

# Norse Commercial Services Limited

Private limited with Share Capital

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Company No : **02888808**

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Registered Address:

**280 Fifers Lane  
Norwich**

**NR6 6EQ**

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Grant Thornton

# Financial Statements Norse Commercial Services Limited

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For the period from 2 February 2009 to 31 January 2010

Company No. 2888808

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## Company information

<b>Company registration number</b>	2888808
<b>Registered office</b>	280 Fifers Lane Norwich Norfolk NR6 6EQ
<b>Directors</b>	A T Williams P W Adams M L Britch P M Hawes
<b>Secretary</b>	A J Merricks
<b>Bankers</b>	Co-operative Bank Olympic House 6 Olympic Court Salford M5 2QP
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Statutory Auditors 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 group for the period from 2 February 2009 to 31 January 2010

### **Principal activities and business review**

The principal activities of the company are that of supplying cleansing, catering, printing, repair, security and maintenance services to both the public and private sector. The principal activities of the group undertakings are

Norfolk County Services Transport - the carrying on of passenger transport services to local authorities, other public bodies and non-profit making organisations which are concerned with the promotion of education, religion, social welfare or other activities of benefit to the community

GYB Services Limited - to assume responsibility for certain activities of Great Yarmouth Borough Council Operational Services Department, including Refuse, Cleansing and Maintenance services

Suffolk Coastal Services Limited - to assume responsibility for certain activities of Suffolk Coastal District Council including Refuse, Cleansing and Maintenance services

Waveney Norse Limited - to assume responsibility for certain activities of Waveney District Council including Refuse, Cleansing and Maintenance services

Eventguard Limited - the provision of event stewarding and security services

Enfield Norse Limited - to assume to assume responsibility for certain activities of London Borough of Enfield Council including Cleansing services

The company changed its name from Norfolk County Services Limited to Norse Commercial Services Limited on 6 April 2009, and moved to its new Head Office on the same date

Group turnover has increased by 7.4% this year

Gross Operating Margin has increased to 3.4% this year from 2.5% last year

Net Profit before tax and rebates exceeded budget by £200,000 despite costs associated with the relocation of many of our activities to our new site

The company acquired a 75.1% share of Eventguard Limited at the end of the previous year, and started a new subsidiary, Enfield Norse Limited, on 1 May 2009. Enfield Norse Limited is 40% owned by the London Borough of Enfield

The directors anticipate that sales will increase by 6.5% in 2010/11, despite recessionary pressures and cuts in local authority budgets. As ever the Group will focus on finding new partnerships, as well as ensuring retention of existing customers

The Group aims to maintain existing profit margins in the year ahead

### Key performance indicators (KPI's)

The group uses a range of performance measures to monitor business performance. These are both financial and non-financial and the majority of these are reported on using the Balanced Scorecard performance monitoring system. Financial KPI's are based on figures excluding FRS17 adjustments as the directors feel these give a better indication of underlying operating performance.

The key performance indicators ("KPI's") for the period to 31 January 2010 together with comparatives for the period to 1 February 2009 are as follows:

	2010	2009
Group Turnover (£'000)	92,527	86,116
Sales Growth	7.4%	11.9%
Operating Margin (excluding FRS17 & Rebates)	3.0%	2.5%
Net Profit (£'000) (excluding FRS17)	290	1,245
Central Overheads/Turnover	3.8%	3.9%
Customer Satisfaction (Annual Survey)	92%	91%
Staff Turnover	7.9%	9.3%
Average Employee Numbers	4,313	4,075
Average Cash Balance (£'000)	3,600	2,901

Within individual service areas key cost ratios are monitored, particularly labour and material costs as a percentage of turnover.

Other non-financial data used includes monitoring of QA systems (ISO 9002 accreditation renewed in all areas), staff satisfaction (company wide survey currently underway) and accident rates (a sudden increase in reportable accident rates is currently under investigation).

All performance data is reported monthly to the Senior Management Team and quarterly to the Board of Directors.

### Results and dividends

The profit for the financial year amounted to £460,883 (2009 loss £26,970). Pre FRS 17 profit after taxation amounted to £1,350,883 (2009 £1,151,030). The directors have not recommended a dividend.

### Financial risk management objectives and policies

In common with every other business, the group 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.

#### 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

Borrowings attract interest at both fixed and variable rates, the variable element is agreed at regular intervals with the lending bank.

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FRS 17 pension adjustment represents the difference between employer contributions paid (£2,966,000) and the pension cost charged to operating profit (£2,762,000) plus the net finance charge within interest payable (£1,094,000).

**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

**Currency risk**

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

**The directors**

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

A T Williams  
P W Adams  
M L Britch  
P M Hawes

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

**Policy on the payment of creditors**

The group endeavours to pay all invoices by the end of the month following the month of invoice.

**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 the group and of the profit or loss of the group 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors' responsibilities (continued)**

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

**Donations**

During the year the group made the following contributions

	2010	2009
	£	£
Charitable donations	<u>118,630</u>	<u>145,575</u>

**Disabled employees**

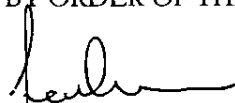
Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

**Employee involvement**

The group has continued the Council's practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through consultations with employee representatives and a company newsletter.

BY ORDER OF THE BOARD



A.J. Merricks  
Secretary  
16 June 2010





## Independent auditor's report to the member of Norse Commercial Services Limited

We have audited the financial statements of Norse Commercial Services Limited for the period ended 31 January 2010 which comprise the principal accounting policies, the group profit and loss account, the group and parent company balance sheet, the group cash flow statement, the group 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 member 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 member 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 member 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 6 and 7, 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 the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 January 2010 and of the group's profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report to the member of Norse Commercial Services 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The financial statements have been prepared on the going concern basis, notwithstanding the net liability position at the year end. The deficit arises on the inclusion of the pension fund liability which is a long term liability and, as such, does not affect the ability of the group and company to pay its short term liabilities.

The group and company has been historically profitable and forecasts prepared by the directors indicate that it will continue to trade profitably in the current financial year. The group and company also do not have any external borrowings. Furthermore the group does not have significant external borrowings other than the bank overdraft. Any finance required is provided by the ultimate parent undertaking, Norfolk County Council, by way of an available loan facility.

As a consequence the directors believe that the group and 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.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

The group's share of the results and assets and liabilities of Enfield Norse Limited have been consolidated in these financial statements using the gross equity method of accounting, based on the audited financial statements for the period ended 31 January 2010.

As a group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

### **Related parties transactions**

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 (revised) whereby wholly owned group undertakings do not have to disclose transactions with other wholly owned members of that group. Accordingly, transactions with wholly owned members of the Norse Commercial Services group have not been disclosed.

### **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 group has obtained the right to consideration through its performance.

### **Fixed assets**

All fixed assets are initially recorded at cost. