Financial Statements
Norse Group Limited

For the year ended 31 March 2021

Company No. 05694657

Officers and professional advisers

Company registration number	05694657
Registered office	280 Fifers Lane Norwich Norfolk NR6 6EQ
Directors	F McDiarmid N E Frogbrook S J Hardwick B G McCarthy A J Proctor G A Porter
Secretary	S A McWilliam
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants The Maurice Wilkes Building St John's Innovation Park Cambridge CB4 0DS

Contents

Report of the directors

The directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2021.

Principal activities

Norse Group Limited is a holding company for the Group, which comprises facilities management and environmental services specialist Norse Commercial Services (NCS); Norse Consulting Group (NCG), which offers multi-discipline property and design services; Norse Care (NCL), which provides specialist care facilities and services; and Norse Group Holdings (NGH), which is predominantly a holding company for capital assets of the group. The full list of subsidiaries is included in note 5 to the company financial statements.

Results and dividends

The profit for the financial year, after taxation, was £1.1m (2020: £4.0m).

Interim dividends of £Nil were paid during the year (2020: £Nil).

As at 31 March 2021 the consolidated statement of financial position showed net assets of £20.7m (2020: £26.4m).

Matters covered in the group strategic report

The following sections are included within the group strategic report:

- Business review
- Outlook and future developments
- Key performance indicators
- Principal risks and uncertainties
- Financial risk management objectives and policies

The directors

The directors of the company who were in office during the year and up to the date of signing the consolidated financial statements were:

D T Wetteland (resigned 24 November 2021)
F McDiarmid
A J Proctor
S J Hardwick
B G McCarthy
N E Frogbrook
G A Porter
K E Knight (resigned 6 April 2021)

Qualifying third party indemnity insurance

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 which is in force to the date of approval of the financial statements. Neither the group's indemnity nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly.

Report of the directors

Employee involvement

The directors recognise the importance of the employees to the on-going 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 group 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

The Group continues to keep employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group. These matters are communicated via email, through staff meetings and group wide publications.

To ensure visibility of engagement with employees, the Group undertakes an annual employee survey, as well as monitoring various KPI's in respect of its employees, from sickness and absence, to retention as exit surveys of those leaving to ensure it is actively aware of potential issues and can improve overall employee engagement.

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 employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue. It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

Engagement with customers and suppliers

The Group naturally has a close relationship with its clients, many of whom are shareholders of one or more of the Group's companies that deliver services to those clients. This enables not only engagement with clients at an operational level, but within the regular board meetings held for those companies, at a more strategic level with those clients.

Suppliers are engaged with through the Group's procurement team, enabling more strategic engagement with suppliers, as well as local engagement through the operational management teams delivering the services. The Group seeks to offer many of the public sector's policies in terms of the fair and ethical treatment of suppliers, with relatively favourable payment terms offered to suppliers and ensures suppliers are dealt with fairly and appropriately through the oversight of the Group's procurement team.

Policy on the payment of creditors

The Group endeavours to pay all suppliers within the terms of their invoice.

Report of the directors

Greenhouse gas emissions, energy consumption and energy efficiency action

The following section reports on the greenhouse gas (GHG) emissions that Norse Group Limited is responsible for, as required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The reporting period for the GHG emissions is 1 April 2020 to 31 March 2021.

The prior year comparatives have been updated to incorporate the most recent guidance which was issued during the year. The Financial Control Approach, which has been stated in the methodology, deals with categorising GHG emissions associated with leased assets. These emissions will now be reported within Scope 3 and aggregated together with emissions associated with business travel in employee-owned vehicles. This is also consistent with Defra's Environmental Reporting Guidelines.

	2021	2020
Energy consumption		
Total energy consumed (mWh)	**85,934**	85,023
Greenhouse gas emissions		
Scope 1		
Emissions from combustion of gas (tCO_2e)	**1,994**	1,901
Emissions from combustion of fuel for plant (tCO_2e)	**1,423**	1,227
Emissions from combustion of fuel for transport (tCO_2e)	**13,213**	13,950
Scope 2		
Emissions from purchased electricity (tCO_2e)	**2,031**	2,100
Scope 3		
Emissions from business travel only (tCO_2e)	**778**	1,452
Gross emissions	**19,439**	20,630
Emissions reductions from renewable energy exports (tCO_2e)	**(2,031)**	(2,100)
Net emissions	**17,408**	18,530
Intensity ratio		
Total tCO_2e per £1m of revenue	**49.130**	54.724

Methodology

In preparing and reporting its greenhouse gas emissions the Group has adopted the financial control approach on reporting boundaries to define the Group's reporting boundary. In addition, the Group has adopted the following protocols:

- The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised Edition);
- The Greenhouse Gas Protocol Scope 2 Guidance;
- The March 2019 UK Government's Environmental Reporting Guidelines; and
- The 2019 UK Government's Greenhouse Gas Conversion Factors for Company Reporting.

The Group continuously reviews and updates its performance data based on updated carbon emissions factors, improvements in data quality and updates to estimates previously applied.

Report of the directors

Energy efficiency action

The Group's latest Energy Saving Opportunity Scheme (ESOS) audit, carried out in November 2019, highlights a number of areas to improve the Group's energy footprint. This remains a focus for the board and these opportunities are currently being reviewed by the board as part of a wider sustainability strategy. This includes considering the method of delivery of the Group's services, for example assessing the viability of electric refuse vehicles.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

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

Report of the directors

Going Concern

Despite the challenges of Covid-19 in 2021 the Group has performed well, strengthening its cash position as well as reducing its borrowing.

The nature of the business with the long term nature of its contracts protects the business from significant changes, and much of the impact in terms of reduction of revenues has already been seen in 2021 within the Norse Consulting side of the business.

As noted within the Strategic Report, the short term expectation is for revenues to potentially decrease by circa 5% but which will recover in the longer term, and the Group has already made significant changes to its cost base to adjust for this, and continues to do so to ensure flexibility and efficiency within its cost base.

The medium term projections to 2026 continue to reflect an improving trading position from 2021 and the directors remain confident that performance will continue to improve with further growth opportunities expected over and above those which are currently ongoing.

To ensure that the Group has appropriately assessed the potential risks and implications, including financial resources that are required for the foreseeable future, it has undertaken a number of scenario assessments on the following basis:

- The existing budgets for the next twelve months have been taken and rolled forward until the end of March 2023, reflecting the loss of any contracts known to be ending but excluding any new contracts that may be secured, to establish a baseline.
- Each area of the business has then been considered and assessed as to what a severe but realistic adverse event may occur, such as a significant reduction in revenues or increases in costs, including the mitigation that would occur in such an instance.
- In addition to this, unmitigated impacts have also been considered to assess the potential impact.

In all instances, due to the long term security of many of the Group's contracts or the way it delivers its services and the inherent flexibility in its cost base, the scenario's all reflect that the Group's resources remain well within the existing working capital resources, with no requirement to utilise the £15m working capital facility that is currently in place.

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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

N E Frogbrook
Chief Financial Officer and Deputy CEO
Date: 10 December 2021

Strategic Report

Introduction

The directors present the Group Strategic Report for the year ended 31 March 2021.

Business review

Overview

The Group provides a comprehensive range of services to the public sector, which are also complemented by the provision of some commercial services to the private sector.

The Group is the largest Local Authority Trading Company (LATCo) in the UK and provides services to over 2,100 Local Authorities, NHS Trusts, Schools and other public sector bodies, as well as a range of commercial businesses.

Established to enable public sector clients to not only access the economies of scale and expertise of a commercially operated solution, but also share in the returns generated.

With the establishment of Norse Group Holdings, the Group now operates four (2020: three) core corporate divisions:

Core divisions:

- Norse Commercial Services – provides nationwide services across three main sectors, from Facilities Maintenance & Management to Environmental Services and Highways Maintenance services.
- Norse Consulting (previously NPS Property Consultants) – provides a range of property consultancy and design services across the UK from including Architectural, Construction Design and Management (CDM) and Project Management, Building Surveying, Valuation and Estate management, Land Agency and Quantity Surveying amongst others.
- Norse Care – provides care services including the management and staffing of residential and nursing care homes, dementia care facilities, and housing with care schemes across Norfolk and Suffolk.
- Norse Group Holdings – is predominantly a holding company for capital assets of the Group and provides land and buildings as well as holding the Group's investments in renewable energy products. On 31 March 2021, a restructure of the group was undertaken with three companies transferred from within the Norse Consulting Group (International Aviation Academy – Norwich Limited, Norse Development Company Limited and Norse Energy Limited) and Norfolk Environmental Waste Services Limited transferred from Norse Commercial Services.

People

Covid-19 has brought many challenges and the results for the year are testimount to the efforts of all of the Group's employees who have continued to deliver frontline services in incredibly difficult circumstances. Throughout the pandemic, the Group's priority was the protection of its employees, both in terms of their safety but also their employment. An example of this was the early decision to ensure any staff who were furloughed received their full pay rather than just the amount of funding received. The results for the year are a reflection of all of that effort.

Trading

The year has seen continued growth in revenues, which have grown by £16m to £354m, an increase of 4.6% on 2020. The Highways sub-division within the NCS Group, has reported a £13m increase in

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revenue due to trading for a full year, since starting in October 2019. Additionally, new building maintenance services provided to Uttlesford District Council has further aided the increase in revenues.

Profit before tax was £2.0m, down from £4.6m in 2020 although this is after non-recurring expenses of £4.4m in the current year relating to the impairment of property and an associated grant release. In the prior year there was a £0.9m impairment to property and a £1.1m impairment to equipment.

Underlying profit before tax (see table on page 7) in the current year has also fallen from £8.6m in 2020 to £6.9m in 2021 largely as a result of reduced gross margins which have decreased from 21.1% in 2020 to 17.4% in 2021. This reduction in gross margins has stemmed from the blend of revenues across the business with the revenue growth within Norse Commercial Services which has lower margins than Norse Consulting, which has seen its revenues fall.

Resilience

The approach to Covid-19 demonstrates the Group's approach to all of its stakeholders, considering both the short and long term implications, protecting the interests and jobs of its employees as well as its clients, shareholders, suppliers and the end users and communities to which the services are undertaken and provided to.

It also reflects the way in which the Group operates in terms of its ethical approach to business, using government support where relevant, but also recognising where it doesn't. This is perhaps best demonstrated by the Group not retaining £3.5m of support available to it under the Coronavirus Job Retention Scheme, which could have legitimately retained but given the overall performance felt it wasn't appropriate to do so.

But it should be noted that it is the efforts of all those in the Group and its wider stakeholders that have enabled the Group to weather the impacts incredibly successfully.

Key performance indicators

The Board believes that in order to gain a true reflection and appreciation of the Norse Group's trading activities, the financial key performance indicators ("KPIs") should be stated before the impact of pension adjustments made under the accounting standard IAS 19, in respect of actuarial valuations of the Group's defined benefit schemes.

The KPIs for the year to 31 March 2021, with comparatives, are as follows:

	2021	2020 restated
Revenue (£'000)	**354,318**	338,613
Adjusted gross profit (£'000) (see below tables)	**61,779**	71,522
Adjusted gross profit margin	**17.4%**	21.1%
Underlying profit before tax (£'000) (see below tables)	**6,904**	8,604
Underlying profit margin	**1.9%**	2.5%
Average employee numbers	**9,738**	9,931

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The 2021 and 2020 results per the financial statements reconcile back to the figures within the KPI table as follows:

	2021 £'000	2020 restated £'000
Gross profit per financial statements	**62,189**	70,476
IAS 19 pension adjustment (see note 27)	**(410)**	1,046
Adjusted gross profit (pre IAS 19)	**61,779**	71,522

	2021 £'000	2020 £'000
Profit before tax per financial statements	**1,988**	4,586
IAS 19 pension adjustment (see note 27)	**500**	2,037
Non-recurring admin expenses (see note 4)	**4,416**	1,981
Underlying profit before tax	**6,904**	8,604

Please refer to 2.1 Basis of preparation for further details on the restatement of 2020 amounts.

The following section outlines some of the key aspects of performance by division in the year.

Norse Commercial Services Group

The principal activities of the Norse Commercial Services Group (NCS) are predominantly that of supplying facilities management, environmental and highways maintenance services to the public sector via the Group's unique partnership model, whilst also servicing the private sector where appropriate.

These services vary from the full range of hard or soft facilities management (building maintenance, cleaning, catering, security and grounds maintenance services) as well as a broad range of environmental services (from refuse and recycling collections, the operation of household waste recycling centres to street cleansing and sweeping and the operation of waste transfer stations and a materials recycling facility).

NCS has continued to see significant growth with overall revenues increasing by £23.2m or 10.7%, aided by new building maintenance services provided to Uttlesford District Council and the new household waste and recycling collection services provided to Amber Valley District Council, as well as the benefit of a full year of Highways contracts secured in 2020.

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Whilst the growth in revenues has been significant, the gross margin has been impacted by Covid-19. The vast majority of NCS' services are frontline and have continued throughout the various lockdowns during the year, but some service areas were impacted, such as school catering, along with an adverse impact from lower commodity prices from recycling materials than seen in previous years, as well as the additional cost the Group incurred of topping up any funding for furloughed staff. These factors have reduced gross margins by 1.9% to 16.8% (from 18.7% in 2020).

Funding has been accessed through the Coronavirus Job Retention Scheme to support those service areas which were impacted, the income for which has been reported within Other Income. Therefore whilst there has been an adverse impact on gross margin, this funding received combined with improvements in the overall cost base has enabled NCS to deliver operating margins of 2.2% (from 1.9% in 2020).

The KPIs for the year to 31 March 2021 for the Norse Commercial Services Group, with comparatives, are as follows:

	2021 £'000	2020 £'000
Revenue (£'000)*	241,034	217,822
Gross profit margin	16.8%	18.7%
Operating profit margin	2.2%	1.9%
Financial profit after tax for the year **	2,935	2,213
Average employee numbers	6,481	6,631

* To reconcile the divisional information back to the Norse Group Limited information, revenue for Norse Group Limited includes intercompany eliminations of £8,721k (2020: £14,483k).

** To reconcile the divisional information back to the Norse Group Limited information, financial profit after tax for the year for Norse Group Limited includes £14k (2020: £12k) of group adjustments relating to the depreciation of unrealised profit within property, plant and equipment and the share of profit/loss from equity investments. It also includes £3,819k of group adjustments in relation to the restructure noted above which eliminate a gain of £4,731k from within the Norse Consulting Group and a loss of £911k from within the Norse Commercial Services Group realised on transfers of subsidiaries to Norse Group Holdings.

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Norse Consulting Group (previously NPS Property Consultants Group)

Revenues have fallen significantly, hindered by the disruption caused by the impact of Covid-19 and the direct impact on the UK's property and construction sector, with revenues falling by £15.0m to £79.0m for 2021 (from £94.0m in 2020) a 16% reduction from the previous year.

Despite these reductions in revenue, the business has been able to respond and has only seen gross margins fall by 3.0% to 22.9% (from 25.9% in 2020). The business model in place supports fluctuations in revenue through using a mix of direct delivery as well as consultants or sub-contractors thus allowing the variable direct costs to flex with revenue movements. In addition to this, the re-organisation that occurred in 2021 (detailed further on page 10) resulted in a significant gain of £4.7m following the transfer of liabilities in the form of bank loans and deferred income out of the Norse Consulting business. This has clearly aided its operating margins which have increased from 2.4% in 2020 to 7.7% in 2021, delivering a profit after tax of £5.0m. Excluding this gain would have seen operating margins of £1.35m or 1.7% for 2021 which reflects the impact of the reduced revenues and gross margin.

The KPIs for the year to 31 March 2021 for the Norse Consulting Group, with comparatives, are as follows:

	2021	2020
	£'000	£'000
Revenue (£'000)*	79,030	94,040
Gross profit margin	22.9%	25.9%
Operating profit margin	7.7%	2.4%
Financial profit after tax for the year **	5,032	469
Average employee numbers	1,533	1,607

* To reconcile the divisional information back to the Norse Group Limited information, revenue for Norse Group Limited includes intercompany eliminations of £8,721k (2020: £14,483k).

** To reconcile the divisional information back to the Norse Group Limited information, financial profit after tax for the year for Norse Group Limited includes £14k (2020: £12k) of group adjustments relating to the depreciation of unrealised profit within property, plant and equipment and the share of profit/loss from equity investments. It also includes £3,819k of group adjustments in relation to the restructure noted above which eliminate a gain of £4,731k from within the Norse Consulting Group and a loss of £911k from within the Norse Commercial Services Group realised on transfers of subsidiaries to Norse Group Holdings.

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Norse Care Group

With the challenges of Covid-19 on care homes, Norse Care has seen an incredibly difficult year and it has been a significant achievement to deliver both growth in revenues but also a profit during the last year, which is reflective of all the employees commitment and efforts over the last year.

The expansion in previous years along with increased growth of privately paying clients as occupancy in some of the newer homes has increased, has enabled an increase in revenues of 4.2% taking them to £43.0m (from £41.2m in 2020).

However, the costs associated with ensuring the safety of staff and clients during this period as well as the wider challenges Covid-19 has presented, have taken a toll and seen gross margins reduce to 8.4% (from 13.0% in 2020).

Infection Control Funding received to help support the additional costs incurred during the year as a result of the pandemic has been reported within Other Income, and whilst operating margins have improved marginally from 2.0% to 2.6%, without this funding the business would have had an operating loss of £1.0m or 2.3%, a reduction of 4.3% from 2020

The KPIs for the year to 31 March 2021 for the Norse Care Group, with comparatives, are as follows:

	2021	2020
	£'000	£'000
Revenue (£'000)*	42,974	41,234
Gross profit margin	8.4%	13.0%
Operating profit margin	2.6%	2.0%
Financial profit after tax for the year **	677	1,338
Average employee numbers	1,724	1,693

* To reconcile the divisional information back to the Norse Group Limited information, revenue for Norse Group Limited includes intercompany eliminations of £8,721k (2020: £14,483k).

** To reconcile the divisional information back to the Norse Group Limited information, financial profit after tax for the year for Norse Group Limited includes £14k (2020: £12k) of group adjustments relating to the depreciation of unrealised profit within property, plant and equipment and the share of profit/loss from equity investments. It also includes £3,819k of group adjustments in relation to the restructure noted above which eliminate a gain of £4,731k from within the Norse Consulting Group and a loss of £911k from within the Norse Commercial Services Group realised on transfers of subsidiaries to Norse Group Holdings.

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Norse Group Holdings Group

Norse Group Holdings (NGH) was established to hold the companies whose activities relate predominately to the holding of capital assets such as land and buildings and investments in renewable energy products. These activities are considered non-operational in nature and so are not aligned to those of the other areas of the Group.

The four companies that were acquired on 31 March 2021 were - International Aviation Academy – Norwich Limited, Norse Development Company Limited and Norse Energy Limited from within the Norse Consulting Group; and Norfolk Environmental Waste Services Limited from Norse Commercial Services Group.

NGH made a loss for the year of £3,660k relating to an impairment in respect of a composting site held by Norfolk Environmental Waste Services Limited, where the decision has been made to cease composting operations, and as such the value of the assets in respect of such have been impaired.

As NGH commenced as a core division on 31 March 2021, there are no KPI's to report for the year ended 31 March 2021. The results of the four companies acquired on 31 March 2021 are included within the KPI's for the Norse Consulting Group and the Norse Commercial Services Group, as well as the KPI's for the Group.

Strategic Report

Outlook and future developments

The Group has, during one of the most challenging years of its existence, been able to respond to these challenges and seen a strong performance.

Whilst the longer term impact of Covid-19 will not be known for some time, the Group is starting FY2022 in a strong position and its range of frontline services provided under long term contract arrangements will continue to benefit the Group through what will continue to be an uncertain time.

The Group has a number of contracts which are coming to an end, where clients have taken the decision to take services back in-house for strategic reasons and not as a result of the quality of services provided, and the Group is expecting some reduction in its overall revenues of circa 5% as a result in the short term.

The Group both continues to have positive discussions with new clients that are expected to return these revenues in the medium term, and, despite any revenue reduction that may occur, continues to expect profits to improve year on year from those achieved in 2021.

The Group's cash resources have strengthened in the last year with £23.5m of cash at the year end, at the same time as being able to reduce its borrowings by £6.9m from £42.3m to £35.4m.

Principal risks and uncertainties

As part of its overall governance, the Group has a number of risk management and internal control procedures to ensure that it manages risk appropriately at every level within the business, from those specific to individual work tasks, to those for business units, to overall strategic risks across the Group and its industries.

The Group's risk approach is overseen by the Audit Committee and ultimately the Board, who review from a top down approach the Group's key principal risks and uncertainties, with sustainability and resilience at the heart of most categories. These key risks are outlined below:

Infrastructure Risk

Resilience of the Group's infrastructure is also key in a workplace which has an ever increasing focus on technology as a fundamental part of its operations. Extensive training, investment and testing is undertaken to ensure the infrastructure is robust with disaster recovery in place, has appropriate levels of cyber security, and data is protected.

Health & Safety Risk

Health & Safety procedures are fundamental to how the business operates, and always at the core of the Group's activity. With training, guidance and resources ensuring that the business is not only compliant with regulation but wherever possible operating best practice. The Group's risk management procedures support this, highlighting any changes or instances which trigger a review of any relevant procedures. Covid-19 has tested these procedures in earnest and the procedures have helped ensure the Group has managed the developing situation and responded to the risks appropriately. Fundamentally the business can only be sustainable through ensuring the safety of its staff.

Continuity and Growth

A final aspect of sustainability is ensuring that the reputation of the Group can continue to attract and retain both the right clients and the right staff.

Our reputation in the industry for the quality of our services can often be referenced to industry awards, or third party verification, such as the compliance with the Care Quality Commission and the rating of our Care homes, or Cyber Essentials Plus accreditations amongst others.

Strategic Report

Principal risks and uncertainties (continued)

Continuity and Growth (continued)

But this reputational risk is predominantly managed through ensuring the above risks are minimised, and ensuring that the Group's culture, investment in its staff and systems, deliver the value which our stakeholders are seeking, and that this is recognised by them but also endorsed to others by them.

Without this, the ability for the Group to renew its existing partnerships and contracts, as well as deliver its growth expectations, would be significantly impacted.

Financial risk

Given the nature of the Group's contracts and services, financial risks reside largely within either a failure to perform the services appropriately, or through the failure to manage operational performance appropriately. These risks are managed through relevant reporting and the ongoing review of performance, and the management of controls and authority limits within the business.

Pure financial risk is considered below average due to the largely UK focused basis of the Group's operations and its public sector client base. The key areas of concern summarised below:

- **Credit risk**: whilst credit checks are performed along with debtor management through the use of credit limits and the monitoring of the aging of debtor balances with appropriate follow-up action taken, the majority of clients are public sector organisations and present limited credit risk.
- **Interest rate risk**: an element of fixed rate borrowing is undertaken within the wider portfolio to manage this risk. Rates are reviewed regularly where floating rates present some exposure to LIBOR or the wider market to ensure these are appropriate and do not present a material risk to the business.
- **Liquidity risk**: working capital is managed carefully, with cash forecasts produced to provide daily as well as medium to long term projections. These are used to ensure the Group holds appropriate levels of working capital facilities.
- **Currency risk**: as the Group operates solely within the UK with almost no foreign currency transactions, and as such has negligible exposure any foreign currency exchange risk.
- **Defined Benefit Pension risk**: the nature of public sector services often comes with Local Government Pension Schemes (LGPS) which being Defined Benefit schemes carry considerable risk. The Group no longer accepts this risk for new contracts and through its agreements passes this risk back to the client where it can often be more effective for both the client and the Group.
  There remains a legacy element where some residual LGPS risk remains with the Group. These schemes and the risk from them are closed to new members and in run off. The Group continually looks at ways to further minimise and reduce this risk, either through agreeing to pass this back to clients, or where retained options for any further mitigation.

Strategic Report

Corporate governance

The Group continues to promote good corporate governance reporting under s.172 of the Companies Act 2006.

The Group's corporate governance structure now operates as follows:

- Chairperson – oversight of the Board and its meetings, appointed by the ultimate shareholder Norfolk County Council, who also authorise the appointment of any director to the Board of the Group
- Non-executive directors – appointed to chair advisory committees to the Board and provide an external perspective to the main Group Board
- Audit Committee – oversight of the internal audit and external audit scope and findings, as well as the Group's risk management systems.
- Investment Advisory Committee – review of proposed material investments or divestments by the Group
- Remuneration Committee – review the remuneration policy and related decisions in respect of the directors of the Group

In addition to this governance structure, certain matters are reserved for the ultimate shareholder's approval, to ensure additional oversight, and governance of the Group. This is further enhanced with enhanced voting rights for directors which are also officers and members of Norfolk County Council.

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholder as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employee's
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operation on the community and environment;
- the desirability of the company maintaining a reputation for high standard of business conduct; and
- the need to act fairly as between shareholder of the Company'

These duties are fulfilled in many different ways, as already noted within this report, to support the Continuity and Growth of the Group the reputation is of critical importance and one of the primary risks for the Group in the longer term.

The nature of the services and size of the Group itself, mean that its employees are vital to the nature of the business but also to its clients, as these are frontline in representing both parties. The partnerships the Group has are typically governed by formal board meetings with client and shareholders represented to ensure that these stakeholders are actively engaged in how the services are delivered.

Strategic Report

Corporate governance (continued)

In addition to this, the Group recognises a number of unions in management of its operations to ensure that its employees are fairly considered in the Group's activities, with the Group's HR Director attending meetings of the Board of the Group to ensure that this aspect is considered in the decision making process.

Further elements of employee engagement, along with those regarding suppliers and customers, are noted within the Report of the directors.

Each year the Group produces a business plan, which considers all of these aspects and which is done in discussion with the Group's ultimate shareholder, to ensure that the interests of the shareholder are reflected in the Group's plans, which with the addition in recent years of the non-executive directors has further aided the challenge and scrutiny of these plans to ensure that the Directors' responsibilities are met.

In making their decisions, the Directors consider both the immediate and long-term consequences of the options under consideration, with the latest business plan projecting forward to 2026 to give sufficient forward visibility of the Group. The Group's wider strategy is reviewed as part of this process to ensure that it is fully reflected within this business planning exercise.

The Group's energy position is reflected in the Report of the directors, given the nature of services the environmental impact waste and its collection, along with the method of delivery of services is continually considered, from assessing the viability of electric refuse vehicles to how solutions are undertaken to reduce their environmental impact.

The approach to the environmental impact naturally moves into the Group's engagement with the community wherever it has a presence. With the services being delivered often on behalf of the council for that area, the procurement approach with suppliers seeks to prioritise local suppliers where possible to ensure that through the local employment, this use of local suppliers and way in which services are delivered, that the services give back to that community in many ways.

The Covid-19 pandemic has caused significant impact across the globe and Norse has naturally been impacted by this. Early in March 2020 as the threat of the pandemic became clear, Norse formed an Incident Management Team (IMT) formed of the Executive of the Group along with the Director of Safety, Health, Environmental and Quality (SHEQ) for the Group to manage the situation.

The IMT quickly prepared the business ahead of the governments first lockdown to respond appropriately, setting out new Operating Procedures for the Group as well as additional guidance and support that enabled the Group to put in place the safety requirements necessary for its staff and its clients to continue to provide frontline services where required.

This enabled all relevant staff to work from home, key frontline services to continue to be provided and workers and clients protected.

Measures included not only sending staff home, but enabling them to continue to work where required, but controlling all spend to ensure from the outset the Group was protected against the uncertainty that existed both from a cost but also cash perspective – ensuring prompt payment by clients ahead of the first lockdown to ensure potential delays didn't present a risk to the Group.

Strategic Report

Corporate governance (continued)

All of this was undertaken to ensure that staff and their jobs were protected from the impact of the pandemic, as well as all the Group's stakeholders. Regular discussions with clients were held throughout this period to ensure key services continued or additional requirements could be supported.

The Board met fortnightly to be updated on how the Group was addressing the challenges raised by Covid-19, including ongoing assessments of the potential financial impact and any potential risk to the ongoing resilience of the business. Assessments of additional support from clients, the government and shareholder were all considered throughout the pandemic and where appropriate sought.

The IMT continues to operate to date, overseeing the way the Group manages the return to more normalised operation, until all aspects of the pandemic are addressed and additional requirements cease. The pressures on staff since March 2020 as a result of Covid-19 have throughout been a concern in terms of their well-being and continue to be so until everyone has recovered. Flexible working has been accepted as the norm in many areas which continues to aid staff but regular contact and communication from managers and awareness of the pressures have been a key focus of the Group throughout the pandemic.

This report was approved on 9 DECEMBER 2021 and signed on behalf of the board.

N E Frogbrook
Chief Financial Officer and Deputy CEO
Date: 10 DECEMBER 2021

Independent auditors' report to the members of Norse Group Limited

Report on the audit of the group financial statements

Opinion

In our opinion, Norse Group Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the consolidated statement of financial position as at 31 March 2021; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 group'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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the directors for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, health and safety regulations, employment legislation, and the implementation of government support schemes (Coronavirus Job Retention Scheme), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misstatement of financial information via inappropriate journal entries and/or management bias in key accounting estimates. Audit procedures performed by the engagement team included:

- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- reviewing meetings of minutes during the year and up to the date of approval of the financial statements;
- enquiring with management about any litigation and claims and reviewing legal expenses to identify any such undisclosed issues;
- identifying and testing journals meeting specified criteria considered to be unusual or indicative of potential fraud;
- Evaluating management's controls designed to prevent and detect irregularities; and
- testing the appropriateness of key estimates made by management to identify any deliberate misstatements in the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of Norse Group Limited for the year ended 31 March 2021.

P.J. Norbury

Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
10 December 2021

Consolidated income statement for the year ended 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 *restated £'000
Revenue	3	**354,318**	338,613
Cost of sales		**(292,129)**	(268,137)
Gross profit		**62,189**	70,476
Administrative expenses – recurring		**(61,569)**	(62,472)
Administration expenses – non-recurring	4	**(4,416)**	(1,981)
Total Administrative expenses		**(65,985)**	(64,453)
Other operating income		**8,172**	1,309
Operating profit	4	**4,376**	7,332
Recurring		**8,792**	9,313
Non-recurring	4	**(4,416)**	(1,981)
Share of profit/(loss) from equity accounted investments	8	**176**	(40)
Finance income	9	**91**	117
Finance costs	10	**(2,655)**	(2,823)
Profit before taxation		**1,988**	4,586
Taxation	11	**(809)**	(554)
Profit for the financial year		**1,179**	4,032
(Loss)/profit for the financial year attributable to:			
Non-controlling interests	30	**(456)**	(80)
Owners of the parent		**1,635**	4,112
		1,179	4,032

All of the activities of the group are classed as continuing. Details of the restatement can be found in note 2.1.

Consolidated statement of comprehensive income for the year ended 31 March 2021

	Note	**31 March 2021** **£'000**	31 March 2020 restated £'000
Profit for the financial year		**1,179**	4,032
Other comprehensive (expenses) / income:			
Re-measurement of defined benefit liability	27	**(8,396)**	2,044
Deferred tax in respect of the remeasurement of the defined benefit pension scheme	18	**1,595**	(389)
Movement in deferred tax in respect of pension scheme arising from change in rates	18	**-**	677
Other comprehensive (expenses) / income for the year, net of tax		**(6,801)**	2,332
Total comprehensive (expenses) / income for the year		**(5,622)**	6,364
Total comprehensive (expenses) / income for the year attributable to:			
Non-controlling interests		**(1,206)**	569
Owners of the parent		**(4,416)**	5,795
		(5,622)	6,364

None of the items included within other comprehensive (expense) / income will subsequently be re-classified to the Income statement.

Consolidated statement of financial position as at 31 March 2021

	Note(s)	**31 March 2021 £'000**	31 March 2020 £'000
Assets			
Non-current assets			
Goodwill	12	**4,397**	4,397
Other intangible assets	13	**285**	397
Property, plant and equipment	14	**73,062**	83,458
Right-of-use assets	15	**23,869**	27,030
Investments accounted for using the equity method	8, 16	**307**	131
Deferred tax asset	18	**10,398**	7,515
Trade and other receivables	20	**11,873**	11,998
		124,191	134,926
Current assets			
Inventories	19	**2,186**	2,874
Trade and other receivables	20	**70,232**	63,942
Cash and cash equivalents		**23,502**	5,749
		95,920	72,565
Total assets		**220,111**	207,491
Liabilities			
Current liabilities			
Trade and other payables	21	**(77,284)**	(57,195)
Lease liabilities	23	**(6,521)**	(6,318)
Borrowings	22	**(7,707)**	(8,806)
Provisions	25	**(315)**	(21)
		(91,827)	(72,340)
Non-current liabilities			
Trade and other payables	21	**(14,960)**	(15,905)
Lease liabilities	23	**(16,391)**	(19,718)
Borrowings	24	**(27,662)**	(33,486)
Pensions and employee benefit obligations	27	**(48,431)**	(39,535)
Provisions	25	**(85)**	(130)
		(107,529)	(108,774)
Total liabilities		**(199,356)**	(181,114)
Net assets		**20,755**	26,377

Consolidated statement of financial position as at 31 March 2021 (continued)

	Note	**31 March 2021** **£'000**	31 March 2020 £'000
Equity			
Equity attributable to owners of the parent:			
Share capital	31	**11,964**	11,964
Revaluation reserve		**467**	467
Capital contribution reserve	32	**16,200**	16,200
Accumulated losses	32	**(6,207)**	(1,791)
		22,424	26,840
Non-controlling interests	30	**(1,669)**	(463)
Total equity		**20,755**	26,377

These financial statements on pages 21 to 86 were approved by the Board of Directors and authorised for issue on 9 December 2021 and signed on its behalf by

N E Frogbrook
Chief Financial Officer and Deputy CEO

Consolidated statement of changes in equity for the year ended 31 March 2020

	Share capital	Revaluation reserve	Capital contribution reserve	Accumulated losses	Total attributable to owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019 (restated)	11,964	467	16,200	(7,025)	21,606	(876)	20,730
Effect of adoption of IFRS 16: Leases	-	-	-	(561)	(561)	(156)	(717)
Balance at 1 April 2019 (following adjustment to opening reserves)	11,964	467	16,200	(7,586)	21,045	(1,032)	20,013
Profit/(loss) for the year	-	-	-	4,112	4,112	(80)	4,032
Other comprehensive (expense)/income							
Actuarial gain in respect of defined benefit pension scheme	-	-	-	1,314	1,314	730	2,044
Deferred tax in respect of defined benefit pension scheme	-	-	-	369	369	(81)	288
Total comprehensive Expense for the year	-	-	-	5,795	5,795	569	6,364
Balance at 31 March 2020	**11,964**	**467**	**16,200**	**(1,791)**	**26,840**	**(463)**	**26,377**

Consolidated statement of changes in equity for the year ended 31 March 2021

	Share capital	Revaluation reserve	Capital contribution reserve	Accumulated Losses	Total attributable to owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	11,964	467	16,200	(1,791)	26,840	(463)	26,377
Profit/(loss) for the year	-	-	-	1,635	1,635	(456)	1,179
Other comprehensive income							
Actuarial (loss) in respect of defined benefit pension scheme	-	-	-	(7,470)	(7,470)	(926)	(8,396)
Deferred tax in respect of defined benefit pension scheme	-	-	-	1,419	1,419	176	1,595
Total comprehensive income for the year	-	-	-	(6,051)	(6,051)	(1,206)	(6,801)
Balance at 31 March 2021	**11,964**	**467**	**16,200**	**(6,207)**	**22,424**	**(1,669)**	**20,755**

The notes on pages 28 to 86 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Operating activities			
Profit before tax		**1,988**	4,586
Non-cash adjustments	33	**22,809**	19,446
Contributions to defined benefit pension plans	27	**(3,585)**	(3,349)
Net changes in working capital	33	**13,880**	(5,273)
Income tax paid		**(1,952)**	(970)
Net cash generated from operating activities		**33,140**	14,440
Investing activities			
Purchase of property, plant and equipment		**(1,505)**	(5,972)
Purchase of intangible assets		**(44)**	(151)
Proceeds from sale of property, plant and equipment		**2,303**	101
Proceeds from sale of held for sale assets		**-**	1,200
Proceeds from sale of right-of-use assets		**99**	-
Shares acquired in joint venture		**-**	(10)
Interest received		**91**	117
Net cash used in investing activities		**944**	(4,715)
Financing activities			
Proceeds from loans from parent undertaking		**-**	2,990
Repayment of bank loans		**(6,199)**	(2,593)
Repayment of loan from parent undertaking		**(724)**	(4,951)
Interest paid		**(1,854)**	(1,848)
New leases		**-**	228
Principal elements of lease payments		**(101)**	-
Capital element of lease repayment		**(7,453)**	(6,064)
Net cash (used in) / generated from financing activities		**(16,331)**	(12,238)
Net increase / (decrease) in cash and cash equivalents		**17,753**	(2,513)
Cash and cash equivalents at the beginning of the year		**5,749**	8,262
Cash and cash equivalents at the end the year		**23,502**	5,749
Cash and cash equivalents comprise:			
Cash at bank		**23,502**	5,749
		23,502	5,749

Notes to the consolidated financial statements

1. General information

The company is a private limited company by shares, incorporated and domiciled in the UK. The address of its registered office is 280 Fifers Lane, Norwich, Norfolk, NR6 6EQ.

Norse Group comprises Norse Commercial Services Limited, NPS Property Consultants Limited, Norse Care Limited and Norse Group Holdings Limited. These subgroups deliver many services through subsidiaries. The full list of subsidiaries is included in note 5 to the company financial statements.

2. Summary of accounting policies

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

2.1. Basis of preparation

The consolidated financial statements of the Norse Group Limited have been prepared in accordance with International Financial Reporting Standards IFRS in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention unless otherwise stated within these accounting policies. The significant accounting policies that have been applied in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS required the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.24.

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

Restatement

The Directors have reviewed the basis of the allocation of depreciation to individual lines in the income statement and concluded that a fairer approach would be to include £3,084,000 of depreciation expenses in relation to right-of-use assets within costs of sales as opposed to administrative expenses.

The impact of this adjustment increased the cost of sales, thus reducing the gross profit margin by 1%. The administration expenses were decreased as a result of the adjustment.

There is no impact on the profit or cashflows for the year or on opening reserves in the current year.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.2. Going concern

Despite the challenges of Covid-19 in 2021 the Group has performed well, strengthening its cash position as well as reducing its borrowing.

The nature of the business with the long term nature of its contracts protects the business from significant changes, and much of the impact in terms of reduction of revenues has already been seen in 2021 within the Norse Consulting side of the business.

As noted within the Strategic Report, the short term expectation is for revenues to potentially decrease by circa 5% but which will recover in the longer term, and the Group has already made significant changes to its cost base to adjust for this, and continues to do so to ensure flexibility and efficiency within its cost base.

The medium term projections to 2026 continue to reflect an improving trading position from 2021 and the directors remain confident that performance will continue to improve with further growth opportunities expected over and above those which are currently ongoing.

To ensure that the Group has appropriately assessed the potential risks and implications, including financial resources that are required for the foreseeable future, it has undertaken a number of scenario assessments on the following basis:

- The existing budgets for the next twelve months have been taken and rolled forward until the end of March 2023, reflecting the loss of any contracts known to be ending but excluding any new contracts that may be secured, to establish a baseline.
- Each area of the business has then been considered and assessed as to what a severe but realistic adverse event may occur, such as a significant reduction in revenues or increases in costs, including the mitigation that would occur in such an instance.
- In addition to this, unmitigated impacts have also been considered to assess the potential impact.

In all instances, due to the long term security of many of the Group's contracts or the way it delivers its services and the inherent flexibility in its cost base, the scenario's all reflect that the Group's resources remain well within the existing working capital resources, with no requirement to utilise the £15m working capital facility that is currently in place.

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.

2.3. Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings as at 31 March 2021. The group controls an entity when the Group is expected to or has the right to variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which that control ceases.

The Norse Care group, the Norse Group Holding group, NPS Newport Limited and all subsidiaries within the Norse Consulting group, with the exception of Barnsley Norse Limited and Norwich Norse

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.3. Basis of consolidation (continued)

(Building) Limited, have a reporting date of 31 March. All companies within the Norse Commercial Services group (with the exception of NPS Newport Limited), Barnsley Norse Limited and Norwich Norse (Building) Limited make up their financial statements to the Sunday nearest 31 March each year. For the 2021 financial year this fell on 28 March 2021. The trading days between 28 March 2021 and 31 March 2021 do not have a material impact on the results of the Group.

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.

The Income statement 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 the Income statement and net assets or liabilities that is not held by the Group. In accordance with IFRS 10 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.

2.4. Business combinations

Business combinations occurring on or after 1 February 2009 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 (i.e. gain on a bargain purchase) is recognised in the Income statement immediately.

2.5. Investments in associates and joint ventures

Entities whose economic activities are controlled jointly by the Group and other parties independent of the Group (joint ventures) are accounted for using the using the equity method of accounting.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.5. Investments in associates and joint ventures (continued)

Within the financial statements the term 'joint venture partnerships' is used to describe all arrangements with local authorities. It should be noted that under IFRS 11 joint arrangements only the arrangements with Beattie Passive Norse Limited, Broadland Growth Limited, Mid Suffolk Growth Limited and Babergh Growth Limited would meet the accounting definition of a joint venture.

