

CORMAC SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



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CORMAC SOLUTIONS LIMITED

COMPANY INFORMATION

DIRECTORS

C J Robinson
D J Bostock
P J Mawston (resigned 8 April 2022)
P R Andrew
T A Jeans
J D Rand (resigned 10 May 2021)
R A Pears (resigned 10 May 2021)
M W Hanrahan
J M Gregory
S J Smith (resigned 8 December 2021)

COMPANY SECRETARIES

R C Zmuda (resigned 31 December 2021)
D E G Kinnair (resigned 30 June 2022)

REGISTERED NUMBER

07737430

REGISTERED OFFICE

Western Group Centre
Radnor Road
Scorrier
Redruth
Cornwall
TR16 5EH

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

BANKERS

NatWest
2/4 St Nicholas Street
Truro
Cornwall
TR1 2RN

CORMAC SOLUTIONS LIMITED

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CORMAC SOLUTIONS LIMITED

CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

Cormac Solutions Limited (CSL) is an integral part of the Corserv Group. It makes a significant contribution to the Group's financial performance and as importantly, to the Group's objective to Improve the Lives of People in Cornwall.

The Company is comprised of four diverse, but vital service businesses. Highways (comprising network maintenance, environmental services, contracts, consulting, surfacing and quarry), Facilities Management (comprising cleaning, property services, fleet management and workshop facilities), Community Care Services (providing domiciliary care, reablement and residential Dementia care) and Fleet & Workshops (provision and maintenance of vehicles for the Group and our external customers).

The start of the 2021/2022 year was impacted by the Covid pandemic, however it had negligible impact on our services as safe working control measures were utilised. Home working was utilised by a significant number of employees.

Looking ahead

Following Corserv group structure changes in April 2022, with the development of new subsidiaries Corserv Care Ltd and Corserv Facilities Ltd, the company's services will become less diverse and will comprise of a Highways, Environment and Civil Engineering Business and a Fleet Business. Both businesses will be significantly influenced by Cornwall Council's new business plan and their outcome delivery priorities including a thriving, sustainable Cornwall, and carbon reduction. We will be focusing on ensuring the business is sufficiently efficient, productive and agile to respond to the challenges ahead.

Governance

The Board appointments made at the end of the previous financial year have contributed to the success of the company through the year, with relevant sector experience and knowledge supporting the business. The Board has been supported by the Group Audit and Risk & Assurance Committee.

We are committed to equality and diversity on the Board. Each year we undertake an internally led Board review and welcome the feedback as to where improvements can be made. As we look forward to the challenges of the next financial year, we recognise that as a Board, we have a role to play in considering new and improved ways of working. We will continue to strive to ensure our Board membership is representative of the communities we serve.

Finally, I would like to thank all of my colleagues across the company for your hard work and dedication to the company over the last 12 months.



P R Andrew
Chair

CORMAC SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

BUSINESS PERFORMANCE OVERVIEW

Company operations are managed under these four businesses:

1. Highways, Environment & Civil Engineering

The Highways, Environment and Civil Engineering business delivers a variety of services primarily to its main client Cornwall Council. This business division includes civil engineering design and delivery, highways and environment asset management and maintenance, road surfacing and aggregate and asphalt production via the Castle quarry.

2. Facilities Management

The Facilities Management business operates in an extremely competitive marketplace offering cleaning and property maintenance services to a mix of Cornwall Council and other external customers.

3. Fleet & Workshop Services

The Fleet & Workshops Services business provides and maintains a fleet of over 1,000 vehicles offering a cost effective fully maintained fleet solution for Cornwall Council and other local customers.

4. Care

The care business delivers reablement support (STEPS) and domiciliary care (CorCare) to clients in their home as well as residential care at the Trefula Care Home.

From April 2022 Care and Facilities Management divisions have been incorporated as separate companies and are no longer part of Cormac Solutions Ltd, but remain part of the Corserv Group.

Financial Summary

Cormac Solutions Limited (CSL) delivered a consistent financial performance in 2021-2022 with a profit before tax, interest and tax relief adjustments (note 5) of £5.030m (3.9% of turnover) across its four business streams. This compares to £3.738m in 2020-2021 (3.6% of turnover). The underlying increase in operational profits reflected the growth in sales over the year, with strong first quarter performance due to additional contracts and work that arose from the G7 Summit preparations.

The Directors have reviewed our current position and conclude that CSL is a going concern in this current economic climate. This is based upon forecast revenues for the next 12 months, including the retention of our Highways and Environmental Services Term Service Contracts with Cornwall Council, along with an order book containing key infrastructure design and build contracts which will contribute to Cornwall's growth. Our forecasts are similar to 2021-2022 for the Highways, Environment & Civil Engineering and Fleet business (note that the Care and Facilities management businesses are separate legal entities as of April 2022) and 2022-2023 budget targets. The company's cash forecast position is on a par with this time last year. The Group also has access to an additional loan facility available to subsidiaries.

STRATEGIC AND KEY OBJECTIVES

Cormac's strategy aligns to the Corserv Group strategic themes and will enable us to achieve our mission of "Working together to improve the lives of people in Cornwall".

Our strategy is structured around two areas: focus on people, with investment, engagement and a values-aligned culture; improved efficiency with focus on technology and elimination of waste. These areas are supported by the following themes:-

- Leadership development – ensuring our business divisions align with client core contracts and have clear, accountable management chains;
- Commercial team – enhanced team to identify, bid and win new business to deliver external growth;
- Efficiency programme – review of back office and group central support functions combined with improved resource management and management information;
- People investment – focus on workforce development, structured education and employee engagement;
- Cultural change – focus on importance of improving safety and customer satisfaction.

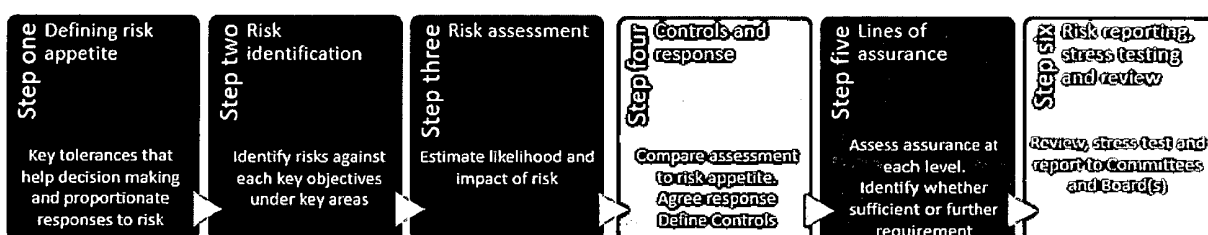
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

PRINCIPAL RISKS AND UNCERTAINTIES

As part of the governance structure for the Group, the Audit, Risk and Assurance Committee (ARAC) are working with the Cormac Solutions Board and management team to develop a robust risk assurance framework to ensure risks are identified, assessed, managed and monitored appropriately.

As part of this process the company will adopt the well regarded Three Lines of Defence model, to ensure that adequate controls are in place and working effectively.

Steps one to five of this framework, as outlined below, has been implemented within the company with step six ongoing.



Principal Risks:

The principal risks for Cormac Solutions are outlined below along with the mitigating controls and change in risk since the last reporting period.

Risk: Health and Safety of Employees

Definition: The company operates across range of complex and hazardous areas. If our approach to H&S lacks sufficient control and oversight, this could result in:

- Death, harm or injury to colleagues, tenants, customers or the public
- Reduced ability to bid for and win work
- Reputational damage
- Financial penalties arising from fines, claims or legal action
- Personal liability

Mitigation:

- H&S Plan and system in place
- Mandatory training programme
- Near miss reporting driving improvements
- H&S procedures and policies
- H&S reporting reviewed, and improvements made on performance data
- Onsite risk assessments undertaken
- Supervision
- System support (e.g. FMS, Lone working devices)
- Detailed stock quality and asset compliance registers

Risk: Regulatory / Compliance Breach

Definition: The company operates in a regulated environment, subject to the oversight by a range of regulators. Failure to adhere to, or respond to changes in regulatory requirements, laws or standards results in:

- Litigation and/or prosecution
- Fines and Penalties
- Business disruption
- Reputational damage
- Lost contracts/customer confidence

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Mitigation:

- Implementation of compliance framework that outlines requirements and updates the business as changes occur
- Mandatory staff training
- Appropriate and responsive policies and procedures aligned to compliance requirement
- Risk and assurance framework which highlights control weaknesses

Risk: Data Security (including Cyber resilience and GDPR)

Definition: Local government is increasingly targeted by sophisticated cyber security attacks. As a business we are increasing our use of mobile and online technology. A failure to protect key confidential data could result in:

- Litigation and/or prosecution with associated fines
- Business disruption
- Loss of Intellectual Property
- Reputational damage
- Lost contracts/customer confidence

Mitigation:

- Data governance framework (GDPR compliance)
- Staff training
- Regular system testing
- Mandatory password changes with password strength controls
- Detailed security assessments of new systems pre implementation

Risk: Access to Labour

Definition: Inability to attract and retain the required levels of skilled and competent staff could result in:

- Stress and pressure on remaining workforce
- Risk performance against contract terms
- Restrict business growth
- Ability to deliver business plan targets

Mitigation:

- Benchmark pay and benefits against local market
- Employee brand building strategy promoting EDI and non-pay related benefits
- Staff training, development and engagement
- PRP schemes

Risk: Revenue Concentration (dependency on single Client)

Definition: Within Teckel rules, the company is highly dependent on revenue from our main client. Company performance is highly influenced by availability and allocation of budgets within Cornwall Council, which are in part subject to external political and economic pressures. Reduced Client funding could result in:

- Reduced sales and delivery of services for Cornwall
- Risk of employee redundancy to save costs
- Underinvestment in the business reducing performance
- Trading losses and additional borrowing with associated interest charges

Mitigation:

- Regular communications with main client
- Undertake value for money benchmark assessments
- Monitor Teckel compliance ratio
- Monitor service delivery and client satisfaction metrics

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Risk: Supply Chain Inflation

Definition: With the economy recovering from Brexit, the pandemic and impact on the supply chain caused by the Russia/Ukraine conflict and a buoyant construction sector, risk of demand exceeding supply in the supply chain resulting in:

- Inflationary increases in material costs
- Pressure on operational margins
- Knock on pressure on Client budgets
- Material shortages and increased lead times
- Pressure on service delivery timetables

Mitigation:

- Forecasting of contractual inflation indices and utilisation of cost reimbursable payment mechanisms where possible
- Regular communication with suppliers
- Multiple sources of supply for materials where possible
- Review stock replenishment levels and policies

Internal Audit:

Internal Audit services for CSL are provided by the Group through Cornwall Council, who undertake a programme of work directed and approved by the Group Audit, Risk and Assurance Committee. All reviews are undertaken by professionally qualified, experienced auditors and in compliance with the International Standards for the Professional Practice of Internal Auditing. In respect of the 2021/22 financial year, the following internal audit reviews were undertaken relating to CSL:

- Contract Management
- Training Compliance
- Fleet Management (compliance)
- Procurement
- Payroll
- Property Compliance
- Cyber Security

Issues and weaknesses arising from all audit reviews are discussed with respective directors and agreed management actions are developed, which are recorded on a dedicated tracking system for monitoring and performance purposes. All Internal Audit reports are presented to and considered by the Audit, Risk and Assurance Committee.

KEY PERFORMANCE INDICATORS

Accidents

Focus on safety remains our top priority, with resources committed to improving the safety culture and engagement across the workforce.

- Long term trend for All Incident AFR continues to decline.
- Focus on near miss reporting and incident data analysis. Incident severity and associated lost time both down.
- Development of the Group H&S management system
- Decentralisation of Group SHEQ resources, through the creation of advisory services in businesses
- Excellent results reported on Third Party BSI compliance audits.

Finance

- Revenue increased by 25%; total revenue of £129.4m
- Operating profit margin of 1.3%; from 1.2% (3.9% from 3.6% pre-tax relief adjustments)
- Current asset ratio of 0.98; from 1.02

CORMAC SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Customer Satisfaction

CSL has performed well with regards to customer satisfaction through contract Key Performance Indicators on our contracts with our main client, Cornwall Council, these are reviewed monthly by operational teams, and quarterly through our Partnership Board with the Council. Focus on contract service performance has been enhanced through improved contract governance and management accountability.

Compliance

The company benefits from the Group Audit, Risk and Assurance Committee (ARAC) introduced to strengthen and refine Corporate Governance across the Group and to support the Board of Directors. One of the key items of focus for the ARAC in the coming year will be embedding the Compliance Framework. For parts of the business our management system is certified to internationally recognised standards ISO 9001 (Quality), ISO 14001 (Environment), and ISO 45001 (Occupational Health & Safety).

FUTURE DEVELOPMENT

CSL has significant trading prospects over the next four years. These opportunities have been developed through a collaborative approach to business planning with our main client Cornwall Council.

Our strategic driver is defining and fulfilling our role as the Council's "Place Making Delivery Partner", based on our operating principles. We will:

- have a positive impact on Cornwall;
- achieve carbon neutrality by 2030;
- grow organically from strong foundations;
- safely deliver high quality services;
- work across the Group and buy from each other wherever possible;
- advocate for each other and share opportunities;
- respect and invest in our people;
- deliver the expected benefits to our stakeholders.

As the Council's "place making" delivery partner, there are many opportunities for us to contribute to a thriving, sustainable Cornwall, and to support the growth and delivery of Cornwall's public infrastructure. Through our four year plan we have commitment from Cornwall Council to play a significant role in the delivery of a programme of capital projects that will contribute to economic, social and environmental outcomes.

Our areas of focus for our four year business plan commencing in 2022-2023 is:

- Continuing to improve the safety performance of our own staff and those in our supply chain.
- To maximise the value our Term Service Contracts, create for Cornwall's communities, including the creation of Social Value.
- Focusing on our people by delivering cultural change, embedding our new operating model and improving communications and engagement. We will be investing more in staff retention, recruitment, training and development and aim to achieve Investors in People award.
- Improving the use of technology to improve processes, deliver efficiencies and provide tools to frontline staff that enhance their safety, operational ability and efficiency.

SOCIAL RESPONSIBILITY

Social value is important to us and our clients as demonstrated by the following examples:

Social: Our contribution to vibrant and healthy communities includes the establishment of local, community based stakeholder relationships through our area based delivery model, continued development of our volunteering and volunteering facilitation functions. In addition, we have active programmes supporting apprenticeships, graduates and MBAs. Our focus on sourcing local supplies, where possible, supports further local employment in Cornwall.

Supporting our communities

During the year, our two Community Partnership Officers have worked with a range of volunteers in a variety of settings from woods and gardens to communal areas, wetland reserves, parks and towns. During the year we provided equipment and support to voluntary groups across the county to enable them to provide an estimated 16,000 hours of activity. This equates to a value approximately £0.25m given back to the community by our volunteers.

Employee wellbeing

As part of our overall wellbeing strategy, the Safeguarding Advocate Programme through Cornwall Council has enabled 80 people across the Group to volunteer as an advocate and help us to protect each other, as well as the communities we work with. In addition, we are training our people to become Mental Health First Aiders and have close to 100 employees with a MHFA England qualification. During the year, there has been significant focus on supporting employees through the aftermath of the Covid pandemic, with additional advice and support on wellbeing for those working from home.

Equality and Diversity

Cormac is committed to embedding the principles of Equality, Diversity and Inclusion (EDI) across all areas of our business, as reflected by the following:

- Equality & Diversity Steering Group that represents the Corserv Group with the Equality and Diversity Lead representing the group on Cornwall Council's Equality Steering Group.
- Specific section for Equality and Diversity on company intranet, promoting policy and calendar of events.
- HR system that has a self-serve system for Equality Monitoring, enabling employees to update their equality information, together with data collection at point of application and on-boarding.
- Investing in employee training and development with additional access to other training such as 'Making Every Contact Count' which is aimed at reducing Health Inequalities.
- Employee Engagement Forum set up which is an inclusive collective group of employees that come together to inform, communicate and engage on issues that affect all our working lives. The group acts as company ambassadors and fairly represents each team, department and company.
- Employer Relations Team that supports colleagues and managers at all levels across the group.

Environmental: We aim to make a significant contribution to Cornwall Council's declared Environmental Emergency and have integrated this into our Sustainability Plan as follows:

- Creation of quality of place and environment and enhance nature, assets and access: through our capital project delivery along with our maintenance services.
- Coastal and flooding resilience: through development and delivery of capital projects that provide resilience to communities and create opportunities for economic growth.
- Reduce waste and increase recycling: through clear policies and an overarching Waste Management Plan which aggregates our management of waste and recycling.
- Management of our energy use and emissions through a reduction programme, reducing our carbon intensity ratio (calculated against our revenue).
- Transition to Ultra Low emission vehicles by 2030.
- In partnership with another Cornish company and Cornwall Council, launching and trialling a vehicle running on zero carbon biomethane, with plans to expand to other operations if successful.
- The introduction of Working from Home guidance has resulted in a significant reduction in carbon footprint with reduced commuting for office-based teams.

Economic: our "local economic footprint", (the pence in every pound spent which is retained in the Cornish economy), is estimated to be 72p in £1. It is maximised by the fact that the majority of our supply chain are local SMEs. We have also committed to increasing the local spend of our procurement to 80p in the pound by 2024-2025 for SME's or national businesses with a local footprint.

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The Board of Directors of Cormac Solutions Limited consider, both individually and together, that they have acted in the way they consider, in good faith would be most likely to promote the success of the Company for the benefit of its member (i.e. Corserv Limited) (having regard to the matters as set out within section 172 (1) (a) – (f) of the Companies Act 2006); in respect of its decisions taken during the year-ended 31 March 2022.

In particular, by reference to the approval of the Corserv Group's 4 and 1-year Business Plans ('Business Plans') for the period 2022/23-2025/26. The Business Plans were approved via a decision of the Leader of Cornwall Council (implementation date 23/03/22). The Plans set out the Group's and the Company's priorities for the next four years. The Business Plans have been designed to have a long-term beneficial commercial impact on the Group and the Company in general; and to contribute to the Group and the Company's success in delivering enhanced returns to its ultimate Shareholder (Cornwall Council) and better-quality services to its customers.

Our employees are fundamental to the delivery of our Business Plan. We aim to be a responsible employer in respect to our approach to employee benefits. The health, safety and well-being of our employees are one of our primary considerations in the way we carry out business.

The Company engages and works on a collaborative basis with its customers and suppliers on a regular basis; providing excellent customer service to our clients, delivering work on time and within budget to ensure customer satisfaction is high.

The Company's supply chain is fundamental to our ability to undertake our contractual commitments and therefore building new and maintaining existing supply chain relationships is key to our success. We are a highly respected Client whom our supply chain competes to work for. We adopt a partnering approach, through collaborative working, market engagement, operating honestly, fairly and openly with our supply chain.

Throughout our Business Plan, there is commitment to increase the utilisation of local supply chain partners and to enhance the social value benefit that our supply chain expenditure brings to the economy of Cornwall.

The Board recognises the impact of the Company's operations on the community and environment and our wider societal responsibilities within the South West region.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating with high standards of business conduct and good governance as would be expected of a Group/businesses of our scale.

As the Board of Directors, our intention is to behave responsibly towards our direct Shareholder (Corserv) and our ultimate owner, Cornwall Council, and to treat our Shareholders fairly so that they may benefit from the successful delivery of our Business Plans.

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



D J Bostock
Director

Date: 27th October 2022

CORMAC SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £697,922 (2021: £243,521).

A dividend of £1,340,000 was paid during the financial year.

DIRECTORS

The directors who served during the year were:

C J Robinson
D J Bostock
P J Mawston (resigned 8 April 2022)
P R Andrew
T A Jeans
J D Rand (resigned 10 May 2021)
R A Pears (resigned 10 May 2021)
M W Hanrahan
J M Gregory
S J Smith (resigned 8 December 2021)

FUTURE DEVELOPMENTS

This is disclosed within the strategic report.

ENGAGEMENT WITH EMPLOYEES

The company is committed to its policy of training and developing its workforce to ensure its clients' needs and expectations are met. The company is committed to communicating and engaging with its employees in matters relating to their work and encourages employees to express their views in helping the company achieve long term success.

The company uses surveys and focus groups to gain further feedback from employees.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Supplier Engagement

The company takes supplier engagement very seriously. The company paid 92% of suppliers within 60 days in the year (2020-2021: 96%). As a major Cornish based company, we recognise the importance of supporting our local economy which is why the significant majority of our supply chain is based in the county. Many of our suppliers are local SME's and sole traders.

Customer Engagement

Delivering high customer satisfaction is key to our future success. We report to our main client on several performance indicators relating to service delivery and quality, and focus efforts on improving customer service and value for money. We also engage with the residents of Cornwall, requesting feedback on the services we deliver and understanding how we can improve the provision of our services.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

STREAMLINED ENERGY AND CARBON REPORTING

The Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon) Regulations 2018, implements the government's policy on Streamlined Energy and Carbon Reporting (SECR).

Under these regulations Cormac Solutions Limited is required to disclose UK energy use, associated greenhouse gas (GHG) emissions and other related information.

This report covers the 2021/22 financial year (1st April 2021 to 31st March 2022).

For 2021/22, the decision has been taken to report on an individual basis for companies within scope, as opposed to the previous format of consolidated Corserv Group accounts. If you would like to see more information on the Corserv Group's emissions, please see the latest version of our 'Carbon Reduction Plan' published on our website.

Energy Efficiency Action

We recognise that many of our business activities have environmental risks associated with them and that we have an obligation to manage these in a responsible manner, minimising adverse impacts.

Following Cornwall Council's 'Climate Emergency' declaration, the Corserv Group has been closely working with the 'Carbon Neutral Cornwall' team to identify, investigate and pursue key opportunities for significant energy efficiency and emission reduction

During the 2021/22 financial year, we undertook a number of initiatives, including:

- Publishing our first carbon reduction plan:
 - We published a comprehensive 'Carbon Reduction Plan' for the Corserv Group, developed in line with the requirements of: "Procurement Policy Note 06/21: Taking account of Carbon Reduction Plans in the procurement of major government contracts" and outlining our current emissions, targets and initiatives.
- Progressing our quarry solar development
 - Decarbonising the energy intensive asphalt production at Cormac's quarry has been identified as a key priority in our Carbon Reduction Plan. The planning application for a one-hectare 425MWh onsite solar farm has recently been granted full approval, reducing the amount electricity imported from the national grid and helping to offset rising energy costs.
- Switching to a green energy supplier
 - We switched our electricity supply to a 100% renewable supplier, which should eradicate emissions under the 'market based' accounting approach next year (2022/23). All purchased electricity will be certified by UK 'Renewable Energy Guarantees of Origin' (REGOs) ensuring full traceability.
- Ordering more bio-methane vehicles
 - Following our innovative pilot of bio-methane with local company Bennamann (renewable and zero carbon fuel captured and refined from dairy farm slurry), we have ordered a further 12 highway maintenance vehicles. Methane is typically a very harmful greenhouse gas that contributes towards climate change - however, by capturing it before it reaches the atmosphere, it can be used as a powerful clean fuel instead.

We are committed to continually improving our energy efficiency and look forward to updating you on our progress along the way.

Calculation Methodology

To ensure we achieve the transparency required and deliver effective emissions management, we have implemented and utilised robust and accepted methods when calculating our disclosures.

Energy use and associated emissions data was collected and assessed in accordance with the Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance' and the 2021 version of 'Greenhouse Gas Reporting: Conversion Factors'.

CORMAC SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

This report covers for the following elements:

Direct emissions (Scope 1):

- Combustion of gas from stationary or mobile activities
- Combustion of fuel for transport purposes
- Combustion of fuel for non-road mobile machinery*
- Combustion of fuel for heating purposes*

Indirect emissions (Scope 2):

- Purchased electricity by the company for its own use, including for the purposes of transport.

Other indirect emissions (Scope 3):

- Business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel (grey fleet).

* Voluntarily included within this report.

Verifiable data was used where available. Where verifiable data was unavailable, reasonable estimations derived through calculations were applied in line with government guidance. It is not thought that any estimations used have materially impacted the accuracy of the results disclosed within this report. Where possible, data collection systems will be continually refined to improve the accuracy of future energy and emissions reporting.

Results

Energy use and associated emissions for Cormac Solutions Ltd between the 1st April 2021 and 31st March 2022 along with figures from the previous financial year (2020/21) for comparison purposes:

Element	2020/21 Energy Use (kWh)	2020/21 GHG Emissions (t CO ₂ e)	2021/22 Energy Use (kWh)	2021/22 GHG Emissions (t CO ₂ e)
Direct emissions (Scope 1):				
Combustion of gas from stationary or mobile activities	3,075,202.1	634.2	4,347,278.7	906.4
Combustion of fuel for transport purposes	13,446,160.5	3,251.4	12,979,474.7	3,082.8
Combustion of fuel for non-road mobile machinery	5,925,909.2	1,514.6	7,038,986.7	1,800.9
Combustion of fuel for heating purposes	3,360,290.0	861.0	4,106,343.9	1,042.9
Indirect emissions (Scope 2):				
Purchased electricity by the company for its own use, including for the purposes of transport.	2,755,947.7	642.5	3,096,710.5	657.5
Other indirect emissions (Scope 3):				
Business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel.	1,819,209.4	467.1	1,610,874.0	395.8
Gross Total (Scope 1, 2 & 3):	30,382,718.9	7,370.8	33,179,668.5	7,886.3

Gross total emissions in the format of intensity ratios for performance comparison over time:

Intensity Ratio	2020/21	2021/22
Emissions (t CO ₂ e) per full-time employee:	5.45	5.96
Emissions (t CO ₂ e) per £1million of turnover:	71.15	60.93

CORMAC SOLUTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Bishop Fleming 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.



D J Bostock
Director

Date: 27th October 2022

Western Group Centre
Radnor Road Scorrier
Redruth
Cornwall
TR16 5EH

CORMAC SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

CORMAC SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC SOLUTIONS LIMITED

OPINION

We have audited the financial statements of Cormac Solutions Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORMAC SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC SOLUTIONS LIMITED (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC SOLUTIONS LIMITED
(CONTINUED)**

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:

- We have considered the nature of the industry and sector, control environment and financial performance;
- We have considered the results of enquiries with management and the directors in relation to their own identification and assessment of the risk of irregularities within the entity; and,
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty. These include highways legislation, data protection legislation, health and safety regulations, environmental regulations, employment law and health and social care regulations.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around the year-end cut off including the agreement of year end balances with Cornwall Council; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries, and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of the business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

CORMAC SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC SOLUTIONS LIMITED (CONTINUED)

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

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

USE OF OUR REPORT

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

Bishop Fleming LLP

Robert Davey FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN
Date: 1st November 2022

