

# Nps London Limited

Private limited with Share Capital

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Company No : **06078945**

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Registered Address:

**Lancaster House  
16 Central Avenue St  
Andrews  
Business Park Norwich  
Norfolk  
NR7 0HR**

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Grant Thornton

# Financial Statements NPS London Limited

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For the year ended 31 January 2010



Company No. 6078945

## Officers and professional advisers

<b>Company registration number</b>	6078945
<b>Registered office</b>	Lancaster House 16 Central Avenue St Andrews Business Park Norwich Norfolk NR7 0HR
<b>Directors</b>	M L Britch G Reynolds T W Adams T V Wheeler J Lewin A W Kilburn
<b>Secretary</b>	G Reynolds
<b>Bankers</b>	The Co-operative Bank 69 London Street Norwich Norfolk NR2 1HT
<b>Solicitors</b>	Legal Services Norfolk County Council County Hall Martineau Lane Norwich Norfolk NR1 2DL
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Kingfisher House 1 Gilders Way St James Place Norwich Norfolk NR3 1UB

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 January 2010

### **Principal activity and business review**

The principal activity of the company is that of professional property consultants, providing services in the areas of architectural design, building surveying and CDM and project management

### **Overview**

The company performed significantly below forecast for the year, generating a pre-tax loss of £240,666 (2009 – pre-tax loss of £528,488)

### **Outlook**

Following a full review of the partnership agreement with the London Borough of Waltham Forest, a number of improvements have been identified to help the company deliver a more efficient service in 2010/11 to its core client

The contract with the London Borough of Haringey has been extended for one year which indicates the success of the company in managing the contract and this secures a significant revenue stream to 31 March 2011. The option also exists for a further contract extension

The company is also anticipating a successful renewal of the contract with The London Borough of Hackney and Hackney Homes

Based upon these factors and the results for the first quarter of the 2010/11 financial year, the company is highly optimistic about generating a surplus for the first time since it commenced trading

Despite this positive outlook, the Board recognise that the workload from these arrangements is subject to variation and continued dependency on a few large clients represents a business risk. To mitigate this risk in a managed way, the Board is continually looking for new opportunities, both in terms of longer-term strategic partnerships as well as one-off commissions

### **Key Performance Indicators**

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPI's)

The key financial performance indicators are turnover, gross profit and margin and net profit/loss and margin. These KPI's indicate the volume of work the company has undertaken as well as the efficiency and profitability with which this work has been delivered

The key non-financial performance indicator is the average number of employees employed by the company

**Principal activity and business review (continued)**

The KPI's for the year to 31 January 2010, together with comparatives for the year to 31 January 2009, are as follows

	2010	2009
Turnover (£)	5,855,468	3,943,221
Gross profit (£)	952,156	928,500
Gross profit margin	16.3%	23.5%
Net loss before tax (£)	(240,666)	(528,488)
Net margin	(4.1%)	(13.4%)
Average number of employees	61	56

In the year to 31 January 2010, turnover increased by £1,912,247 (48.5%), primarily from a steady stream of commissions under the framework contracts with The London Borough of Hackney and Hackney Homes and The London Borough of Haringey. Much of the workload under these contracts is subcontracted to other consultants or members of the NPS Group, but NPS London Limited acts as managing office with responsibility for ensuring the work is delivered on time and to budget. Additional staff have been employed to ensure this service delivery is achieved, but this has had an adverse impact on gross profit margins.

The fees for these works are also extremely competitive and due to the fact that the clients have also stipulated that designated external consultants must be used on certain schemes at specified rates this has also had an adverse impact on gross profit margins.

In contrast, the company has made significant savings, exceeding £200,000, in other operating charges, particularly in the area of employee expenses, which has stemmed trading losses and ultimately reduced net losses and improved the net margin.

The overall net loss before tax of £240,666 is significantly lower than the 2009 loss of £528,488 and the net margin is now -4.1% compared to the 2009 figure of -13.4%.

Average employee numbers have increased to 61 at the year-end from 56. The Board views this positively, particularly as the company has been able to retain its high quality professional staff in an uncertain economic climate.

**Results and dividends**

The loss for the financial year amounted to £182,734. The directors have not recommended a dividend.

**Financial risk management objectives and policies**

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

**Credit risk**

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

### **Interest rate risk**

The company does not have external borrowings as any required finance is provided by the parent company, NPS Property Consultants Limited via an intercompany loan account. These borrowings attract interest at variable rates which are agreed at regular intervals with the parent undertaking.

### **Liquidity risk**

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

### **Currency risk**

As the vast majority of both sales and purchases are transacted in sterling, the company has minimal exposure to translation and transaction foreign exchange risk.

### **Directors**

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

M L Britch  
G Reynolds  
C A Robbins (resigned 23 July 2009)  
T W Adams  
J A Fowler (resigned 17 July 2009)  
A W Kilburn  
T V Wheeler (appointed 23 July 2009)  
J Lewin (appointed 17 July 2009)

The company is an 80% owned company of NPS Property Consultants Limited, the minority interest of 20% is held by the London Borough of Waltham Forest.

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

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Policy on the payment of creditors**

The company settles amounts owing to suppliers in accordance with individual supplier terms and conditions.

### **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 employee becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.



**Employee involvement**

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

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

BY ORDER OF THE BOARD



G Reynolds  
Secretary  
16 June 2010

## Independent auditor's report to the members of NPS London Limited

We have audited the financial statements of NPS London Limited for the year ended 31 January 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2010 and of its loss 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

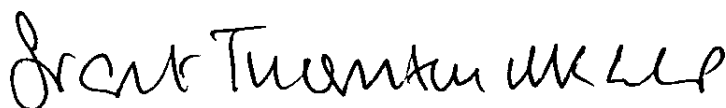
In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent auditor's report to the members of NPS London Limited (continued)

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

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

- adequate accounting records have not been kept, 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



**Patrick Harris**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Norwich

16.6.2010

## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historic cost convention, and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared on a going concern basis, as the holding company, NPS Property Consultants Limited has confirmed its continuing support.

The principal accounting policies are set out below.

### **Turnover**

Turnover represents the amount derived from the provision of goods and services, excluding VAT and trade discounts, charged on an accruals basis and recognised to the extent that the company has obtained the right to consideration through its performance.

Turnover in respect of contracts and contracts for on-going services is recognised by reference to the stage of completion.

### **Work in progress**

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

### **Fixed assets**

All fixed assets are initially recorded at cost.

### **Depreciation**

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

Leasehold property	-	over period of lease
Plant & equipment	-	25% reducing balance per annum
Computer equipment	-	25% straight line per annum

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term.

### **Pension costs**

The contributions to the company pension scheme have been treated as a money purchase pension scheme, despite the members receiving a local government pension scheme as part of the Norfolk Pension Fund Defined Benefit Scheme. The transfer of employees from the London Borough of Waltham Forest to NPS London Limited was on a fully funded actuarial basis, however at the year end the actuary has not allocated the assets and liabilities pertaining to these employees.

### **Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised on all timing differences where the transactions or events that give an obligation to pay more tax, or a right to pay less tax, in the future have occurred but not reversed by the balance sheet date.

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

### **Financial instruments**

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

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

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

## Profit and loss account

	Note	2010 £	2009 £
Turnover	1	5,855,468	3,943,221
Cost of sales		<u>(4,903,312)</u>	<u>(3,014,721)</u>
Gross profit		952,156	928,500
Other operating charges	2	<u>(1,172,379)</u>	<u>(1,383,728)</u>
Other operating income		-	405
<b>Operating loss</b>	3	<u>(220,223)</u>	<u>(454,823)</u>
Interest payable and similar charges	6	<u>(20,443)</u>	<u>(73,665)</u>
<b>Loss on ordinary activity before taxation</b>		<u>(240,666)</u>	<u>(528,488)</u>
Tax on loss on ordinary activity	7	57,932	129,990
<b>Loss for the financial year</b>	16	<u>(182,734)</u>	<u>(398,498)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the result for the year as set out above

