

Nps South West Limited

Private limited with Share Capital

Company No : **06078903**

Registered Address:

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

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Duedil Company Limited

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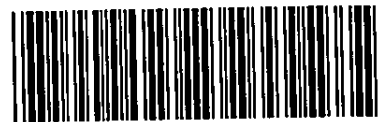


Grant Thornton

Financial Statements NPS South West Limited

For the year ended 31 January 2010

TUESDAY



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COMPANIES HOUSE

Company No. 6078903

Officers and professional advisers

Company registration number	6078903
Registered office	Lancaster House 16 Central Avenue St Andrews Business Park Norwich Norfolk NR7 0HR
Directors	M L Britch G Reynolds A L Davidson A G T Rogers S C Daw F J Brook
Secretary	G Reynolds
Bankers	The Co-operative Bank 69 London Street Norwich Norfolk NR2 1HT
Solicitors	Legal Services Norfolk County Council County Hall Martineau Lane Norwich Norfolk NR1 2DH
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Kingfisher House 1 Gilders Way St James Place Norwich 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 above forecast for the year, generating a pre-tax profit, before any FRS 17 pension adjustment, of £403,164 (2009 pre-tax profit of £47,742)

Outlook

The company currently derives the majority of its turnover from Devon County Council as part of the long-term partnership agreement. As such, future business prospects are good and the outlook for the company's core markets is positive. The workload continues to increase from the core client and since the year-end the company has received two significant commissions to design new Sports Hall Facilities with a total construction value in excess of £5m.

Although the partnership agreement is secured, the Board recognises that the workload from this arrangement is subject to variation and continued dependency on a single major client 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.

As part of this strategy, the company has recently been commissioned by the Borough of Poole to deliver their Primary Capital Programme comprising six schemes with a total construction value of £12 million, ranging from £150,000 to £6 million.

As a result of the above, the Board is pleased to report that the company has full order books for 2010/11.

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 and margin. The 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 Board believe that in order to gain a true reflection and appreciation of the company's trading activities, the financial KPI's should be stated before the impact of FRS 17 (see footnote below).

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

FRS 17 pension adjustment represents the difference between employer contributions paid (£640,000) and the pension cost charged to operating profit (£528,000) plus the net finance charge within interest payable (£10,000).

Key performance indicators (continued)

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

	2010	2009
Turnover (£)	8,565,443	7,173,265
Gross profit (£)	2,595,764	2,078,392
Gross profit margin	30.3%	29.0%
Net profit before tax (£)	403,164	47,742
Net profit margin	4.7%	0.7%
Average number of employees	<u>146</u>	<u>139</u>

Turnover increased over the year by 19.4% (£1,392,178) and this was primarily derived from Devon County Council

The significant investment in new open-plan, modern offices undertaken in 2009 is delivering the anticipated benefits, both financial and non-financial, through improved working practices and procedures. This is demonstrated by the gross profit margin increasing to 30.3% from 29%.

The increase in turnover produced an increase in other operating costs, but this has been contained by prudent management at a rate less than the increase in turnover. This combined with a higher gross profit margin on turnover, increased both net profit and net profit margin.

Net profit increased to £403,164 from £47,742 and net profit margin increased to 5.0% from 0.7%.

The average number of staff increased slightly to 146 from 139. The Board views this as a positive measure as the company has been able to retain its high quality professional staff in an uncertain economic climate.

Results and dividends

The profit for the financial year amounted to £365,796. The directors have not recommended the payment of 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 any significant 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.

Financial risk management objectives and policies (continued)

Liquidity risk

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

Directors

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

M L Britch	
G Reynolds	
A L Davidson	
J Brazil	Resigned 20 July 2009
A G T Rogers	
S C Daw	
F J Brook	Appointed 20 July 2009

The company is an 80% owned subsidiary of NPS Property Consultants Limited, the minority interest of 20% is held by Devon County Council. The ultimate controlling party is Norfolk County Council

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

Policy on the payment of creditors

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

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

Directors' responsibilities (continued)

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.

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 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 South West Limited

We have audited the financial statements of NPS South West Limited for the year ended 31 January 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses 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 pages 5 and 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.

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 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.

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 South West 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 company has made a significant profit in the year under review and forecasts prepared by the directors indicate that it will continue to trade profitably in the current financial year. The company also does not have any significant external borrowings as any finance required is provided by the parent company, NPS Property Consultants Limited, via an intercompany loan account. NPS Property Consultants Limited has confirmed that it will continue to provide any financial support required for a period of at least twelve months from the date of signing these financial statements. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, it remains appropriate to prepare the financial statements on a going concern basis.

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

Finance leases and hire purchase agreements

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

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

Defined benefit scheme

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

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company, in a separate trustee-administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond on equivalent currency and term to the scheme liabilities. The actuarial valuations are prepared on a triennial basis and updated annually. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. Further details regarding the company pension scheme are contained in note 15 to the financial statements.

In the prior year the contributions to the company pension scheme were treated as a money purchase pension scheme, despite the members receiving a local government pension scheme ("LGPS"), as part of the Norfolk Pension Fund Defined Benefit Scheme. The transfer of employees from Devon County Council to NPS South West Limited was on a fully funded actuarial basis, however at the previous year end the actuary had 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	8,565,443	7,173,265
Cost of sales		(5,857,679)	(5,094,873)
Gross profit		<u>2,707,764</u>	<u>2,078,392</u>
Other operating charges	2	(2,179,599)	(2,026,330)
Other operating income	3	389	4,645
Operating profit	4	<u>528,554</u>	<u>56,707</u>
Interest receivable	7	20	43
Interest payable and similar charges	8	(23,410)	(9,008)
Profit on ordinary activity before taxation		<u>505,164</u>	<u>47,742</u>
Tax on profit on ordinary activity	9	(139,368)	(34,934)
Profit for the financial year	19	<u><u>365,796</u></u>	<u><u>12,808</u></u>

All of the activities of the company are classed as continuing

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

Balance sheet

	Note	2010		2009	
		£	£	£	£
Fixed assets					
Tangible assets	10		703,043		840,156
Current assets					
Stocks	11	60,944		-	
Debtors	12	1,723,651		1,689,061	
Cash at bank and in hand		600		600	
		1,785,195		1,689,661	
Creditors, amounts falling due within one year	13	<u>(1,927,873)</u>		<u>(2,159,016)</u>	
Net current liabilities			<u>(142,678)</u>		<u>(469,355)</u>
Total assets less current liabilities			<u>560,365</u>		<u>370,801</u>
Financed by:					
Creditors amounts falling due within one year	14	51,374		154,166	
Defined benefit pension scheme liability	16	<u>1,076,400</u>		<u>-</u>	
			1,127,774		154,166
Capital and reserves					
Called-up equity share capital	18	10		10	
Profit and loss account	19	<u>(567,419)</u>		<u>216,625</u>	
Equity shareholder's (deficit)/funds	20		<u>(567,409)</u>		<u>216,635</u>
			<u>560,365</u>		<u>370,801</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

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

Cash flow statement

	Note	2010 £	2009 £
Net cash inflow from operating activities	22	301,432	803,332
Returns on investments and servicing of finance	22	(13,390)	(8,965)
Taxation paid		(107,187)	(43,868)
Capital expenditure and financial investment	22	(75,174)	(700,442)
Cash inflow before financing		<u>105,681</u>	<u>50,057</u>
Financing	22	(102,792)	(53,625)
Increase/(decrease) in cash	22	<u>2,889</u>	<u>(3,568)</u>

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

Other primary statement

Statement of total recognised gains and losses

	2010	2009
	£	£
Profit for the financial year	365,796	12,808
Actuarial loss in respect of defined benefit pension scheme	(1,459,000)	-
Net obligation on initial recognition of defined benefit liability	(138,000)	-
Deferred tax attributable to the above	447,160	-
Total gains and losses recognised for the year	<u>(784,044)</u>	<u>12,808</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>8,565,443</u>	<u>7,173,265</u>

2 Other operating charges

	2010 £	2009 £
Administrative expenses	<u>2,179,599</u>	<u>2,026,330</u>

3 Other operating income

	2010 £	2009 £
Other operating income	<u>389</u>	<u>4,645</u>

4 Operating profit

Operating profit is stated after charging

	2010 £	2009 £
Depreciation of owned fixed assets	123,693	112,854
Depreciation of fixed assets held under finance leases	88,594	85,794
Operating lease costs		
- Land and buildings	218,700	91,125
- Plant and machinery	12,991	1,457
Auditor's remuneration - audit of the financial statements	5,100	5,000
Auditor's remuneration - other fees	<u>3,030</u>	<u>3,655</u>
	2010 £	2009 £
Auditor's remuneration - other fees		
- Taxation services	2,130	2,000
- Advisory	<u>900</u>	<u>1,655</u>
	<u>3,030</u>	<u>3,655</u>

5 Particulars of employees

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

	2010 Number	2009 Number
Architectural services	48	50
Building surveying group	33	28
Business support	47	46
Estates	18	15
	<u>146</u>	<u>139</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	4,183,014	3,782,043
Social security costs	330,709	298,743
Other pension costs (note 15)	528,000	563,479
	<u>5,041,723</u>	<u>4,644,265</u>

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (note 8) and amounts recognised in the statement of total recognised gains and losses

6 Directors

Remuneration in respect of directors was as follows

	2010 £	2009 £
Emoluments receivable	<u>101,519</u>	<u>90,789</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>

7 Interest receivable

	2010 £	2009 £
Interest from group undertakings	<u>20</u>	<u>43</u>

8 Interest payable and similar charges

	2010	2009
	£	£
Interest payable on finance leases and hire purchase agreements	8,343	1,804
Interest payable to group undertakings	5,067	7,204
Net finance charges in respect of defined benefit pension scheme	10,000	-
	<u>23,410</u>	<u>9,008</u>

9 Taxation on profit on ordinary activity

(a) Analysis of charge in the year

	2010	2009
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28%	137,048	43,868
Over provision in respect of prior period	(29,861)	-
Total current tax (note 9(b))	107,187	43,868
Deferred tax		
Origination and reversal of timing differences (note 15)	(18,101)	(8,934)
Deferred tax in respect of defined benefit scheme (note 15)	28,560	-
Adjustment in respect of prior period (note 15)	21,722	-
	<u>32,181</u>	<u>(8,934)</u>
Tax on profit on ordinary activity	<u>139,368</u>	<u>34,934</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activity for the year is lower (2009 higher) than the standard rate of corporation tax in the UK of 28%

	2010	2009
	£	£
Profit on ordinary activity before taxation	<u>505,164</u>	<u>47,742</u>
Profit on ordinary activity by rate of tax - expected charge	141,446	13,368
Expenses not deductible for tax purposes	6,062	21,060
Capital allowances for period in excess of depreciation	2,978	8,934
Effect of higher tax rate at start of year	-	506
Other timing differences - defined benefit pension liability	(28,560)	-
Other timing differences - pension creditor	15,122	-
Adjustments to tax charge in respect of prior periods	(29,861)	-
Total current tax (note 9(a))	<u>107,187</u>	<u>43,868</u>

10 Tangible fixed assets

	Leasehold improvements £	Plant & equipment £	Computer equipment £	Total £
Cost				
At 1 February 2009	467,447	194,286	384,364	1,046,097
Additions	1,952	39,230	33,992	75,174
At 31 January 2010	<u>469,399</u>	<u>233,516</u>	<u>418,356</u>	<u>1,121,271</u>
Depreciation				
At 1 February 2009	46,208	45,541	114,192	205,941
Charge for the year	46,404	54,022	111,861	212,287
At 31 January 2010	<u>92,612</u>	<u>99,563</u>	<u>226,053</u>	<u>418,228</u>
Net book value				
At 31 January 2010	<u>376,787</u>	<u>133,953</u>	<u>192,303</u>	<u>703,043</u>
At 31 January 2009	<u>421,239</u>	<u>148,745</u>	<u>270,172</u>	<u>840,156</u>

The net book value of fixed assets includes an amount of £136,196 (2009 £224,789) in respect of assets held under finance leases (including hire purchase contracts). The depreciation charge in respect of these assets for the year was £88,594 (2009 £85,794).

11 Stocks

	2010 £	2009 £
Work in progress	<u>60,944</u>	<u>-</u>

12 Debtors

	2010 £	2009 £
Trade debtors	1,183,156	1,341,864
Amounts recoverable on contracts	433,346	200,806
Other debtors	1,352	1,555
Deferred tax asset (note 15)	5,296	8,917
Prepayments and accrued income	100,501	135,919
	<u>1,723,651</u>	<u>1,689,061</u>

13 Creditors: amounts falling due within one year

	2010	2009
	£	£
Bank overdraft	1,719	4,608
Trade creditors	161,224	202,841
Amounts owed to group undertakings (note 17)	511,903	819,419
Other tax and social security	111,245	100,754
Net obligations under finance leases and hire purchase contracts	102,792	102,792
Other creditors	134,066	1,066
Accruals and deferred income	904,924	927,536
	<u>1,927,873</u>	<u>2,159,016</u>

Net obligations under finance leases and hire purchase contracts are secured by the assets concerned

Included within other creditors at the year end are outstanding pension contributions of £77,025 (2009 £nil)

14 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Net obligations under finance leases and hire purchase contracts (repayable within five years)	<u>51,374</u>	<u>154,166</u>

Net obligations under finance leases and hire purchase contracts are secured by the assets concerned

15 Deferred taxation

The movement in the deferred taxation balance during the year was

	2010	2009
	£	£
Asset/(provision) brought forward	8,917	(17)
Origination and reversal of timing differences (note 9(a))	18,101	8,934
Adjustment in respect of prior period (note 9(a))	(21,722)	-
Asset carried forward	<u>5,296</u>	<u>8,917</u>

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

	2010	2009
	£	£
Other timing differences	15,123	-
Difference between taxation allowances and depreciation on fixed assets	(9,827)	8,917
	<u>5,296</u>	<u>8,917</u>

Deferred taxation (continued)

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

	2010	2009
	£	£
Balance brought forward	-	-
Deferred tax asset on initial recognition of defined benefit deficit	38,640	-
Charge to profit and loss account (note 9)	(28,560)	-
Deferred tax on actuarial loss for the year	408,520	-
Balance carried forward	<u>418,600</u>	<u>-</u>

16 Pension commitments

In the prior year the contributions to the company pension scheme were treated as a money purchase pension scheme, despite the members receiving a local government pension scheme ("LGPS"), as part of the Norfolk Pension Fund Defined Benefit Scheme. The transfer of employees from Devon County Council to NPS South West Limited was on a fully funded actuarial basis, however at the previous year end the actuary had not allocated the assets and liabilities pertaining to these employees. This allocation was made during the year ended 31 January 2010 and accordingly the defined benefit obligation has been brought into the financial statements as at 31 January 2010.

The calculations for FRS 17 disclosures are based on a full actuarial valuation of the scheme as at 31 March 2007 updated to 31 January 2010 by a qualified independent actuary.

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

	2010
	%
Rate of increase in salaries	4.0
Rate of increase in pensions in payment	3.5
Discount rate	5.5
Inflation assumption	3.5

The post retirement mortality assumptions used to value the benefit obligation at the year end are based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non-pensioners and 2017 for pensioners.

The actual return on scheme assets in the year was a gain of £223,000.

Pension commitments (continued)

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

	Long-term rate of return expected %	2010 Value £
Equities	7.6	6,769,000
Bonds	5.3	1,904,000
Property	5.6	1,163,000
Cash	4.7	740,000
Total market value of assets		<u>10,576,000</u>
Present value of scheme liabilities		<u>(12,071,000)</u>
Deficit in the scheme		(1,495,000)
Related deferred tax asset		418,600
Net pension liability		<u>(1,076,400)</u>

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

	2010 £
At 1 February 2009	-
Total operating charge	(528,000)
Total finance charge	(10,000)
Actuarial loss	(1,459,000)
Net obligation on initial recognition of defined benefit liability	(138,000)
Contributions	640,000
At 31 January 2010	<u>1,495,000</u>

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating profit

	2010 £
Current service cost	(503,000)
Past service costs	(25,000)
Total operating charge	<u>(528,000)</u>

Pension commitments (continued)

Analysis of the amount charged to finance costs

	2010 £
Expected return on pension scheme assets	192,000
Interest on pension scheme liabilities	<u>(202,000)</u>
Total finance charge	<u>(10,000)</u>

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

	2010 £
Net obligation on initial recognition of defined benefit liability	(138,000)
Actual return less expected return on pension scheme assets	31,000
Loss arising from changes in assumptions underlying the present value of scheme liabilities	<u>(1,490,000)</u>
Actuarial loss	<u>(1,597,000)</u>

History of experience gains and losses is shown below

	2010
Difference between the expected and actual return on scheme assets	
- amount (£)	31,000
- % of scheme assets	-
Experience (losses)/gains on scheme liabilities	
- amount (£)	-
- % of the present value of scheme liabilities	-
Total amount recognised in statement of total recognised gains and losses	
- amount (£)	(1,597,000)
- % of the present value of scheme liabilities	(13)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses at 31 January 2010 was a net loss of £1,597,000

Pension commitments (continued)

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

	2010 £
Market value of scheme assets at the beginning of the year	-
Expected return on scheme assets	192,000
Actuarial gains	31,000
Employer contributions	640,000
Member contributions	272,000
Net assets transferred in	9,623,000
Benefits paid	<u>(182,000)</u>
Market value of the schemes assets at the end of the year	<u>10,576,000</u>

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

	2010 £
Present value of scheme liabilities at the start of the year	-
Total operating charge	528,000
Interest cost	202,000
Member contributions	272,000
Benefits paid	<u>(182,000)</u>
Net liabilities transferred in	9,761,000
Actuarial losses	1,490,000
Present value of the scheme liabilities at the end of the year	<u>12,071,000</u>

History of scheme assets, liabilities and net deficit position

	2010 £
Market value of plan assets at end of year	10,576,000
Present value of scheme liabilities at end of year	<u>(12,071,000)</u>
Net deficit in the plan at end of year	<u>(1,495,000)</u>

Future funding obligation

The directors anticipate that contributions of approximately £659,000 will be paid in the year to 31 January 2011

17 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 at year end	
	Sales	Purchases	Debtor	Creditor
	£	£	£	£
2010				
NPS Property Consultants	90,177	10,307	-	511,903
NPS North East Limited	982	-	-	-
NPS North West Limited	-	3,254	-	-
Robson Liddle Limited	-	135,323	-	-
John Packer Associates Limited	-	25,701	-	-
NPS South East Limited	1,959	2,845	-	-

	Transactions		Balances at year end	
	Sales	Purchases	Debtor	Creditor
	£	£	£	£
2009				
NPS Property Consultants Limited	26,032	161,078	-	819,419
NPS North East Limited	1,952	-	-	-
NPS North West Limited	-	16,221	-	-
Robson Liddle Limited	-	104,221	-	-

In addition to the above, management charges of £206,000 (2009 £206,000) were charged to the company by the immediate parent undertaking, NPS Property Consultants Limited