CORMAC SOLUTIONS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Continuing operations 2022 £	Discontinued operations 2022 £	Total 2022 £	Continuing operations 2021 £	Discontinued operations 2021 £	Total 2021 £
Turnover	4	103,181,237	26,241,192	129,422,429	82,166,880	21,426,314	103,593,194
Cost of sales		(88,649,801)	(22,388,015)	(111,037,816)	(69,010,929)	(18,944,514)	(87,955,443)
Gross profit		14,531,436	3,853,177	18,384,613	13,155,951	2,481,800	15,637,751
Administrative expenses		(11,174,625)	(2,428,055)	(13,602,680)	(11,515,891)	(2,725,360)	(14,241,251)
Other operating income	6	13,210	234,500	247,710	1,806,276	535,753	2,342,029
Other operating charges		(2,270,399)	(1,118,095)	(3,388,494)	(2,265,550)	(192,082)	(2,457,632)
Operating profit	7	1,099,622	541,527	1,641,149	1,180,786	100,111	1,280,897
Interest receivable and similar income	11	-	-	-	3,199	-	3,199
Interest payable and similar expenses	12	(637,251)	(14,942)	(652,193)	(871,659)	(11,061)	(882,720)
Profit before tax		462,371	526,585	988,956	312,326	89,050	401,376
Tax on profit	13	(195,002)	(96,032)	(291,034)	(145,517)	(12,338)	(157,855)
Profit after tax		267,369	430,553	697,922	166,809	76,712	243,521
Retained earnings at the beginning of the year				2,328,195			2,084,674
Profit for the year				697,922			243,521
Dividends declared and paid				(1,340,000)			-
Retained earnings at the end of the year				1,686,117			2,328,195

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 20 to 39 form part of these financial statements.

CORMAC SOLUTIONS LIMITED
REGISTERED NUMBER:07737430

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	15		82,334		119,872
Tangible assets	16		13,832,459		13,784,010
			<u>13,914,793</u>		<u>13,903,882</u>
Current assets					
Stocks	17	2,370,407		2,182,422	
Debtors: amounts falling due within one year	18	21,406,574		20,904,349	
Cash at bank and in hand	19	9,337,661		7,117,714	
		<u>33,114,642</u>		<u>30,204,485</u>	
Creditors: amounts falling due within one year	20	(33,735,416)		(29,686,248)	
Net current (liabilities)/assets			<u>(620,774)</u>		<u>518,237</u>
Total assets less current liabilities			<u>13,294,019</u>		<u>14,422,119</u>
Creditors: amounts falling due after more than one year	21		(9,500,000)		(10,400,000)
Provisions for liabilities					
Deferred tax	23	(742,501)		(451,467)	
Other provisions	24	(1,365,400)		(1,242,456)	
			<u>(2,107,901)</u>		<u>(1,693,923)</u>
Net assets			<u><u>1,686,118</u></u>		<u><u>2,328,196</u></u>
Capital and reserves					
Called up share capital	25		1		1
Profit and loss account	26		1,686,117		2,328,195
			<u><u>1,686,118</u></u>		<u><u>2,328,196</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D J Bostock
Director

Date: 27th October 2022

The notes on pages 20 to 39 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. GENERAL INFORMATION

The company (registered number 07737430) is a private company, limited by shares and registered in England and Wales. The registered office address is Western Group Centre, Radnor Road, Scorrier, Redruth, Cornwall, TR16 5EH.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Cornwall Council as at 31 March 2022 and these financial statements may be obtained from Cornwall Council's website.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 LONG-TERM CONTRACTS

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2.5 OPERATING LEASES: THE COMPANY AS LESSOR

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (continued)

2.6 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	3 to 5 years
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2.7 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 10% per annum
Plant and machinery	- 3% - 33% per annum
Assets under construction	- No depreciation charged

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of extraction for quarry stock using standard costs or purchase cost on a first in first out basis for other stocks.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.14 PENSIONS

Defined benefit pension plan

The Company participates in the local government pension scheme for certain employees, a defined benefit scheme managed by Cornwall Council. The assets of the scheme are invested independently of the finances of the Company. Contributions are made to the scheme in accordance with recommendations of an independent actuary in respect of current and future service.

There is a Deed of Guarantee from Cornwall Council that confirms that Cornwall Council remains liable for any deficit in the local government pension scheme. The contributions payable to the scheme are agreed with the Council. Therefore, the scheme is accounted for by the Company as if it were a defined contribution scheme.

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.16 INTEREST INCOME

Interest income is recognised in profit or loss in the year in which it is received.

2.17 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.18 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.19 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Preparation of the financial statements requires management to make judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Provisions for remedial works are recognised by the company using judgement based on past experience and the Company's record of requiring remedial action.
- Valuation of incomplete contracts at the year-end: contracts are valued (both in terms of cost and revenue) by the in house team based on their experience in the industry and their knowledge of the contract in question.

CORMAC SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Highways maintenance	97,433,224	76,953,098
Facilities management	14,601,829	10,717,067
Healthcare	11,639,363	10,709,247
Fleet management	5,385,424	4,722,353
Other	362,589	491,429
	<u>129,422,429</u>	<u>103,593,194</u>

All turnover arose within the United Kingdom.

5. PAYMENT FOR GROUP RELIEF

	2022 £	2021 £
Other operating charges	<u>3,388,494</u>	<u>2,457,632</u>

Cormac Solutions Limited have purchased tax losses from Cornwall Airport Limited for £3,388,494 (2021: £2,457,632). The Company has paid pound for pound for the losses.

6. OTHER OPERATING INCOME

	2022 £	2021 £
Government grants receivable	<u>247,710</u>	<u>2,342,029</u>

The Company was eligible to claim funding during the year from government support schemes in response to Covid-19. This included income from the Coronavirus Job Retention Scheme of £215,906 (2021: £2,227,540) and other Covid-19 grant income of £31,804 (2021: £114,489).

