 1 January 2020</b>	202	4,268	4,470
<b>Changes in equity</b>			
Total comprehensive income	-	(886)	(886)
<b>Balance at 31 December 2020</b>	202	3,382	3,584
<b>Changes in equity</b>			
Total comprehensive income	-	133	133
<b>Balance at 31 December 2021</b>	202	3,515	3,717

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 December 2021**

**1. STATUTORY INFORMATION**

Norstead Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. Monetary amounts in these financial statements are rounded to the nearest £000.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Going concern**

The directors of Irango Limited, the ultimate parent undertaking, manage the Irango group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at an Irango Limited group level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

On a consolidated basis, the directors, after reviewing the Irango group's cashflow forecast for the period of 12 months from the date of approval of these financial statements are of the opinion that, the Irango group has adequate resources to continue to meet its liabilities over the going concern assessment period.

Whilst the entity does not expect to rely on future support from its ultimate parent undertaking Irango Limited, or any of its fellow subsidiaries, Irango Limited has indicated that it will make available such funds as are needed by the entity and that it does not intend to seek repayment of amounts due at the balance sheet date for the foreseeable future. As with any company placing reliance on other Irango group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

At 31 December 2021 the group had £13,476,000 of unsecured and interest free loan notes which are repayable on demand. These loan notes arose from the acquisition of all the shares of Metnor Group Limited group by the company Limited on 23 August 2019 and are held by the vendors, Stephen and Kim Rankin. Although these loan notes are payable on demand the holders of the loan notes have confirmed that they will not seek repayment of any part of these for a period of at least a year following approval of these financial statements and thereafter for the foreseeable future. As with any company placing reliance on loan note holders for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and on other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation of key management personnel.

The financial statements of the company are consolidated in the financial statements of Metnor Group Limited. These consolidated financial statements are available from its registered office, Metnor House, Mylord Crescent, Killingworth, Newcastle upon Tyne, NE12 5YD.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Turnover**

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

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

**Construction contracts**

The "percentage of completion method" is used to determine the appropriate amount to recognise in each period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as contract balances within debtors, provided it is probable they will be recovered. Billings more than recognised revenue are carried forward as contract liabilities within creditors.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 10% - 33% Straight line
Motor vehicles	- 25% Straight line

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

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

**Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**Financial instruments**

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

**Basic financial assets:**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Impairment of financial assets:**

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

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

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

**Derecognition of financial assets:**

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

**Classification of financial liabilities:**

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

**Basic financial liabilities:**

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Cash and cash equivalents**

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

**Equity instruments**

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

**Taxation**

Taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period.

Current taxation is the amount of taxation in respect of the taxable profit for the year or prior years.

A deferred taxation asset or liability is recognised for tax recoverable or payable in future periods in respect of transactions and events recognised in the financial statements of the current and previous period.

Deferred taxation arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Timing differences result from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred taxation recognised on all timing differences at the reporting date apart from certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred taxation is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing differences. Deferred tax relating to land and buildings measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset.

**Foreign currencies**

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

**Leasing**

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

**Employee benefits**

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

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

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

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Norstead Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**5. TURNOVER**

The turnover and profit (2020 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021 £'000	2020 £'000
Construction contract revenue	20,306	17,482
	<u>20,306</u>	<u>17,482</u>

An analysis of turnover by geographical market is given below:

	2021 £'000	2020 £'000
United Kingdom	20,306	17,482
	<u>20,306</u>	<u>17,482</u>

**6. OTHER OPERATING INCOME**

	2021 £'000	2020 £'000
Government grants	50	323
	<u>50</u>	<u>323</u>

**7. EMPLOYEES AND DIRECTORS**

	2021 £'000	2020 £'000
Wages and salaries	2,975	4,333
Social security costs	273	432
Other pension costs	199	260
	<u>3,447</u>	<u>5,025</u>

The average number of employees during the year was as follows:

	2021	2020
Production	51	56
Administration	10	14
	<u>61</u>	<u>70</u>

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

	2021 £	2020 £
Directors' remuneration	221,375	-
Directors' pension contributions to money purchase schemes	22,000	-
	<u>221,375</u>	<u>-</u>

Information regarding the highest paid director for the year ended 31 December 2021 is as follows:

	2021 £
Emoluments etc	114,600
Pension contributions to money purchase schemes	11,000
	<u>125,600</u>

For the year ended 31 December 2020 there was no director's remuneration.



**Norstead Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**8. OPERATING PROFIT/(LOSS)**

The operating profit (2020 - operating loss) is stated after charging/(crediting):

	2021 £'000	2020 £'000
Hire of plant and machinery	164	104
Other operating leases	74	87
Depreciation - owned assets	89	123
Profit on disposal of fixed assets	(3)	(4)
	<u>          </u>	<u>          </u>

**9. AUDITORS' REMUNERATION**

	2021 £'000	2020 £'000
Fees payable to the company's auditors for the audit of the company's financial statements	12	12
	<u>          </u>	<u>          </u>

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021 £'000	2020 £'000
Other interest	6	1
	<u>          </u>	<u>          </u>

**11. TAXATION**

**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2021 £'000	2020 £'000
Current tax:		
Adjustments in respect of earlier year	19	(66)
	<u>          </u>	<u>          </u>
Deferred tax:		
Origination and reversal of timing differences	12	(3)
Adjustment in respect of prior periods	(19)	(164)
Effect of tax rate change on opening balance	(71)	-
	<u>          </u>	<u>          </u>
Total deferred tax	(78)	(167)
	<u>          </u>	<u>          </u>
Tax on profit/(loss)	(59)	(233)
	<u>          </u>	<u>          </u>

**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Profit/(loss) before tax	74	(1,119)
	<u>          </u>	<u>          </u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	14	(213)
	<u>          </u>	<u>          </u>
Effects of:		
Utilisation of tax losses	-	211
Adjustments to tax charge in respect of previous periods	1	(228)
Other non-reversing timing differences	-	(5)
Fixed asset timing differences	-	2
Remeasurement of deferred tax for changes in tax rates	(68)	-
R&D tax credit	(6)	-
	<u>          </u>	<u>          </u>
Total tax credit	(59)	(233)
	<u>          </u>	<u>          </u>

Norstead Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

12. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Motor vehicles £'000	Totals £'000
<b>COST</b>			
At 1 January 2021	432	298	730
Additions	68	87	155
Disposals	(59)	(39)	(98)
At 31 December 2021	441	346	787
<b>DEPRECIATION</b>			
At 1 January 2021	402	167	569
Charge for year	22	67	89
Eliminated on disposal	(59)	(24)	(83)
At 31 December 2021	365	210	575
<b>NET BOOK VALUE</b>			
At 31 December 2021	76	136	212
At 31 December 2020	30	131	161

13. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	1,169	1,385
Amounts owed by group undertakings	640	1,843
Amounts recoverable on contract	4,722	3,378
Other debtors	410	28
Corporation tax recoverable	255	255
Prepayments and accrued income	207	-
	<u>7,403</u>	<u>6,889</u>
Amounts falling due after more than one year:		
Deferred tax asset	<u>283</u>	<u>205</u>
Aggregate amounts	<u>7,686</u>	<u>7,094</u>
The deferred tax asset is made up as follows:		
	2021 £'000	2020 £'000
Accelerated capital allowances	52	41
Tax losses	<u>231</u>	<u>164</u>
	<u>283</u>	<u>205</u>

The deferred tax asset set out above is expected to reverse and relates to the utilisation of tax losses against future expected profits of the same period.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	2,191	2,871
Amounts owed to group undertakings	161	116
Taxation and social security	45	328
Other creditors	10	36
Accruals and deferred income	<u>1,859</u>	<u>1,292</u>
	<u>4,266</u>	<u>4,643</u>

**Norstead Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £'000	2020 £'000
20,165,048	Ordinary	1p	202	202

**16. RESERVES**

Profit and loss account:

Includes all current and prior period retained profit and losses.

**17. ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of Metnor Group Limited. The ultimate parent undertaking is Irango Limited.

The results of the Company are also consolidated in the financial statements of Metnor Group Limited, incorporated in the United Kingdom. The consolidated financial statements of this group are available to the public and may be obtained from Metnor House, Mylord Crescent, Killingworth, Newcastle upon Tyne, NE12 5YD.

**18. FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES**

The Company has entered into an omnibus guarantee and set off agreement with its bankers whereby the Company is liable, jointly and severally with other members of the group in respect of overdrawn balances on certain group bank accounts. At 31 December 2021 there were overdrawn balances amounting to £nil (2020: £nil) within the group.

The Company's bankers also have in place a debenture over the Company's assets in support of the Group overdraft facility.