Acquired investments in joint ventures are also subject to the purchase method as explained in note 2.4 above. However, any goodwill or fair value adjustment attributable to the Group's share in the joint venture is included in the amount recognised as investment in joint ventures.

All subsequent changes to the Group's share of interest in the equity of the joint venture are recognised in the carrying amount of the investment. Changes resulting from the Income statement generated by the joint venture are reported within 'Share of profit from equity accounted investments' in the Income statement. 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 joint venture or items recognised directly in the joint venture'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 joint ventures 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 joint ventures have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

2.6. 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.

2.7. Revenue

Norse Commercial Services

Facilities Maintenance & Management and transport
The Group carries out a range of facilities maintenance & management and transport services. For many of these services (grounds maintenance, , waste collection etc.) there is an agreed annual fee and revenue is recognised as the service is provided throughout the year. The customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

The main exceptions to this are noted below:

- Catering - revenue is recognised based on the number of meals sold in the year and therefore at a point in time.
- Security services - revenue is recognised at a point in time when the event takes place.
- Cleaning services - revenue is recognised based on the number of hours worked, typically on a

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.7 Revenue (continued)

- monthly basis but varies depending on the contractual agreement in place.
- Building maintenance - revenue is recognised using the percentage of completion method by the percentage of costs incurred to date to the estimated total costs for each contract.

Environmental Services
Revenue from environmental services arises primarily from the sale of recyclables and the operation of landfill sites and composting facilities. Revenue from the sale of recyclables is recognised when control passes to the customer. Revenue from the operation of landfill sites and composting facilities is recognised in the period in which the waste is delivered and is based on the quantity of the waste that is disposed of.

Highways Maintenance
Highways maintenance carries out a range of services from providing repair services such as potholes, verges, signs, drainage, tar & chip and re-surfacing, seasonal gritting and snow removal, vehicle maintenance of Norfolk Fire and Rescue vehicles, winter gritters and highways vehicles, laboratory testing and pavement engineering and lastly, training courses including Drivers CPC, street works and traffic management. Sales price is calculated at a cost-plus model and revenue is recognised at a point in time when the service is delivered.

Norse Consulting Group

Property Consultancy Services
Revenue in respect of providing property consultancy services is generally earned under fixed sum contracts or under fixed term service agreements. Revenue is recognised using the percentage of completion method measured by the percentage of costs incurred to date to the estimated total costs for each contract.

Where contracts/agreements include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Norse Care

Care Services
The Group delivers the management and operation of residential care homes and the provision of care services. The majority of the services are carried out for an agreed annual fee and revenue is recognised on a time-elapsed basis as the principal contractual obligation is to provide bed capacity. Units of care under these contracts are typically provided on a daily basis.
Revenue for spot purchases and private bed sales are recognised when the principal contractual obligation is fulfilled, that is typically when a service user has received care services, which are usually provided on a daily basis.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the group does not adjust any of the transaction prices for the time value of money.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.8. Finance Income

Finance income is recognised using the effective interest method. When a loan receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Finance income on impaired loan and receivables is recognised using the original effective interest rate.

2.9. Finance Costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10. Operating expenses

Operating expenses are recognised in Income statement upon utilisation of the service.

2.11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs' (see note 10).

2.12. 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 the Income statement and is not subsequently reversed. Impairment testing is disclosed further in note 2.16.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the Income statement 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.

2.13. Other 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 2.16.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.13. Other Intangible assets (continued)

The amortisation charge for the year is included within administrative expenses. Computer software is amortised at 20% per annum on a straight line basis.

The useful lives are detailed in note 13.

2.14. 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 other than freehold land and assets in the course of construction. The periods generally applicable are:

Freehold & Leasehold Property		
Leasehold property improvements	-	over period of lease
Freehold land	-	not depreciated
Freehold property	-	2% - 10% straight line
Plant, fixtures & fittings	-	4% - 33% straight line
Motor vehicles	-	6% - 50% straight line
Computer equipment	-	20 – 25% straight line
Assets in the course of construction	-	not depreciated

Leased assets are depreciated over the life of the lease.

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 the Income statement within 'administrative expenses'.

It is the directors' assessment that there is no material difference between the cost of the Care homes (as set out in note 14) and its residual value.

2.15. Leased assets

Lessee

Leases are recognised as right-of use assets with a corresponding liability at the date from which the leased asset is available for use by the group. The leases are typically for fixed periods in excess of one year but may have extension options.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.15. Leased assets (continued)

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Right of use assets' line in the Statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

The lease liability is included within the Statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- a lease contract is modified, and the lease modification is not accounted for as a separate lease,
- in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the company did not make any such adjustments during the periods presented.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.15. Leased assets (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Income statement on a sum of digits method.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Income statement. Short-term leases are leases with a lease term of 12 months or less.

Restrictions or covenants imposed by leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These lease agreements do not impose any covenant other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2.16. 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.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.16. Impairment testing (continued)

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.

2.17. 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

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of financial assets. All of the Group's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in the Income statement to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the Income statement includes any dividend or interest earned on the financial asset.

Under IFRS 9 only assets which consist of solely payments of principle and interest ("SPPI") can be recorded at amortised cost. All financial assets held by the Group are SPPI and can therefore be subsequently measured at amortised cost.

The Group's financial assets include trade receivables and cash and cash equivalents.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost, less any provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income statement. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income statement.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.17. Financial instruments (continued)

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, borrowings and obligations under finance leases.

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 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 net of 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.

2.18. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. When recognising and measuring a provision, events occurring after the reporting date, and before authorisation for issue, are considered to determine whether such events provide additional evidence of conditions that existed at the reporting date and should therefore be adjusted for.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.19. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and overheads incurred in bringing inventories to their present condition and location. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision is made for obsolete, slow moving or defective items where appropriate.

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.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.20. 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.

2.21. Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. The revaluation reserve within equity relates to gains on the revaluation of property, plant and equipment prior to the date of transition, at which point the revalued amount became the deemed cost. The capital contribution reserve relates to assets gifted to the group by the ultimate parent undertaking. Retained earnings include all current and prior period retained profits.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.22. Employee benefits

The Group has a number of pension schemes, both of a defined benefit and defined contribution nature. Full details are provided in note 27.

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 statement of financial position 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 the Income statement, 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 on the net obligations and the interest income are shown within either finance income or finance costs, as appropriate.

For certain defined benefit schemes, on termination of the service agreement, the employees and associated defined benefit liability will revert back to the relevant local authority. Where this is the case, the net defined benefit obligation or asset that the Group expects to fund or recover over the remaining period of the service agreement is recognised in the statement of financial position.

Defined contribution schemes
Employees of certain Group companies are members of various local government pension schemes. Under the terms of the relevant transfer agreements, the actuarial risks associated with the schemes remain with the relevant Council. Furthermore, these subsidiary companies will only participate in the local government scheme for a finite period up to the end of the contract. 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 a defined contribution scheme.

Contributions to other defined contribution schemes are charged to Income statement 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.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.23. Other operating income

Other operating income consists of government grants and other income attributable to the year that cannot be classified under any of the other income categories.

Government grants received on capital expenditure are initially recognised within deferred income on the company's Statement of financial position and are subsequently recognised in the Income statement on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the Income statement in the periods in which the expenditure is recognised.

2.24. Accounting judgements and estimates

To be able to prepare financial statements in accordance with IFRS, 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 makes 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 2.7.

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.

Leases
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.24. Accounting judgements and estimates (continued)

Critical judgements (continued)

Non depreciation of care homes
As disclosed in note 14, no depreciation has been charged on the Care Homes transferred in from Norfolk County Council as the directors consider that the present carrying value will not be significantly different to the residual value and therefore any depreciation charge would not be material. In April 2018, Christie and Co were instructed to undertake a full valuation of those care homes that remained from transfer, which supported the directors approach. Since that time, there has been no changes that will impact the current residual value.

Critical estimates

Impairment of goodwill
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 12.

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.

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's actuaries determine 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 27.

Notes to the consolidated financial statements

2. Summary of accounting policies (continued)

2.24. Accounting judgements and estimates (continued)

Critical estimates (continued)

Leases
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and makes adjustments specific to the lease, for example term, county, currency and security.

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.

2.25. Adoption of new and revised International Financial Reporting Standards

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8;
- Definition of a Business – Amendments to IFRS 3;
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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.

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the consolidated financial statements

3. Revenue

The following significant categories of revenue were recognised in the year:

	2021	2020
	£'000	£'000
Property consultancy and design services	**73,794**	67,801
Cleaning services	**21,859**	23,858
Catering services	**16,780**	22,620
Facilities maintenance & management services (including security and building maintenance)	**75,210**	76,538
Transport services	**16,124**	17,649
Highways services	**19,876**	8,334
Environmental services, including sale of recyclables	**87,701**	80,579
Care Services	**42,974**	41,234
	354,318	338,613

All revenue has arisen in the United Kingdom.

The revenue recognised in the current reporting period that relates to carried-forward contract liabilities is £2,250k (2020: £1,877k). This fully relates to property consultancy and design services. Total contract liabilities are detailed in Note 21.

Notes to the consolidated financial statements

4. Operating profit

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

	2021 £'000	2020 (restated) £'000
Inventory recognised as an expense	**28,129**	30,866
Amortisation of intangible assets (note 13)	**152**	187
Grant amortisation	**(146)**	(164)
Depreciation of owned property, plant and equipment (note 14)	**5,051**	5,049
Depreciation of property, plant and equipment held under lease (note 15)	**7,573**	5,610
Profit on disposal of property, plant and equipment	**(651)**	(522)
Operating lease expense relating to short-term leases	**289**	695
Operating lease expense relating to leases of low value assets	**91**	87
Auditors' remuneration - audit of the company financial statements	**15**	15
- Auditors' remuneration - other fees (see below)	**682**	635
Non-recurring items within administrative expenses		
- Impairment of property, plant and equipment	**5,124**	1,981
- Release of grant income	**(708)**	-

The Group recognised an impairment loss of £5,124k in the current year which has been classified as non-recurring (2020: £1,981k). See note 14 for more detail. The Group also released grant income, related to the impairment, of £708k (2020: £nil) in the current year which has also been classified as non-recurring.

5. Auditors' remuneration

The Group paid the following amounts to its auditors:

	2021 £'000	2020 £'000
Auditors' remuneration – audit of the company financial statements	**15**	15
Auditors' remuneration - other fees:		
- Statutory audit of subsidiaries	**682**	635
	697	650

Notes to the consolidated financial statements

6. Particulars of employees

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

	2021	2020
	Number	Number
Property consultancy and design	**665**	613
Business support	**659**	728
Catering services	**1,099**	1,227
Cleaning services	**2,213**	2,500
Facilities management	**1,299**	1,134
Transport	**563**	592
Waste management operations and environmental services	**1,516**	1,444
Care Services	**1,724**	1,693
	9,738	9,931

The aggregate payroll costs of the above were:

	2021	2020
	£'000	£'000
Wages and salaries	**167,918**	157,831
Social security costs	**13,284**	12,249
Other pension costs:		
- Defined benefit schemes (note 27)	**3,175**	4,395
- Defined contribution schemes (note 27)	**9,883**	10,066
	194,260	184,541

Pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (note 10) and amounts recognised within other comprehensive income.

Notes to the consolidated financial statements

7. Directors

Remuneration in respect of directors was as follows:

	2021	2020
	£'000	£'000
Emoluments receivable in respect of services to subsidiary undertakings	**523**	407

The above disclosure excludes five directors (2020: three) who received no remuneration for the services provided to the group. The aggregate emoluments of the highest paid director were £295k (2020: £238k). In respect of the defined benefit pension scheme, at the year end the highest paid director had an annual accrued pension entitlement of £18k (2020: £17k).

The number of directors who accrued benefits under group pension scheme during the year was as follows:

	2021	2020
	Number	Number
Defined benefit schemes	**1**	2

Notes to the consolidated financial statements

8. Investments accounted for using the equity method

	Investment in joint ventures £'000	Total £'000
Cost and net book value		
At 1 April 2019	161	161
Share of profit for the financial year	66	66
Adjustment in respect of prior year	(106)	(106)
Acquisition of interest in joint venture	10	10
At 31 March 2020	131	131
Share of result for the financial year	228	228
Adjustment in respect of prior year	(52)	(52)
Acquisition of interest in joint venture	-	-
At 31 March 2021	**307**	**307**
The above investments consist of:		
Share of gross assets	1,388	1,388
Share of gross liabilities	(1,081)	(1,081)
	307	**307**

The investments in joint ventures are detailed in Note 16.