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

## Balance sheet

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	8	<u>354,171</u>	<u>420,823</u>
<b>Current assets</b>			
Stock	9	8,674	32,242
Debtors	10	1,794,596	1,756,114
Cash at bank and in hand		301	300
		<u>1,803,571</u>	<u>1,788,656</u>
<b>Creditors amounts falling due within one year</b>	12	<u>(3,018,293)</u>	<u>(2,887,296)</u>
<b>Net current liabilities</b>		<u>(1,214,722)</u>	<u>(1,098,640)</u>
<b>Net liabilities</b>		<u>(860,551)</u>	<u>(677,817)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	10	10
Profit and loss account	16	<u>(860,561)</u>	<u>(677,827)</u>
<b>Equity shareholders' deficit</b>	17	<u>(860,551)</u>	<u>(677,817)</u>

These financial statements were approved by the directors and authorised for issue on 16 June 2010 and signed on their behalf by



M L Britch  
 Director

## Cash flow statement

	Note	2010 £	2009 £
Net cash outflow from operating activity	18	(96,895)	(87,822)
Returns on investments and servicing of finance	18	(20,443)	(73,665)
Taxation		53,082	133,486
Capital expenditure	18	(28,155)	23,333
Decrease in cash	18	<u>(92,411)</u>	<u>(4,668)</u>

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



## Notes to the financial statements

### 1 Turnover

Turnover, which took place in the UK, is attributable to the following class of business

	2010	2009
	£	£
Property consultancy and design services	<u>5,855,468</u>	<u>3,943,221</u>

### 2 Other operating charges

	2010	2009
	£	£
Administrative expenses	<u>1,172,379</u>	<u>1,383,728</u>

### 3 Operating loss

Operating loss is stated after charging

	2010	2009
	£	£
Depreciation of owned fixed assets	94,807	95,300
Operating lease costs		
Land and buildings	92,340	92,340
Plant and machinery	7,880	18,635
Auditor's remuneration - audit of the financial statements	5,100	5,000
Auditor's remuneration - other fees	<u>3,030</u>	<u>3,320</u>

	2010	2009
	£	£
Auditor's remuneration - other fees		

- Taxation services – compliance	2,130	2,000
- Advisory services	900	1,320
	<u>3,030</u>	<u>3,320</u>

**4 Particulars of employees**

The average number of staff, including directors, employed by the company during the financial year amounted to

	2010 No	2009 No
Architectural services	10	7
Building surveying group	5	6
Business support	12	18
Property services	13	7
Quantity surveyors	11	9
Mechanical & electrical	5	5
CDM and project management	4	3
Structural engineers	1	1
	<u>61</u>	<u>56</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	2,207,892	2,073,963
Social security costs	189,968	178,565
Other pension costs	429,467	394,783
	<u>2,827,327</u>	<u>2,647,311</u>

**5 Directors**

Remuneration in respect of directors was as follows

	2010 £	2009 £
Emoluments receivable	<u>81,311</u>	<u>92,919</u>

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

	2010 Number	2009 Number
Defined benefit schemes	<u>4</u>	<u>4</u>

**6 Interest payable and similar charges**

	2010 £	2009 £
Amounts payable to group undertakings	<u>20,443</u>	<u>73,665</u>

**7 Taxation on loss on ordinary activity**

(a) Analysis of credit in the year

	2010 £	2009 £
Current tax		
In respect of the year		
Group relief receivable	<u>(53,082)</u>	<u>(133,486)</u>
Total current tax (note 7(b))	<u>(53,082)</u>	<u>(133,486)</u>
Deferred tax		
Origination and reversal of timing differences (note 11)	(5,020)	(5,000)
Adjustments in respect of prior periods (note 11)	<u>170</u>	<u>8,496</u>
Total deferred tax	<u>(4,850)</u>	<u>3,496</u>
Tax on loss on ordinary activity	<u><u>(57,932)</u></u>	<u><u>(129,990)</u></u>

(b) Factors affecting current tax credit

The tax credit assessed on the loss on ordinary activity for the year is lower than the standard rate of corporation tax in the UK of 28%

	2010 £	2009 £
Loss on ordinary activity before taxation	<u>(240,666)</u>	<u>(528,488)</u>
Loss on ordinary activity multiplied by rate of tax - expected credit	(67,386)	(147,977)
Expenses not deductible for tax purposes	9,284	9,682
Depreciation in excess of capital allowances for the year	<u>5,020</u>	<u>4,809</u>
Total current tax (note 7(a))	<u><u>(53,082)</u></u>	<u><u>(133,486)</u></u>

**8 Tangible fixed assets**

	Leasehold property £	Plant & equipment £	Computer equipment £	Total £
Cost				
At 1 February 2009	324,280	94,162	183,046	601,488
Additions	3,080	1,287	23,788	28,155
At 31 January 2010	<u>327,360</u>	<u>95,449</u>	<u>206,834</u>	<u>629,643</u>
Depreciation				
At 1 February 2009	62,099	34,912	83,654	180,665
Charge for the year	32,496	13,465	48,846	94,807
At 31 January 2010	<u>94,595</u>	<u>48,377</u>	<u>132,500</u>	<u>275,472</u>
Net book value				
At 31 January 2010	<u>232,765</u>	<u>47,072</u>	<u>74,334</u>	<u>354,171</u>
At 31 January 2009	<u>262,181</u>	<u>59,250</u>	<u>99,392</u>	<u>420,823</u>

**9 Stocks**

	2010 £	2009 £
Work in progress	<u>8,674</u>	<u>32,242</u>

**10 Debtors**

	2010 £	2009 £
Trade debtors	1,555,539	1,582,397
Amounts recoverable on contracts	178,595	125,520
Prepayments and accrued income	51,270	43,855
Deferred taxation (note 11)	9,192	4,342
	<u>1,794,596</u>	<u>1,756,114</u>

**11 Deferred taxation**

The deferred tax included in the balance sheet is as follows

	2010	2009
	£	£
Included in debtors (note 10)	<u>9,192</u>	<u>4,342</u>

The movement in the deferred taxation account during the year was

	2010	2009
	£	£
Balance brought forward	4,342	7,838
Profit and loss account movement for year (note 7(a))	5,020	5,000
Adjustments in relation to prior periods (note 7(a))	(170)	(8,496)
Balance carried forward	<u>9,192</u>	<u>4,342</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010	2009
	£	£
Excess of depreciation over taxation allowances	<u>9,192</u>	<u>4,342</u>

**12 Creditors: amounts falling due within one year**

	2010	2009
	£	£
Bank overdraft	92,436	24
Trade creditors	466,088	212,372
Amounts owed to group undertakings (note 14)	1,739,720	2,043,456
Other taxation and social security	61,990	54,894
Other creditors	48,239	-
Accruals and deferred income	609,820	576,550
	<u>3,018,293</u>	<u>2,887,296</u>

Included within other creditors at the year end are outstanding pension contributions of £48,239 (2009 £nil)

**13 Contingent liability**

The company is part of a group VAT registration and as such is jointly and severally liable for the VAT liability of the entire group. The amount owed by the group at the year end was £1,707,181 (2009 £2,375,902)

**14 Related party transactions**

The company had the following transactions in the normal course of trade with related parties within the NPS Property Consultants group

	Transactions		Balances	
	Sales £	Purchases £	Debtor £	Creditor £
<b>2010</b>				
NPS Property Consultants Limited	-	103,008	-	1,739,720
NPS South East Limited	65,459	393,598	-	-
NPS North East Limited	-	4,630	-	-
Barron and Smith Limited	39,857	117,069	-	-
Robson Liddle Limited	-	51,327	-	-
Hanson Partnership Limited	-	64,351	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>2009</b>				
NPS Property Consultants Limited	110,939	214,072	-	2,043,456
NPS North West Limited	-	542	-	-
Barron and Smith Ltd	-	63,443	-	-
Robson Liddle Ltd	-	18,817	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

In addition to the above, management charges of £152,000 (2009 £152,000) were charged to the company by the immediate parent undertaking, NPS Property Consultants Limited

The company had the following transactions in the normal course of trade with the minority shareholder, London Borough of Waltham Forest