CORMAC SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. OPERATING PROFIT

The operating profit is stated after charging:

	2022	As restated 2021
	£	£
Depreciation of tangible fixed assets	2,076,552	2,442,933
Amortisation of intangible fixed assets	37,539	168,543
(Profit)/loss on disposal of fixed assets	(206,865)	87,165
Defined benefit and contribution pension cost	5,098,155	5,172,674
	<u></u>	<u></u>

8. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	25,980	23,595
	<u></u>	<u></u>

**FEE PAYABLE TO THE COMPANY'S AUDITOR AND ITS
ASSOCIATES IN RESPECT OF:**

Taxation compliance services	2,355	2,200
	<u></u>	<u></u>

CORMAC SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	38,349,078	36,755,927
Social security costs	3,285,372	2,983,477
Cost of pension schemes	5,098,155	5,172,674
	<u>46,732,605</u>	<u>44,912,078</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Operations staff	1,573	1,471
Managers	73	72
Administrative staff	126	116
Directors	8	12
	<u>1,780</u>	<u>1,671</u>

10. DIRECTORS' REMUNERATION

The executive Directors are remunerated by Corserve Limited or Cormac Solutions Limited (CSL) and a proportionate element of their costs are invoiced to other group Companies as part of an overall management charge. This is the element that relates to CSL.

	2022 £	2021 £
Directors' emoluments	267,024	309,088
Company contributions to defined contribution pension schemes	48,582	62,395
	<u>315,606</u>	<u>371,483</u>

During the year retirement benefits were accruing to 1 director (2021: 2) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 2 directors (2021: 4) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £115,000 (2021: £100,000).

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £33,000 (2021: £28,700).

CORMAC SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****11. INTEREST RECEIVABLE**

	2022 £	2021 £
Other interest receivable	-	3,199

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Loan interest payable to group entities	652,193	882,720

13. TAXATION

	2022 £	2021 £
CORPORATION TAX		
Adjustments in respect of previous periods	-	(12,207)
TOTAL CURRENT TAX	-	(12,207)
DEFERRED TAX		
Origination and reversal of timing differences	291,034	170,062
TOTAL DEFERRED TAX	291,034	170,062
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	291,034	157,855

CORMAC SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****13. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	988,956	401,376
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	187,902	76,261
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	696,938	466,950
Capital allowances for year in excess of depreciation	(81,256)	93,801
Adjustments to tax charge in respect of prior periods	-	(12,207)
Group relief	(690,560)	(466,950)
Remeasurement of deferred tax for changes in tax rates	178,010	-
TOTAL TAX CHARGE FOR THE YEAR	291,034	157,855

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

14. DIVIDENDS

	2022 £	2021 £
Equity dividend	1,340,000	-

CORMAC SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. INTANGIBLE ASSETS

	Computer software £
COST	
At 1 April 2021	939,591
Disposals	(733,944)
At 31 March 2022	<u>205,647</u>
AMORTISATION	
At 1 April 2021	819,719
Charge for the year on owned assets	37,538
On disposals	(733,944)
At 31 March 2022	<u>123,313</u>
NET BOOK VALUE	
At 31 March 2022	<u><u>82,334</u></u>
At 31 March 2021	<u><u>119,872</u></u>

CORMAC SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

16. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Assets under construction £	Total £
COST				
At 1 April 2021	1,430,941	25,540,266	427,397	27,398,604
Additions	47,917	2,460,669	99,792	2,608,378
Disposals	(32,707)	(711,557)	-	(744,264)
Transfers between classes	80,876	346,521	(427,397)	-
At 31 March 2022	1,527,027	27,635,899	99,792	29,262,718
DEPRECIATION				
At 1 April 2021	333,134	13,281,460	-	13,614,594
Charge for the year on owned assets	193,235	1,887,297	-	2,080,532
Disposals	(12,749)	(252,118)	-	(264,867)
At 31 March 2022	513,620	14,916,639	-	15,430,259
NET BOOK VALUE				
At 31 March 2022	1,013,407	12,719,260	99,792	13,832,459
At 31 March 2021	1,097,807	12,258,806	427,397	13,784,010

17. STOCKS

	2022 £	2021 £
Raw materials and consumables	2,370,407	2,182,422

CORMAC SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022****18. DEBTORS**

	2022 £	2021 £
Trade debtors	1,306,684	2,229,055
Amounts owed by group undertakings	18,717,805	17,810,724
Other debtors	429,442	367,016
Prepayments and accrued income	952,643	497,554
	<u>21,406,574</u>	<u>20,904,349</u>

19. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	<u>9,337,661</u>	<u>7,117,714</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Loans from group entities	1,200,000	1,200,000
Trade creditors	13,131,872	3,439,586
Amounts owed to group undertakings	14,230,641	11,509,363
Other taxation and social security	1,981,948	5,614,993
Other creditors	507,731	668,498
Accruals and deferred income	2,683,224	7,253,808
	<u>33,735,416</u>	<u>29,686,248</u>

CORMAC SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Loans from group entities	9,500,000	10,400,000

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

	2022	2021
	£	£
Repayable by instalments	2,700,000	3,600,000

22. LOANS

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Loans from group entities	1,200,000	1,200,000
AMOUNTS FALLING DUE 1-2 YEARS		
Loans from group entities	3,200,000	1,200,000
AMOUNTS FALLING DUE 2-5 YEARS		
Loans from group entities	3,600,000	5,600,000
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Loans from group entities	2,700,000	3,600,000
	10,700,000	11,600,000

The company has a funding arrangement with Cornwall Council. Interest is fixed at 4.5% and the amount is repayable in quarterly instalments of £300,000 until 30 March 2029. At the year end the amount outstanding under this arrangement was £8,700,000.

The company has a funding agreement with Corserv Limited. Interest is fixed at 5.7% and the amount is repayable by 31 March 2024. At the year end the amount outstanding under this arrangement was £2,000,000.