9. Finance income

	2021 £'000	2020 £'000
Bank interest receivable	-	70
Finance lease interest income	-	43
Other interest receivable	91	4
	91	117

10. Finance costs

	2021 £'000	2020 £'000
Interest payable on bank borrowings (note 24)	**324**	517
Interest payable on loans from ultimate parent undertaking (note 24)	**671**	676
Net finance charge in respect of defined benefit pension schemes (note 27)	**910**	991
Interest payable in respect of leases (note 23)	**750**	634
Other interest	-	5
	2,655	2,823

Notes to the consolidated financial statements

11. Taxation

(a) Analysis of charge in the year

	2021	2020
	£'000	£'000
Current tax:		
Corporation tax based on the profit for the year	**2,027**	1,612
Adjustment in respect of prior period	**70**	385
Total current tax	**2,097**	1,997
Deferred tax: (note 18)		
Retirement benefit obligation (note 27)	**(95)**	387
Origination and reversal of temporary differences	**(939)**	(554)
Adjustments to tax charge in respect of prior year	**(254)**	(1,274)
Change in tax rates	**-**	(2)
Total deferred tax	**(1,288)**	(1,443)
Total tax charge for the year (note 11 (b))	**809**	554

(b) Factors affecting the tax charge

The taxation assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The charge is affected by a number of factors in addition to the standard UK rate. The differences are explained as follows:

	2021	2020
	£'000	£'000
Profit before taxation	**1,988**	4,586
Profit before taxation multiplied by standard rate of tax 19% (2020: 19%)	**377**	871
Tax effects of:		
Expenses not deductible for tax purposes	**535**	558
Income not chargeable for tax purposes	**(307)**	(66)
Impact of changes in statutory tax rates	**-**	(2)
Losses carried back	**74**	-
Accumulation of tax losses not recognised	**314**	82
Adjustments to tax charge in respect of prior year	**(184)**	(889)
Total tax charge for the year (note 11 (a))	**809**	554

Notes to the consolidated financial statements

11. Taxation (continued)

(c) Factors affecting future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

12. Goodwill

	£'000
Cost	
At 1 April 2020 and at 31 March 2021	**4,476**
Impairment	
At 1 April 2020 and at 31 March 2021	**79**
Net book value	
At 1 April 2020 and at 31 March 2021	**4,397**

The goodwill balance is summarised by cash generating unit as follows:

	31 March 2021	31 March 2020
	£'000	£'000
Hamson Barron Smith Limited	**4,183**	4,183
Eventguard Limited	**214**	214
	4,397	4,397

Notes to the consolidated financial statements

12. Goodwill (continued)

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 twelve-month 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, other than revenue cashflow forecast 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**	
	2021	2020	**2021**	2020	**2021**	2020
	%	%	%	%	%	%
Hamson Barron Smith Limited	**7.6**	12.0	-	2.25	**5-10**	12
Eventguard Limited	**5.0**	5.0	-	2.50	**5**	12

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.

During the year, the growth rates have been amended to bring it in line with the Group's wider policy which reflects the nature of the work taken and the risk profile inherent in it. It also provides a prudent assessment, with appropriate discount rates for Hamson Barron Smith being assessed as 5% for the next five years of cashflows, increasing to 7.5% for years six to ten, and 10% thereafter, until perpetuity. The assessment of the useful live for Hamson Barron Smith is beyond five years on the basis that the goodwill inherent in the brand is linked to the ongoing cashflows of the business, which are considered to be ongoing for the foreseeable future. Operating margins have likewise been aligned to recent trading and expectations moving forward, together with the assumption of no growth.

Sensitivity analysis

In respect of the carrying value of the goodwill the Directors have concluded that whilst the impact of Covid-19 is expected to continue to negatively impact the UK economy, that due to the more prudent assessment of carrying value which already reflect an assessment of these impacts, that there is no reasonable possible change to the key assumptions that would lead to an impairment of the goodwill balance.

Notes to the consolidated financial statements

13. Other intangible assets

	Computer software £'000	Other intangible assets £'000	Total £'000
Cost or Valuation			
At 1 April 2019	1,714	1,187	2,901
Additions	151	-	151
Transfers	19	-	19
At 31 March 2020	**1,884**	**1,187**	**3,071**
Additions	44	-	44
Disposals	(6)	-	(6)
At 31 March 2021	**1,922**	**1,187**	**3,109**
Accumulated Amortisation			
At 1 April 2019	1,299	1,169	2,468
Charge for the year	182	5	187
Transfers	19	-	19
At 31 March 2020	**1,500**	**1,174**	**2,674**
Charge for the year	148	4	152
Disposals	(2)	-	(2)
At 31 March 2021	**1,646**	**1,178**	**2,824**
Net book value at 31 March 2021	**276**	**9**	**285**
Net book value at 31 March 2020	384	13	397

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

Notes to the consolidated financial statements

13. Other intangible assets (continued)

Other intangible assets valuation comprises:

	Year acquired	Carrying value £'000	Original valuation £'000	UEL * Years
Hamson Partnership - Customer relationships	2010	-	507	10
Hamson Partnership - Order backlog	2010	-	267	3
Hamson Partnership - Tradename	2010	-	192	10
Hamson Partnership - Technology based asset	2010	-	135	5
Bowen Dann Knox - Customer relationships	2014	9	47	10
Bowen Dann Knox - Order backlog	2014	-	16	3
Bowen Dann Knox - Tradename	2014	-	23	5
		9	1,187	

* UEL = 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.

Notes to the consolidated financial statements

14. Property, plant and equipment

	Freehold property & leasehold improvements £'000	Plant, fixtures & fittings £'000	Motor vehicles £'000	Computer equipment £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1 April 2019	58,254	50,353	21,357	1,369	851	132,184
Additions	360	2,175	688	53	2,696	5,972
Disposals	-	(369)	(491)	(4)	-	(864)
Transfers	(7)	1,072	2	(1,036)	(31)	-
Effect of adoption of IFRS 16: Leases (note 15)	-	(1,560)	(13,648)	-	-	(15,208)
At 31 March 2020	**58,607**	**51,671**	**7,908**	**382**	**3,516**	**122,084**
Additions	308	792	291	64	50	1,505
Disposals	(30)	(4,839)	(1,598)	(26)	-	(6,493)
Transfers	3,385	117	-	-	(3,502)	-
At 31 March 2021	**62,270**	**47,741**	**6,601**	**420**	**64**	**117,096**
Accumulated depreciation						
At 1 April 2019	7,094	20,398	9,454	461	-	37,407
Charge for the year	1,135	3,094	710	110	-	5,049
On disposals	-	(314)	(487)	(27)	-	(828)
Transfers	-	460	-	(460)	-	-
Effect of adoption of IFRS 16: Leases (note 15)	-	(706)	(4,277)	-	-	(4,983)
Impairment losses	881	1,100	-	-	-	1,981
At 31 March 2020	**9,110**	**24,032**	**5,400**	**84**	**-**	**38,626**
Charge for the year	1,292	3,001	651	107	-	5,051
On disposals	(25)	(3,536)	(1,183)	(23)	-	(4,767)
Impairment losses	5,124	-	-	-		5,124
At 31 March 2021	**15,501**	**23,497**	**4,868**	**168**	**-**	**44,034**
Net book amount at 31 March 2021	**46,769**	**24,244**	**1,733**	**252**	**64**	**73,062**
Net book amount at 31 March 2020	49,497	27,639	2,508	298	3,516	83,458

Notes to the consolidated financial statements

14. Property, plant and equipment (continued)

An impairment loss of £5,124k (2020: £1,981k) has been recognised in the consolidated income statement in the current year. This relates to property held within Norfolk Environmental Waste Services Limited. The directors, having sought independent professional guidance, have assessed the value of the property to the Group at 31 March 2021. This has resulted in an impairment loss of £5,124k and a subsequent recoverable amount of £Nil. Since the cessation of the treatment of food waste at Marsham, the operation has made losses and there is little scope for improving the return from the assets established there. As such, it is considered appropriate to now reflect an impairment down to this level until such time as either the operational performance improves or other such value is created from the site.

The net book value of freehold and leasehold property comprises the following:

	2021	2020
	£'000	£'000
Freehold property	**26,168**	23,658
Non-depreciated care homes (note 2.24)	**10,451**	10,451
Leasehold improvements	**10,150**	16,269
	46,769	50,378

Freehold and leasehold property includes land of £8,699k (2020: £8,699k) which is not depreciated.

With regard to assets previously carried at a valuation, the valuations are deemed to be the existing cost at the point of transition.

Notes to the consolidated financial statements

15. Right of use assets

	Leasehold property £'000	Plant, fixtures & fittings £'000	Motor vehicles £'000	Computer Software £'000	Total £'000
Cost					
Reclassification on adoption of IFRS 16: Leases	5,436	1,772	17,104	-	24,312
Additions	1,586	1,241	10,485	-	13,312
Disposal	-	(8)	-	-	(8)
At 31 March 2020	**7,022**	**3,005**	**27,589**	**-**	**37,616**
Additions	930	112	2,575	1,237	4,854
Disposals	(780)	(201)	(691)	-	(1,672)
Transfers	-	(1,016)	-	1,016	-
At 31 March 2021	**7,172**	**1,900**	**29,473**	**2,253**	**40,798**
Accumulated depreciation					
Reclassification on transition	-	706	4,277	-	4,983
Charge for the year	1,140	443	4,027	-	5,610
On disposals	-	(7)	-	-	(7)
At 31 March 2020	**1,140**	**1,142**	**8,304**	**-**	**10,586**
Charge for the year	1,103	590	5,152	728	7,573
On disposals	(408)	(191)	(631)	-	(1,230)
Transfers	-	(196)	-	196	-
At 31 March 2021	**1,835**	**1,345**	**12,825**	**924**	**16,929**
Net book amount at 31 March 2021	**5,337**	**555**	**16,648**	**1,329**	**23,869**

The following amounts in respect of leases, where the group is lessee, have been recognised in the Income statement:

	2021 £'000	2020 £'000
Interest expense on lease liabilities	**750**	**634**
Expenses relating to short-term leases	**289**	**695**
Expenses relating to low value leases	**91**	**87**

The total cash outflow for leases during the year-ended 31 March 2021 was £8,263k (2020: £6,698k).

Notes to the consolidated financial statements

16. Investments in joint ventures

NPS Property Consultants Limited owns 50% of the issued share capital of Beattie Passive Norse Limited ('BPN'), a company incorporated in the United Kingdom. The principal activity of the joint venture is the construction of energy efficient buildings.

NPS Property Consultants Limited owns 50% of the issued share capital of Broadland Growth Limited ('BGL'), a company incorporated in United Kingdom. The principal activity of the company is property construction and development.

NPS Property Consultants Limited owns 100% (2020: 50%) of the issued share capital of Build Insight Ventures Limited ('BIVL'), a company incorporated in the United Kingdom. On 22 March 2021 NPS Property Consultants Limited acquired the remaining 50% of the issued share capital, and as such this has been treated as a subsidiary within these accounts. The principal activity of the company is a holding company. BIVL owns 100% of the issued share capital of Build Insight Limited and Build Insight Consulting Limited, companies incorporated in the United Kingdom. The principal activities of these companies are building control and related consultancy.

Norse Group Holdings Limited owns 50% of the issued share capital of Mid Suffolk Growth Limited ('MSG'), a company incorporated in the United Kingdom. The principal activity of the company is property development.

Norse Group Holdings Limited owns 50% of the issued share capital of Babergh Growth Limited ('BAB'), a company incorporated in the United Kingdom. The principal activity of the company is property development.

The nature of the joint venture agreements with the joint venture means the group does not have overall control of the joint venture entities and hence these are accounted for using the equity method.

Notes to the consolidated financial statements

16. Investments in joint ventures (continued)

Set out below is the summarised financial information for these joint ventures:

	BPN		BGL		BIVL		MSG		BAB	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Non-current assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Current assets	**24**	233	**1,290**	2,851	**-**	270	**999**	198	**487**	379
Total assets	**24**	233	**1,290**	2,851	**-**	270	**999**	198	**487**	379
Non-current liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Current liabilities	**(5,893)**	(4,923)	**(687)**	(2,588)	**-**	(325)	**(989)**	(202)	**(486)**	(382)
Total liabilities	**(5,893)**	(4,923)	**(687)**	(2,588)	**-**	(325)	**(989)**	(202)	**(486)**	(382)
Revenue	**-**	(99)	**3,899**	2,666	**-**	293	**705**	81	**23**	369
Interest expenses	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Pre-tax profit/(loss) from operations	**(966)**	(101)	**576**	178	**-**	(89)	**19**	(14)	**5**	(13)
Income tax expense	**-**	-	**(109)**	(27)	**-**	-	**-**	-	**-**	-
Post-tax profit/(loss) from operations	**(966)**	(101)	**467**	151	**-**	(89)	**19**	(14)	**5**	(13)
Other comprehensive income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total comprehensive income/(expense)	**(966)**	(101)	**467**	151	**-**	(89)	**19**	(14)	**5**	(13)

Notes to the consolidated financial statements

16. Investments in joint ventures (continued)

Reconciliation of summarised financial information	BPN		BGL		BIVL		MSG		BAB	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening net assets/(liabilities)	**(4,691)**	(4,590)	**134**	112	-	38	**(4)**	-	**(3)**	-
Profit/(loss) for the year	**(966)**	(101)	**467**	151	-	(89)	**15**	(14)	**4**	(13)
Distributions	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	10	-	10
Other reserve movements	-	-	-	-	-	-	-	-	-	-
Closing net assets/(liabilities)	**(5,869)**	(4,691)	**601**	263	-	(51)	**11**	(4)	**1**	(3)
Interest in joint venture at 50% (b/fwd)	-	-	**131**	161	-	-	-	-	-	-
Adjustment in respect of prior year	-	-	**(63)**	(106)	-	-	**5**	-	**5**	-
Share of profit/(loss) in current year	-	-	**233**	76	-	-	-	(5)	-	(5)
Acquisition of interest in joint venture	-	-	-	-	-	-	-	5	**(5)**	5
Share of distribution	-	-	-	-	-	-	-	-	-	-
Carrying value	-	-	**301**	131	-	-	**5**	-	-	-

The Group has not incurred any contingent liabilities or other commitments relating to its joint ventures.

The registered office for Beattie Passive Norse Limited, Build Insight Ventures Limited, Mid Suffolk Growth Limited and Babergh Growth Limited is; 280 Fifers Lane, Norwich, Norfolk, NR6 6EQ. The registered office for Broadland Growth Limited is; Thorpe Lodge, 1 Yarmouth Road, Norwich, NR7 0DU.