	Transactions		Balances	
	Sales £	Purchases £	Debtor £	Creditor £
<b>2010</b>				
London Borough of Waltham Forest	1,529,776	29,727	241,072	1,665
	<hr/>	<hr/>	<hr/>	<hr/>
<b>2009</b>				
London Borough of Waltham Forest	1,852,634	-	551,917	1,581
	<hr/>	<hr/>	<hr/>	<hr/>

**15 Share capital**

Authorised share capital

	2010	2009
	£	£
8 Ordinary "A" shares of £1 each	8	8
2 Ordinary "B" shares of £1 each	2	2
	<u>10</u>	<u>10</u>

Allotted, called up and fully paid

	2010		2009	
	No	£	No	£
Ordinary "A" shares of £1 each	8	8	8	8
Ordinary "B" shares of £1 each	2	2	2	2
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

The 'A' and 'B' ordinary shares rank pari passu in all respects

**16 Profit and loss account**

	2010	2009
	£	£
Balance brought forward	(677,827)	(279,329)
Loss for the financial year	(182,734)	(398,498)
Balance carried forward	<u>(860,561)</u>	<u>(677,827)</u>

**17 Reconciliation of movements in shareholders' deficit**

	2010	2009
	£	£
Loss for the financial year	(182,734)	(398,498)
Net increase in shareholders' deficit	(182,734)	(398,498)
Opening shareholders' deficit	(677,817)	(279,319)
Closing shareholders' deficit	<u>(860,551)</u>	<u>(677,817)</u>

**18 Notes to the cash flow statement**

**Reconciliation of operating loss to net cash outflow from operating activity**

	2010	2009
	£	£
Operating loss	(220,223)	(454,823)
Depreciation	94,807	95,300
Decrease/(increase) in stocks	23,568	(2,156)
Increase in debtors	(33,632)	(907,514)
Increase in creditors	38,585	1,181,371
Net cash outflow from operating activity	<u>(96,895)</u>	<u>(87,822)</u>

**18 Notes to the cash flow statement (continued)**

**Returns on investments and servicing of finance**

	2010 £	2009 £
Interest paid	<u>(20,443)</u>	<u>(73,665)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(20,443)</u>	<u>(73,665)</u>

**Capital expenditure**

	2010 £	2009 £
Proceeds from the sale of tangible fixed assets	-	50,174
Payments to acquire tangible fixed assets	<u>(28,155)</u>	<u>(26,841)</u>
Net cash (outflow)/inflow from capital expenditure	<u>(28,155)</u>	<u>23,333</u>

**Reconciliation of net cash flow to movement in net debt**

	2010 £	2009 £
Decrease in cash in the year	<u>(92,411)</u>	<u>(4,668)</u>
Movement in net debt in the year	<u>(92,411)</u>	<u>(4,668)</u>
Net funds at 1 February 2009	276	4,944
Net (debt)/funds at 31 January 2010	<u>(92,135)</u>	<u>276</u>

**Analysis of changes in net funds/(debt)**

	At 1 Feb 2009 £	Cash flows £	At 31 Jan 2010 £
Net cash			
Cash in hand and at bank	300	1	301
Bank overdraft	<u>(24)</u>	<u>(92,412)</u>	<u>(92,436)</u>
Net funds/(debt)	<u>276</u>	<u>(92,411)</u>	<u>(92,135)</u>



**20 Commitments under operating leases**

At 31 January 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		2009	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Operating leases which expire				
Within 2 - 5 years	-	7,880	-	-
Over 5 years	102,600	-	102,600	9,873
	<u>102,600</u>	<u>7,880</u>	<u>102,600</u>	<u>9,873</u>

**21 Ultimate parent undertaking**

The immediate parent undertaking is NPS Property Consultants Limited and consolidated financial statements for this group are available from Companies House, Cardiff, CF4 3UZ

The ultimate parent undertaking is Norse Group Limited and consolidated financial statements for this group are available from Companies House, Cardiff, CF4 3UZ

The company's ultimate controlling party is Norfolk County Council by virtue of them owning 100% of the ordinary share capital of Norse Group Limited