During the year the company also had the following transactions with Devon County Council, the minority shareholder

	Transactions		Balances at year end	
	Sales	Purchases	Debtor	Creditor
	£	£	£	£
2010				
Devon County Council	8,052,674	304,795	828,948	2,235

	Transactions		Balances at year end	
	Sales	Purchases	Debtor	Creditor
	£	£	£	£
2009				
Devon County Council	6,968,060	230,841	1,301,438	55,854

18 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>

19 Profit and loss account

	2010	2009
	£	£
Balance brought forward	216,625	203,817
Profit for the financial year	365,796	12,808
Defined benefit pension scheme	(1,149,840)	-
Balance carried forward	<u>(567,419)</u>	<u>216,625</u>

20 Reconciliation of movements in equity shareholder's (deficit)/funds

	2010	2009
	£	£
Profit for the financial year	365,796	12,808
Defined benefit pension scheme	(1,149,840)	-
Net (reduction)/addition to shareholder's funds	(784,044)	12,808
Opening shareholder's funds	216,635	203,827
Closing shareholder's (deficit)/funds	<u>(567,409)</u>	<u>216,635</u>

21 Contingencies

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)

22 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activity

	2010	2009
	£	£
Operating profit	528,554	56,707
Depreciation	212,287	198,648
Increase in stocks	(60,944)	-
Increase in debtors	(38,211)	(601,025)
Increase in creditors	(228,254)	1,149,002
Provision for service cost of defined benefit pension scheme	528,000	-
Defined benefit pension scheme contributions paid	(640,000)	-
Net cash inflow from operating activities	<u>301,432</u>	<u>803,332</u>

Returns on investments and servicing of finance

	2010	2009
	£	£
Interest received	20	43
Interest on finance leases and hire purchase agreements	(8,343)	(1,804)
Interest paid	(5,067)	(7,204)
Net cash outflow from returns on investments and servicing of finance	<u>(13,390)</u>	<u>(8,965)</u>

Capital expenditure

	2010	2009
	£	£
Payments to acquire tangible fixed assets	(75,174)	(700,442)
Net cash outflow from capital expenditure	<u>(75,174)</u>	<u>(700,442)</u>

Notes to the cash flow statement (continued)

Financing

	2010 £	2009 £
Repayment of finance leases and hire purchase agreements	(102,792)	(53,625)
Net cash outflow from financing	<u>(102,792)</u>	<u>(53,625)</u>

Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
Increase/(decrease) in cash in the period	2,889	(3,568)
Cash outflow from decrease in hire purchase obligations	102,792	53,625
Change in net debt arising from cash flows	105,681	50,057
New finance leases and hire purchase agreements	-	(310,583)
Movement in net debt in the period	105,681	(260,526)
Net debt at 1 February 2009	(290,966)	(440)
Net debt at 31 January 2010	<u>(155,285)</u>	<u>(260,966)</u>

Analysis of changes in net debt

	At 1 Feb 2009 £	Cash flows £	At 31 Jan 2010 £
Cash in hand and at bank	600	-	600
Bank overdraft	(4,608)	2,889	(1,719)
Net cash	<u>(4,008)</u>	2,889	<u>(1,119)</u>
Hire purchase agreements	(256,958)	102,792	(154,166)
Net debt	<u>(290,966)</u>	<u>105,681</u>	<u>(155,285)</u>

23 Commitments under operating leases

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

	2010	2009	2010	2009
	Land and buildings		Plant and equipment	
	£	£	£	£
Operating leases which expire				
Within 2 - 5 years	-	-	11,138	7,254
Over 5 years	<u>218,700</u>	<u>218,700</u>	<u>-</u>	<u>-</u>
	<u>218,700</u>	<u>218,700</u>	<u>11,138</u>	<u>7,254</u>

24 Ultimate parent undertaking

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

The ultimate parent undertaking is Norse Group Limited and consolidated accounts 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