Notes to the consolidated financial statements

17. Non-controlling interests

The group includes three subsidiaries with material non-controlling interests ('NCI'). These are as follows:

	Total comprehensive (expense)/income allocated to NCI		Accumulated NCI	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
NPS London Limited	**(172)**	232	**(904)**	(732)
NPS South West Limited	**(511)**	523	**(1,096)**	(585)
GYB Services Limited	**(49)**	(109)	**520**	569

At 31 March 2021 and 31 March 2020, the proportion of ownership interests and voting rights held by the non-controlling interests was as follows:

	2021	2020
	%	%
NPS London Limited	**20**	20
NPS South West Limited	**20**	20
GYB Services Limited	**40**	40

No dividends were paid to these non-controlling interests in either the current or preceding year.

The principal place of business, and country of incorporation, for all three subsidiaries is the United Kingdom.

Notes to the consolidated financial statements

17. Non-controlling interests (continued)

Summarised financial information for NPS London Limited, NPS South West Limited and GYB Services Limited, before intragroup eliminations, is provided below:

	NPS London Limited		NPS South West Limited		GYB Services Limited	
	2021	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Non-current assets	**1,452**	1,334	**2,277**	1,778	**336**	438
Current assets	**1,125**	1,252	**2,953**	2853	**1,345**	1,236
Total assets	**2,577**	2,586	**5,230**	4,631	**1,681**	1,674
Non-current liabilities	**(5,929)**	(3,638)	**(9,742)**	(6,392)	**(65)**	(74)
Current liabilities	**(1,221)**	(2,609)	**(1,044)**	(1,166)	**(318)**	(178)
Total liabilities	**(7,150)**	(6,247)	**(10,786)**	(7,558)	**(383)**	(252)
Attributable to owners of parent	(3,658)	(2,929)	**(4,444)**	(2,342)	**778**	853
Attributable to NCI	(915)	(732)	**(1,112)**	(585)	**520**	569
Total Equity	**(4,573)**	(3,661)	**(5,556)**	(2,927)	**1,298**	1,422

Notes to the consolidated financial statements

17. Non-controlling interests (continued)

	NPS London Limited		NPS South West Limited		GYB Services Limited	
	2021	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Revenue	**5,440**	6,142	**5,433**	5,635	**5,675**	5,911
Profit / (Loss) for year attributable to owners of parent	**11**	116	**255**	86	**(75)**	(163)
Profit / (Loss) for year attributable to NCI	**3**	29	**63**	21	**(49)**	(109)
Profit / (Loss) for the year	**14**	145	**318**	107	**(124)**	(272)
Other comprehensive (expense) / income attributable to owners of parent	**(701)**	810	**(2,297)**	2,009	**-**	-
Other comprehensive (expense) / income attributable to NCI	**(175)**	203	**(574)**	502	**-**	-
Other comprehensive income / (expense)	**(876)**	1,013	**(2,871)**	2,511	**-**	-
Total comprehensive (expense) / income attributable to owners of parent	**(690)**	926	**(2,042)**	2,095	**(75)**	(163)
Total comprehensive (expense) / income attributable to NCI	**(172)**	232	**(511)**	523	**(49)**	(109)
Total comprehensive expense / income	**(862)**	1,158	**(2,553)**	2,618	**(124)**	(272)
Net cash (used in) / from operating activities	**(84)**	553	**(1,433)**	1,459	**547**	(121)
Net cash (outflow) / inflow	**(84)**	553	**(1,433)**	1,459	**547**	(121)

Notes to the consolidated financial statements

18. Deferred tax asset

The movement in the deferred taxation asset during the year was:

	2021	2020
	£'000	£'000
At 1 April	**7,515**	5,637
Recognised in income statement:		
Charges to income statement in respect of retirement benefit obligation (note 11)	**95**	(387)
Origination and reversal of temporary differences	**939**	554
Adjustment in respect of prior years	**254**	1,274
Change in tax rates recognised in income statement	-	2
Recognised in other comprehensive income:		
Deferred tax on actuarial (loss)/gain for the year	**1,595**	(389)
Change in tax rates recognised in other comprehensive income	-	677
Other movements:		
Adjustment on adoption of IFRS 16	-	147
At 31 March	**10,398**	7,515

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

	2021	2020
	£'000	£'000
Retirement benefit obligation	**9,202**	7,511
Difference between depreciation and capital allowances	**566**	(640)
Other temporary differences	**630**	644
	10,398	7,515

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. In addition to the deferred tax asset above, the group has an unrecognised deferred tax asset of £1,416k (2020: £1,121k) in relation to tax losses carried forward in subsidiary undertakings. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses, this is not deemed to be the case in the relevant subsidiary undertakings.

Notes to the consolidated financial statements

19. Inventories

	2021	2020
	£'000	£'000
Raw materials	**1,992**	1,899
Work in progress	**194**	885
Finished goods and goods for resale	**-**	90
	2,186	2,874

The amount of inventories recognised as an expense and included in cost of sales during the year was £28,129k (2020: £30,866k). No amounts have been charged to the income statement in the current or previous year in relation to stock provisions and write offs. There is no significant difference between the replacement cost of raw materials, work in progress and finished goods and goods for resale and their carrying amounts.

20. Trade and other receivables

	2021	2020
	£'000	£'000
Current assets		
Trade receivables	**33,741**	39,399
Amounts owed by parent undertaking	**17,624**	9,170
Amounts owed by joint ventures	**1,156**	1,725
Amounts recoverable on contracts	**2,326**	3,252
Other debtors	**836**	897
Prepayments and accrued income	**14,549**	9,499
	70,232	63,942
Non-current assets		
Other debtors	**11,873**	11,998
	11,873	11,998

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 to 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 £637k (2020: £615k) has been recorded accordingly. The average credit period taken by customers is 35 days (2020: 42 days).

Amounts owed by parent and joint ventures are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the consolidated financial statements

20. Trade and other receivables (continued)

As of 31 March 2021, trade receivables of £17,883k (2020 - £10,615k) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2021	2020
	£'000	£'000
Not more than three months	**8,372**	5,322
More than three months but not more than six months	**4,309**	2,209
More than six months	**5,202**	3,084
	17,883	10,615

Current receivables	**2021**	2020
	£'000	£'000
Finance leases – gross receivables	**91**	91
	91	91

Gross receivables from finance leases	**2021**	2020
	£'000	£'000
No later than 1 year	**91**	91
Later than 1 year and no later than 5 years	**365**	365
Later than 5 years	**10,501**	10,592
Net investment in finance leases	**10,957**	11,048

Notes to the consolidated financial statements

21. Trade and other payables

	2021	2020
	£'000	£'000
Current liabilities		
Trade creditors	**12,073**	7,380
Amounts owed to parent undertaking	**5,104**	3,881
Amounts owed to joint ventures	**10**	10
Other taxation and social security	**12,045**	11,320
Corporation tax	**742**	598
Other creditors	**3,512**	2,412
Accruals and deferred income	**43,798**	31,594
	77,284	57,195
Non-current liabilities		
Deferred income	**4,094**	4,241
Other creditors	**10,866**	11,664
	14,960	15,905

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 16 days (2020: 20 days).

Included within other creditors is £1,525k (2020: £1,608k) in respect of outstanding pension contributions.

Included within accruals and deferred income is £2,058k (2020: £2,399k) in respect to contract liabilities.

The deferred income balance within non-current liabilities relates to deferred grant income. This relates to government grants received towards two (2020: three) capital projects. Deferred grant income of £146k (2020: £164k) was released to the income statement during the year.

Amounts owed to parent are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the consolidated financial statements

22. 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	**2021**	2020
	£'000	£'000
Loans and receivables (due within one year)		
- Trade and other receivables	**53,357**	55,485
- Cash and cash equivalents	**23,502**	5,749
	76,859	61,234

The group's bankers, Barclays Bank Plc, has a long-term credit rating with Moody's of A1 (Stable).

Financial assets are valued at amortised cost. See note 2.17 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 26.

Financial liabilities	**2021**	2020
	£'000	£'000
Financial liabilities measured at amortised cost:		
Non-current:		
- Borrowings	**27,662**	33,486
- Trade and other payables	**4,094**	708
- Obligations under leases	**16,391**	19,718
Current		
- Borrowings	**7,707**	8,806
- Trade and other payables	**52,810**	37,425
- Obligations under leases	**6,521**	6,318
	115,185	106,461

See note 2.17 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 26.

Notes to the consolidated financial statements

22. Financial instruments analysis (continued)

Maturity of the Group's financial liabilities	2021	2020
	£'000	£'000
Due within one year:		
Trade creditors	**12,073**	7,380
Amounts owed to parent undertaking	**5,104**	3,881
Other creditors	**3,512**	2,412
Accruals	**31,369**	23,752
Obligations under leases	**7,153**	7,009
Borrowings	**8,458**	9,899
Total due within one year	**67,669**	54,333
Due within one to two years:		
Borrowings	**12,319**	6,737
Other creditors	-	18
Obligations under leases	**5,486**	5,777
Due within two to five years		
Borrowings	**9,486**	21,252
Other creditors	-	54
Obligations under leases	**9,228**	10,781
In more than five years		
Borrowings	**10,387**	11,031
Other creditors	-	636
Obligations under leases	**3,090**	5,039
	117,665	115,658

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

Notes to the consolidated financial statements

23. Lease liabilities

Maturity analysis - minimum lease payments	**2021**	2020
	£'000	£'000
No later than 1 year	**7,153**	7,009
Later than 1 year and no later than 5 years	**14,714**	16,558
Later than 5 years	**3,090**	5,040
Minimum lease payments	**24,957**	28,607
Less: future finance charges	**(2,045)**	(2,571)
Present value of lease obligations	**22,912**	26,036

Maturity analysis - present value of minimum lease payments	**2021**	2020
	£'000	£'000
No later than 1 year	**6,521**	6,318
Later than 1 year and no later than 5 years	**13,603**	15,125
Later than 5 years	**2,788**	4,593
	22,912	26,036

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Notes to the consolidated financial statements

24. Borrowings

Bank loans and overdrafts	2021	2020
	£'000	£'000
Due within one year	**7,018**	8,083
Due within one to two years	**1,000**	5,135
Due within two to five years	**5,250**	6,250
In more than five years	-	-
	13,268	19,468

The group has four outstanding bank loans as follows:

- Norse Commercial Services Limited, £1.7m bank loan. This loan is repayable as a lump sum in February 2022. Interest on the loan is charged at 1.15% above LIBOR per annum. The bank loan was secured by way of a legal charges over freehold property at Costessey, Norwich. As at 31 March 2021 the value outstanding was £1.7m.

- Norse Commercial Services Limited, £4.5m bank loan. The loan is repayable in quarterly instalments commencing in December 2014. The final repayment is due in September 2021. Interest on the loan is charged at 2% above the bank base rate. The bank loan is secured by way of legal charges over freehold property at Costessey, Norwich and Fifers Lane, Norwich. As at 31 March 2021 the value outstanding was £0.5m.

- Norse Care Limited, £11.2m bank loan. The loan is repayable in quarterly instalments, commencing September 2017 and expiring in August 2021. Interest on the loan is charged at 1.75% above LIBOR per annum. The bank loan is secured by way of legal charges over freehold property at Great Yarmouth. Additionally, the bank loan is secured by a cross guarantee provided by the parent undertaking, Norse Group Limited. As at 31 March 2021 the value outstanding was £3.8m.

- Norse Energy Limited, £10m bank loan, commenced March 2018, with £7.25m outstanding at 31 March 2021. The loan is repayable in 19 equal instalments of £250,000, payable quarterly, with a lump sum repayment instalment sufficient to repay the loan in full, due on the final repayment date. Interest on the loan is charged at a floating rate, but never less than 1.55%. The bank loan is secured by way of a debenture over the assets of Norse Energy Limited.

Notes to the consolidated financial statements

24. Borrowings (continued)

Loans from parent undertaking	2021	2020
	£'000	£'000
Due within one year	**689**	723
Due within one to two years	**10,707**	688
Due within two to five years	**3,218**	13,579
In more than five years	**7,487**	7,834
	22,101	22,824

The group has the following loans from parent undertaking:

- By virtue of an agreement dated 28 March 2001, Norfolk Environmental Waste Services Limited received a loan of £2.44m from the ultimate parent undertaking, Norfolk County Council. The loan is repayable in 46 equal half yearly instalments bearing interest at 4.875%. The final payment will be on 31 March 2024. As at 31 March 2021 the value outstanding was £0.3m.

- In January 2016, Norse Energy Limited received a £10m loan from Norfolk County Council. There are no repayment instalments with the full loan due for repayment seven years after the initial draw down. Interest on the loan is charged at 1.5% above LIBOR. The loan is secured by way of a guarantee provided by Norse Group Limited.

- By virtue of an agreement dated 5 July 2016, Norse Development Company Limited received a loan of £6.25m from the ultimate parent undertaking, Norfolk County Council. The loan is repayable in 29 equal annual instalments starting from July 2018. Interest on the loan is charged at 4%. The loan is secured by way of a guarantee provided by Norse Group Limited. At 31 March 2021 the value outstanding was £6.3m.

- By virtue of an agreement dated February 2018, the Norse Consulting Group received a new £3.5m loan from the ultimate parent undertaking, Norfolk County Council. The loan is repayable in bi-annual instalments commencing August 2018 with the final instalment being due in February 2025. Interest on the loan is charged at 2.5% per annum. The loan is secured by way of a guarantee provided by Norse Group Limited. At 31 March 2021 the value outstanding was £2.7m.

- During the year, Norse Care Limited received a loan of £3m from the ultimate parent undertaking, Norfolk County Council. The loan is repayable in 15 equal annual instalments commencing March 2021. Interest on the loan is charged at 3.5% per annum. The loan is secured by way of a guarantee provided by Norse Group Limited. At 31 March 2021 the value outstanding was £2.8m.

Notes to the consolidated financial statements

25. Provisions

	Other provisions (current liabilities) £'000	Dilapidation provision £'000	Total £'000
At 1 April 2019	25	-	25
Released to Income statement	(25)	-	(25)
Amounts utilised during the year	-	-	-
Additional provisions	-	151	151
At 31 March 2020	-	151	151
Additional provisions	-	249	249
Released to Income statement	-	-	-
At 31 March 2021	**-**	**400**	**400**

Other provisions
The nature of the group's activities, particularly in relation to its operations, is such that from time to time it faces challenges in respect of contractual disputes, laws and regulations and tax arising in the normal course of business. Provisions are made for these actions where this is appropriate. The directors consider that a provision has been made for all known liabilities.