CORMAC SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. DEFERRED TAXATION

	2022 £
At beginning of year	451,467
Charged to profit or loss	291,034
AT END OF YEAR	742,501

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	878,719	532,302
Short term timing differences	(136,218)	(80,835)
	742,501	451,467

24. PROVISIONS

	Staff Cost Provision £	Provision for Remedial Works £	Other provisions £	Total £
At 1 April 2021	711,285	458,199	72,972	1,242,456
Charged to profit or loss	66,478	129,438	(72,972)	122,944
AT 31 MARCH 2022	777,763	587,637	-	1,365,400

The staff cost provision being holidays not taken by staff.

The provision for remedial works being the Company's judgement based on past experience and the Company's record of contracts requiring remedial action.

Other provisions related to ongoing insurance claims.

25. SHARE CAPITAL

	2022 £	2021 £
ALLOTTED, CALLED UP AND FULLY PAID		
1 (2021: 1) ordinary share of £1.00	1	1

CORMAC SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

26. RESERVES

Profit and loss account

Profit and loss account comprises all current and prior period accumulated profits and losses, after dividends have been declared.

27. DISCONTINUED OPERATIONS

The Care and Facilities Management divisions were transferred from Cormac Solutions Limited, effective from 1 April 2022. These divisions were transferred to other group companies for nil consideration. No assets were transferred from Cormac Solutions Limited in relation to these discontinued operations.

28. CAPITAL COMMITMENTS

At 31 March 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	<u>1,077,505</u>	<u>316,506</u>

29. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,225,814 (2021: £1,196,191 as restated). Contributions totalling £154,558 (2021: £141,699) were payable to the fund at the reporting date and are included in creditors.

Some employees of the Company are members of the Cornwall Council LGPS, a multi-employer scheme administered by Cornwall Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. A pension pass through arrangement is in place with Cornwall Council whereby the Council is liable to the pension fund for the historic and future liabilities and assets of the scheme in respect of these employees with contribution rates set by the actuary of the Cornwall Council LGPS. In line with guidance issued under FRS 102, the scheme is therefore accounted for as if it were a defined contribution pension scheme. The pension cost charge represents contributions payable by the company to the fund. The total contributions made were £4,788,841 (2021: £4,893,955) of which employer contributions were £3,872,341 (2021: £3,976,483) and employee contributions were £916,500 (2021: £917,472). Contributions totalling £390,312 (2021: £403,965) were payable to the fund at the reporting date and are included in creditors.

CORMAC SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

30. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	As restated
	£	2021
		£
Not later than 1 year	111,935	10,140
Later than 1 year and not later than 5 years	343,599	40,560
Later than 5 years	92,671	10,140
	548,205	60,840

CORMAC SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

31. RELATED PARTY TRANSACTIONS

	2022 £	2021 £
Sales		
Cormac Contracting Limited	2,014,979	1,537,877
Cornwall Airport Limited	641,115	351,940
Cornwall Council	112,775,521	88,368,810
Cornwall Development Company Ltd	43,732	29,877
Cornwall Housing Limited	2,244,040	1,755,189
Corserv Limited	1,465,717	2,309,276
Corserv Facilities Limited	124,678	73,646
	119,309,782	94,426,615
Purchases		
Cormac Contracting Limited	-	7,117
Cornwall Airport Limited	4,020,710	2,775,461
Cornwall Council	7,192,172	8,748,185
Cornwall Development Company Ltd	1,535,554	1,298,165
Cornwall Housing Limited	97,152	16,954
Corserv Limited	11,875,642	10,916,312
Corserv Facilities Limited	-	-
	24,721,230	23,762,194
Debtors at year end		
Cormac Contracting Limited	1,697,091	521,535
Cornwall Airport Limited	508,845	349,289
Cornwall Council	15,767,511	16,308,462
Cornwall Development Company Ltd	258	1,369
Cornwall Housing Limited	455,876	126,197
Corserv Limited	164,409	430,226
Corserv Facilities Limited	123,816	73,646
	18,717,806	17,810,724
Creditors at year end		
Cormac Contracting Limited	-	1,031
Cornwall Airport Limited	106,540	969,629
Cornwall Council	14,464,214	14,268,308
Cornwall Development Company Ltd	78,895	46,652
Cornwall Housing Limited	106,921	37,055
Corserv Limited	10,174,071	16,212,720
	24,930,641	31,535,395

CORMAC SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

31. RELATED PARTY TRANSACTIONS (CONTINUED)

Key Management Personnel are limited to Directors, transactions are as disclosed in Note 10.

During the year a dividend of £1,340,000 (2021: £nil) was paid to Corserv Limited.

The Company has a funding arrangement with Cornwall Council. Interest charged for the year in respect of this agreement is £411,805 (2021: £465,805). At the year end, the amount outstanding under this arrangement was £8,700,000 (2021: £9,600,000); this forms part of the Cornwall Council creditor balance above.

The Company has an additional funding arrangement with Corserv Limited. Interest charged for the year in respect of this agreement is £196,323 (2021: £373,255). At the year end, the amount outstanding under this arrangement was £2,000,000 (2021: £2,000,000); this forms part of the Corserv Limited creditor balance above.

32. POST BALANCE SHEET EVENTS

From April 2022 the Care and Facilities Management divisions of the Company have been transferred to Corserv Care Limited and Corserv Facilities Limited, both are 100% subsidiaries of Corserv Limited (the immediate parent of Cormac Solutions Limited).

33. CONTROLLING PARTY

The Company's immediate parent is Corserv Limited. The ultimate parent is Cornwall Council. These accounts are consolidated into the group accounts of Cornwall Council.