Dilapidation provision
The dilapidation provisions relate to properties occupied by NPS South West Limited, NPS London Limited, NPS Leeds Limited and NPS Property Consultants Limited. The provision represents an estimate of costs expected to be incurred at the end of the respective leases to make good changes that have been made to the properties during the lease period. It is expected that £315k of this balance will be released within one year and the remaining £85k within two to five years.

Notes to the consolidated financial statements

26. 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 22.

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 Norse Group Limited consisting of issued ordinary share capital, reserves and retained earnings (see consolidated statement of changes in equity) and cash and cash equivalents. The Group's overall capital risk management strategy remains unchanged from previous years.

The Group's access to capital remains strong, with either additional debt or equity from its sole shareholder Norfolk County Council available to support additional investment where appropriate, as well as additional debt funding from the external market, with the reduction in debt levels during 2021 providing headroom for additional debt if required.

Other risks are outlined in the Strategic Report.

Notes to the consolidated financial statements

27. Pensions and employee benefit obligations

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

	2021	2020
	£'000	£'000
Non-current:		
- Defined benefit plans	**48,431**	39,535
Current:		
- Other pension obligations (within other creditors)	**1,525**	1,608
- Other short-term employee obligations (within accruals)	**1,305**	954
	2,830	2,562

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.

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 2019 updated to year end 31 March 2021 by a qualified independent actuary. For certain defined benefit schemes, on termination of the service agreement, the employees and associated defined benefit liability will revert back to the relevant local authority. The net defined benefit obligation has therefore been adjusted to reflect the future commitment of the Group.

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

	2021	2020	2019
	%	%	%
Rate of increase in salaries	**3.4**	2.6	2.8
Rate of increase in pensions in payment	**2.7**	1.9	2.5
Discount rate	**2.0**	2.3	2.4
Inflation assumption	**2.7**	1.9	2.5

Notes to the consolidated financial statements

27. Pensions and employee benefit obligations (continued)

The post retirement mortality assumptions used to value the benefit obligation at the year end are based on the Fund's VitaCurves, which is a statistical model of the diverse range of survival patterns that are observed in the recent past, with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, an allowance for smoothing of recent mortality experience, initial adjustment of 0.5% and a long term rate of improvement of 1.5% per annum. Based on these the average future life expectancies at age 65 are as follows:

	2021 Males	**2021 Females**	2020 Males	2020 Females
Current pensioners (years)	**21.5**	**24.0**	21.7	23.9
Future pensioners (years)	**22.8**	**25.9**	22.8	25.5

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers. During the year the assumptions used were reviewed in detail and refined, in relation to three specific areas of inflation, mortality rates and discount factors, to ensure these were appropriate to the underlying liabilities. 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.

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:

	2021 £'000	2020 £'000	2019 restated £'000
Equity securities	**-**	24,036	43,814
Debt securities	**2,169**	1,807	1,910
Private equity	**12,089**	9,357	10,292
Investment funds and unit trusts	**154,224**	99,935	86,403
Derivatives	**70**	(218)	430
Property	**19,006**	16,441	19,686
Cash	**2,970**	4,113	4,162
Total fair value of assets	**190,528**	155,471	166,697
Present value of scheme liabilities	**(242,433)**	(198,425)	(211,890)
Adjustment to reflect the Group's future commitment	**3,474**	3,419	5,651
Deficit in the scheme	**(48,431)**	(39,535)	(39,542)

The actual return on scheme assets in the year was a gain of £30,710 (2020: a loss of £9,961k).

Notes to the consolidated financial statements

27. Pensions and employee benefit obligations (continued)

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

	2021	2020
	£'000	£'000
At 1 April	**(39,535)**	(39,542)
Total operating charge	**(3,175)**	(4,395)
Total finance charge	**(910)**	(991)
Actuarial (losses)/gains from changes in financial assumptions	**(8,396)**	2,044
Contributions by the Group	**3,589**	3,345
Estimated unfunded benefits paid	**4**	4
Effect of business combinations and disposals	**(8)**	-
At 31 March	**(48,431)**	(39,535)

Notes to the consolidated financial statements

27. Pensions and employee benefit obligations (continued)

An analysis of the defined benefit cost follows:

Analysis of the amount charged to operating profit:

	2021	2020
	£'000	£'000
Current service cost	(3,305)	(4,395)
Gain on settlements and curtailments	130	-
Total operating charge	(3,175)	(4,395)

Analysis of the amount charged to finance costs:

	2021	2020
	£'000	£'000
Interest income	3,032	3,401
Interest on pension scheme liabilities	(3,942)	(4,392)
Total finance charge	(910)	(991)

Analysis of the amount recognised in other comprehensive income:

	2021	2020
	£'000	£'000
Actuarial gains/(losses) in respect of scheme assets	27,678	(11,900)
Experience adjustments arising on scheme liabilities	1,883	(5,881)
Change in demographic assumptions	(317)	4,961
Change in financial assumptions	(37,640)	14,864
Actuarial (losses)/gains recognised in other comprehensive income	(8,396)	2,044

Notes to the consolidated financial statements

27. Pensions and employee benefit obligations (continued)

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

	2021	2020
	£'000	£'000
Fair value of scheme assets at the beginning of the year	**133,659**	142,579
Interest income	**3,032**	3,401
Actuarial gains/(losses)	**27,678**	(11,900)
Contributions by employers	**3,589**	3,345
Contributions by members	**619**	640
Benefits paid	**(4,294)**	(4,406)
Estimated unfunded benefits paid	**(4)**	-
Estimated contributions in respect of unfunded benefits paid	**4**	-
Effect of business combinations and disposals	**24**	-
Effect of settlement	**(257)**	-
Fair value of the scheme assets at the end of the year	**164,050**	133,659

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

	2021	2020
	£'000	£'000
Present value of scheme liabilities at the start of the year	**173,194**	182,121
Current and past service costs	**3,305**	4,395
Interest cost	**3,942**	4,392
Contributions by members	**619**	640
Benefits paid	**(4,294)**	(4,406)
Estimated unfunded benefits paid	**(4)**	(4)
Actuarial losses/(gains)	**36,074**	(13,944)
Effect of business combinations and disposals	**32**	-
Effect of settlements	**(387)**	-
Present value of the scheme liabilities at the end of the year	**212,481**	173,194

The cumulative amount of actuarial gains and losses recognised in other comprehensive income at 31 March 2021 was a net loss of £56,857k (2020: net loss of £48,461k).

Notes to the consolidated financial statements

27. Pensions and employee benefit obligations (continued)

Future funding obligation
The directors anticipate that contributions of approximately £3,549k (2020: £3,648k) will be paid in respect of the defined benefit schemes in the year to 31 March 2022.

This consists of the following contributions:

	2021 **£'000**	2020 £'000
Norse Commercial Services Limited	**1,219**	1,207
GYB Services Limited	**430**	442
Suffolk Coastal Norse Limited	**785**	868
NPS London Limited	**225**	222
NPS South West Limited	**726**	739
NPS South East Limited	**164**	170
	3,549	3,648

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%	**2,457**
Rate of increase in pensions in payment	+0.5%	**18,433**
Discount rate	- 0.5%	**21,316**
Life expectancy	+ 1 year	**8,494**

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 being contributions to defined contribution schemes.

During the year the group paid contributions of £9,883k (2020: £10,066k) to defined contribution schemes.

At the year end the group was committed to further capital expenditure of £729k (2020: £1,517k).

Notes to the consolidated financial statements

28. Contingent liabilities

The group has a contingent liability for performance bonds issued in the normal course of business. The value of unexpired performance bonds in issue at the year end was £1,205k (2020: £1,205k)

Capital commitments
At the year end the Group was committed to further capital expenditure of £729k (2020: £1,517k).

Notes to the consolidated financial statements

29. Related party transactions

Transactions with related parties
The Group had the following transactions in the normal course of trade with related parties:

2021:	Sales £'000	Purchases £'000	Receivables £'000	Payables £'000
Norfolk County Council	91,726	3,517	17,624	5,104
Devon County Council	6,451	235	756	461
London Borough of Waltham Forest	5,450	499	797	628
Barnsley Metropolitan Council	5,360	457	1,852	751
Norwich City Council	18,859	579	6,717	1,441
Leeds City Council	3,370	29	555	1,566
Hull City Council	9,847	405	1,238	519
Peterborough City Council	2,195	249	94	203
Great Yarmouth Borough Council	13,295	1,287	4,522	2,453
Havant Borough Council	10,628	-	772	445
Medway Council	25,558	133	1,395	1,356
Suffolk County Council	4,423	2,622	1,692	313
East Suffolk Council	18,049	4	1	1,306
Borough Council of Wellingborough	5,615	256	16	468
Newport City Council	13,761	704	2,399	2,537
London Borough of Enfield	46	-	49	-
Broadland District Council	772	205	115	-
Breckland District Council	462	55	45	-
Borough Council of King's Lynn & West Norfolk	989	45	1	-
North Norfolk District Council	647	13	57	-
South Norfolk District Council	520	118	52	-
Daventry District Council	4,132	1,027	468	384
Wigan Council	1,461	49	398	2
Amber Valley Borough Council	3,402	20	427	300
Uttlesford District Council	7,404	74	4,298	1,115
New Anglia Local Enterprise Partnership Limited*	1	-	-	-
Norwich Regeneration Limited*	111	-	7	-
The Forum Trust Limited*	35	-	3	-
YPO Procurement Holdings Limited*	-	20	-	2
Hull Culture and Leisure Limited*	11	-	-	-
Conrad Consulting Limited*	1	13	-	-
East Anglia's Childrens Hospices*	1	-	-	-
Repton Property Developments Limited*	9	-	-	-

The related parties consist of the ultimate parent undertaking (Norfolk County Council), other parties to the partnerships that are in place within the Group and other interests of the directors of Norse Group Limited and its subsidiaries (*).

Notes to the consolidated financial statements

29. Related party transactions (continued)

2020:	Sales £'000	Purchases £'000	Receivables £'000	Payables £'000
Norfolk County Council	82,799	3,042	9,170	3,881
Devon County Council	6,565	336	984	385
London Borough of Waltham Forest	6,318	139	829	428
Barnsley Metropolitan Council	6,326	695	800	467
Norwich City Council	22,971	997	6,661	1,471
Leeds City Council	5,404	250	469	1,507
Hull City Council	9,953	408	1,595	452
Peterborough City Council	2,178	178	101	198
Great Yarmouth Borough Council	13,618	894	2,080	451
Havant Borough Council	7,810	-	867	241
Medway Council	20,119	423	4,970	690
Suffolk County Council	3,861	2,500	209	22
Borough Council of Wellingborough	5,325	817	37	433
Newport City Council	13,950	435	2,362	2,712
London Borough of Enfield	89	194	368	-
Broadland District Council	729	194	66	-
Breckland District Council	374	33	183	-
Borough Council of King's Lynn & West Norfolk	824	26	336	-
North Norfolk District Council	416	-	32	-
South Norfolk District Council	418	7	40	-
Daventry District Council	5,523	1,624	1,956	1,135
Wigan Council	1,965	11	240	-
East Suffolk Council	17,410	4	895	786
Waltham Forest Housing Association*	1	-	-	-
The National Care Forum*	-	10	-	8
New Anglia Local Enterprise Partnership Limited*	6	-	5	-
Norwich Regeneration Limited*	132	-	11	-
The Forum Trust Limited-	38	-	3	-
Great Yarmouth Racecourse Limited	21	-	1	-
YPO Procurement Holdings Limited	-	11	-	-
Hull Culture and Leisure Limited	60	9	3	-
Conrad Consulting Limited*	1	26	-	-
Anglian Radio Trust Limited*	-	2	-	-
Archant Regional Limited*	1	10	1	-
Archant Limited*	945	27	267	-

The creditor balances above do not include loans from Norfolk County Council. These are separately disclosed within note 24. Interest of £671k (2020: £676k) was charged by Norfolk County Council on these loans in the year.

Notes to the consolidated financial statements

29. Related party transactions (continued)

Transactions with joint ventures and associates
During the year the group paid various expenses on behalf of Beattie Passive Norse Limited. At the year-end a balance of £4,952k (2020: £4,849k) was due from Beattie Passive Norse Limited. Of this amount, £4,952k (2020: £4,849k) has been provided for.

During the year the group made sales of £125k (2020: £76k) to Broadland Growth Limited. At the year end a balance of £17k (2020: £1,038k) was due from Broadland Growth Limited.

During the year the group made sales of £4k (2020: £13k) to Build Insight Ventures Limited. At the year end a balance of £Nil (2020: £18k) was due from Build Insight Ventures Limited. During the year the group made purchases of £1k (2020: £Nil) from Build Insight Ventures Limited. At the year end a balance of £Nil (2020: £Nil) was due to Build Insight Ventures Limited.

During the year the group made sales of £179k (2020: £188k) to Mid Suffolk Growth Limited. At the year end a balance of £679k (2020: £227k) was due from Mid Suffolk Growth Limited. During the year the group made purchases of £Nil (2020: £Nil) from Mid Suffolk Growth Limited. At the year end a balance of £5k (2020: £5k) was due to Mid Suffolk Growth Limited.

During the year the group made sales of £69k (2020: £369k) to Babergh Growth Limited. At the year end a balance of £460k (2020: £442k) was due from Babergh Growth Limited. At the year end a balance of £5k (2020: £5k) was due to Babergh Growth Limited.

Audit exemptions for the Norse Group Subsidiaries
During the year Norse Group Limited has provided a parental guarantee in accordance with Section 479a and 479c of the Companies Act 2006 on behalf of the following subsidiaries, in order to provide them with exemption from audit of their individual financial statements:

Norse Commercial Services Limited
NPS Property Consultants Limited
Norse Care Limited
Norse Care (Services) Limited
International Aviation Academy – Norwich Limited
Hamson Barron Smith Limited
Norse Energy Limited
Norse Energy (BSCC) Limited
Norse Energy (BSCC BIOMASS) Limited
Norse Energy (STOKE GIFFORD) Limited
Norse Energy (HAFOD) Limited
Norse Development Company Limited
NPS South East Limited
Norse Group Holdings Limited
Norse Eastern Limited
Norse Transport
Norfolk Environmental Waste Services Limited
Eventguard Limited
Suffolk Norse Transport
Norse Consulting Group Limited
Build Insight Ltd
Build Insight Consulting Ltd
Build Insight Ventures Ltd

Notes to the consolidated financial statements

29. Related party transactions (continued)

Transactions with key management personnel
Key management are the directors of Norse Group along with certain executive directors of NPS Property Consultants, Norse Commercial Services and Norse Care. Key management personnel remuneration includes the following expenses:

	2021	2020
	£'000	£'000
Salaries and short-term employee benefits	**523**	513
Post-employment benefits - contributions to defined benefit pension plans	**31**	63
Total remuneration	**554**	576

There were no other transactions with key management personnel in either the current or preceding year. See note 7 for disclosure of the directors' remuneration.

30. Non-controlling interests

	2021	2020
	£'000	£'000
At 1 April	**(463)**	(876)
Effect of adoption of IFRS 16: Leases	**-**	(156)
Loss attributable to non-controlling interest	**(456)**	(80)
Other comprehensive (expense) / income attributable to non-controlling interest	**(750)**	649
At 31 March	**(1,669)**	(463)

Notes to the consolidated financial statements

31. Share capital

Allotted, called up and fully paid:

	2021		2020	
	Number	**£'000**	Number	£'000
Ordinary shares of £1 each	**11,964,404**	**11,964**	11,964,404	11,964

32. Reserves

Capital contribution reserve

The Capital contribution reserve is used to record the capital contribution from the transfer of freehold property from the ultimate parent company; Norfolk County Council.

Accumulated losses

Includes all current and prior year retained profits and accumulated losses.

33. Notes to the statement of cash flows

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before taxation to arrive at operating cash flow:

Adjustments

	2021	2020
	£'000	£'000
Amortisation	**152**	187
Depreciation	**12,624**	10,659
Profit on disposal of property, plant and equipment	**(651)**	(522)
Finance income	**(91)**	(117)
Finance costs	**1,745**	1,832
Finance costs in respect of defined benefit pension scheme	**910**	991
Current and past service costs in respect of defined benefit pension scheme	**3,175**	4,395
Share of (profit)/loss from equity accounted investments	**(176)**	40
Other	**(3)**	-
Impairment of property, plant and equipment	**5,124**	1,981
Total adjustments	**22,809**	19,446

Notes to the consolidated financial statements

33. Notes to the statement of cash flows (continued)

Net changes in working capital

	2021	2020
	£'000	£'000
Change in inventories	**688**	189
Change in trade and other receivables	**(6,155)**	(11,004)
Change in trade and other payables	**19,098**	5,416
Change in provisions	**249**	126
Total changes in working capital	**13,880**	(5,273)

34. Ultimate controlling undertaking

The ultimate controlling party is Norfolk County Council by virtue of its ownership of 100% of the ordinary share capital of the company.

Norse Group Limited is included within the consolidated financial statements of Norfolk County Council. Copies of the financial statements can be found at www.norfolk.gov.uk

The smallest and largest Group to consolidate these financial statements is Norfolk County Council.

Independent auditors' report to the members of Norse Group Limited

Report on the audit of the company financial statements

Opinion

In our opinion, Norse Group Limited's company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the company statement of financial position as at 31 March 2021; the company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the directors for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misstatement of financial information via inappropriate journal entries and/or management bias in key accounting estimates. Audit procedures performed by the engagement team included:

- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- reviewing meetings of minutes during the year and up to the date of approval of the financial statements;

- enquiring with management about any litigation and claims to identify any such undisclosed issues;
- Identifying and testing journals meeting specified criteria considered to be unusual or indicative of potential fraud;
- Evaluating management's controls designed to prevent and detect irregularities; and
- testing the appropriateness of key estimates made by management to identify any deliberate misstatements in the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime. We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of Norse Group Limited for the year ended 31 March 2021.

Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
10 December 2021

Company statement of financial position as at 31 March 2021

	Note	**31 March 2021 £'000**	31 March 2020 £'000
Fixed assets			
Investments	5	**11,964**	11,964
Net assets		**11,964**	11,964
Capital and reserves			
Called up share capital	6	**11,964**	11,964
Total equity		**11,964**	11,964

During the year the company generated a result of £Nil (2020: £Nil).

These financial statements on pages 90 to 97 were approved by the Board of Directors and authorised for issue on 9 DECEMBER 2021 and signed on its behalf by

N E Frogbrook
Chief Financial Officer and Deputy CEO

The accompanying accounting policies and notes on pages 92 to 97 form an integral part of these financial statements.

Company statement of changes in equity for the year ended 31 March 2021

	Called up Share capital £'000	Retained Earnings £'000	Total equity £'000
At 1 April 2019	11,964	-	11,964
Result for the year	-	-	-
Total comprehensive income for the year	11,964	-	11,964
Balance at 31 March 2020	11,964	-	11,964
Result for the year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31 March 2021	11,964	-	11,964

The accompanying accounting policies and notes on pages 92 to 97 form an integral part of these financial statements.

Notes to the company financial statements

1. General information

The company is a private company limited by shares, incorporated and domiciled in the UK. The address of its registered office is 280 Fifers Lane, Norwich, Norfolk, NR6 6EQ.

The group provide facilities management services, property consultancy services and residential and social care services.

2. Statement of significant accounting policies

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

2.1. Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared on a going concern basis.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 7 Financial Instruments: Disclosures

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
(i) paragraph 79(a)(iv) of IAS 1;
(ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
(iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)

- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures and Key Management Compensation.

A separate Income statement for the parent company is omitted from the parent company financial statements by virtue of section 408 of the Companies Act 2006. The company did not trade during the year.

Notes to the company financial statements

Statement of significant accounting policies (continued)

2.2. Investments

Investments held by the company represent investments in subsidiary undertakings and are recorded at cost, less provision for impairment.

2.3. 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. Financial 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.

3. Employee numbers

The company has no employees (2020: none).

4. Directors' emoluments

The company paid £nil in directors' emoluments during the year (2020: £nil). Five of the directors received no remuneration for the services provided to the company. The remaining three directors were paid by Norse Commercial Services Limited with no recharge.

Notes to the company financial statements

5. Investments

Direct subsidiary undertakings	Type of Share	Holding	Nature of business
Norse Consulting Group Limited	Ordinary	100%	Property consultants
Norse Commercial Services Limited	Ordinary	100%	Providing council services
Norse Care Limited	Ordinary	100%	Providing care services
Norse Group Holdings Limited	Ordinary	100%	Holding company
Indirect subsidiary undertakings			
NPS North East Limited	Ordinary	100%	Dormant
NPS North West Limited	Ordinary	100%	Dormant
NPS Stockport Limited	Ordinary	100%	Dormant
NPS London Limited	Ordinary	80%	Property consultants
NPS South West Limited	Ordinary	80%	Property consultants
NPS Humber Limited	Ordinary	60%	Property consultants
NPS South East Limited	Ordinary	100%	Property consultants
Hamson Barron Smith Limited	Ordinary	100%	Property consultants
NPS Barnsley Limited	Ordinary	80%	Property consultants
Barnsley Norse Limited	Ordinary	80%	Providing council services
NPS Leeds Limited	Ordinary	80%	Property consultants
NPS Norwich Limited	Ordinary	80%	Property consultants
Norwich Norse (Environmental) Limited	Ordinary	64%	Providing council services
Norwich Norse (Building) Limited	Ordinary	64%	Providing council services
Norse Energy Limited	Ordinary	100%	Renewable energy products
Norse Energy (Hafod) Limited	Ordinary	100%	Renewable energy products
Norse Energy (Stoke Gifford) Limited	Ordinary	100%	Renewable energy products
Norse Energy (BSCC) Limited	Ordinary	100%	Renewable energy products
Norse Energy (BSCC Biomass) Limited	Ordinary	100%	Renewable energy products
NPS Peterborough Limited	Ordinary	80%	Property consultants
Norse Eastern Limited	Ordinary	100%	Providing council services
Norse Transport	-	-	Providing transport services
GYB Services Limited	Ordinary	60%	Providing council services
Suffolk Coastal Norse Limited	Ordinary	100%	Providing council services
Enfield Norse Limited	Ordinary	60%	Providing council services
Waveney Norse Limited	Ordinary	80%	Providing council services
Eventguard Limited	Ordinary	100%	Providing security services
Devon Norse Limited	Ordinary	80%	Providing council services
Wellingborough Norse Limited	Ordinary	80%	Providing council services
Suffolk Norse Limited	Ordinary	80%	Providing council services
Suffolk Norse Transport	-	-	Providing transport services
Great Yarmouth Norse Limited	Ordinary	80%	Providing council services
Medway Norse Limited	Ordinary	80%	Providing council services
Medway Norse Transport	-	-	Providing transport services
Norse South East Limited	Ordinary	80%	Providing council services
West Northamptonshire Norse Limited	Ordinary	80%	Providing council services

Notes to the company financial statements

5. Investments (continued)

Indirect subsidiary undertakings	Type of Share	Holding	Nature of business
Newport Norse Limited	Ordinary	80%	Providing council services
Norfolk Environmental Waste Services Limited	Ordinary	100%	Waste management services
Addfill Limited	Ordinary	100%	Dormant
Norse Environmental Waste Services Limited	Ordinary	51%	Waste management services
NPS Newport Limited	Ordinary	80%	Dormant
Norse Care Services Limited	Ordinary	100%	Providing care services
NPS Infinity Limited	Ordinary	100%	Dormant
NPS Group Limited	Ordinary	100%	Dormant
NPS North London Limited	Ordinary	100%	Dormant
Hearth UK Limited	Ordinary	100%	Dormant
Hearth UK (Exeter) Limited	Ordinary	100%	Dormant
Peterborough Norse Limited	Ordinary	100%	Dormant
Norse Development Company Limited	Ordinary	100%	Property ownership
International Aviation Academy Norwich Limited	Ordinary	100%	Academic training facility
NPS NW Limited	Ordinary	100%	Property services
Uttlesford Norse Services Limited	Ordinary	80%	Providing council services
Amber Valley Norse Limited	Ordinary	80%	Providing council services
Build Insight Ventures Limited	Ordinary	100%	Dormant
Build Insight Limited	Ordinary	100%	Building Control
Build Insight Consulting Limited	Ordinary	100%	Building Control
NPS Property Consultants Limited	Ordinary	100%	Property consultants

Norse Transport, Suffolk Norse Transport and Medway Norse Transport are all limited by guarantee and, not having any share capital, are controlled by Norse Commercial Services Limited.

The registered office for all subsidiaries is 280 Fifers Lane, Norwich, Norfolk, NR6 6EQ.

Joint ventures
NPS Property Consultants Limited owns 50% of the issued share capital of Beattie Passive Norse Limited (a company incorporated in the United Kingdom). The principal activity of the joint venture is the construction of energy efficient buildings.

NPS Property Consultants Limited owns 50% of the issued share of Broadland Growth Limited, a company registered in the United Kingdom. The principal activity of the company is property construction and development.

NPS Property Consultants Limited owns 100% (2020: 50%) of the issued share capital of Build Insight Ventures Limited ('BIVL'), a company incorporated in the United Kingdom. On the 22nd March 2021 NPS Property Consultants Limited acquired the remaining 50% of the issued share capital. The principal activity of the company is a holding company. BIVL owns 100% of the issued share capital of Build Insight Limited and Build Insight Consulting Limited, companies incorporated in the United Kingdom. The principal activities of these companies are building control and related consultancy.

Norse Group Holdings Limited owns 50% of the issued share capital of Mid Suffolk Growth Limited ('MSG'), a company incorporated in the United Kingdom. The principal activity of the company is property development.

Norse Group Holdings Limited owns 50% of the issued share capital of Babergh Growth Limited ('BAB'), a company incorporated in the United Kingdom. The principal activity of the company is property development.

Notes to the company financial statements

5. Investments (continued)

Company	Group companies £'000
Cost and net book value	
At 1 April 2020 and 31 March 2021	**11,964**

6. Share Capital

Authorised share capital:

	2021	2020
	£'000	£'000
11,964,404 (2020: 11,964,404) Ordinary shares of £1 each	**11,964**	11,964

Allotted, called up and fully paid:

	2021		2020	
	Number	**£'000**	Number	£'000
Ordinary shares of £1 each	**11,964,404**	**11,964**	11,964,404	11,964

7. Reserves

	Retained earnings £'000
At 1 April 2020	-
Profit for the financial year	-
Dividends paid	-
At 31 March 2021	-

8. Profit attributable to members of the parent company

The profit dealt within the financial statements of the parent company was £Nil (2020: £Nil).

Notes to the company financial statements

9. Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard 101, paragraph 8(k), whereby wholly owned group undertakings do not have to disclose transactions with other wholly owned members of that group. Accordingly, there are no transactions which are required to be disclosed in relation to the company.
See note 4 for details of remuneration paid to directors of the company.

10. Controlling party

The ultimate controlling party is Norfolk County Council by virtue of its ownership of 100% of the ordinary share capital of the company.

Norse Group Limited is included within the consolidated financial statements of Norfolk County Council which are available on www.norfolk.gov.uk.

The smallest Group to consolidate these financial statements is Norse Group Limited. The largest Group to consolidate these financial statements is Norfolk County Council.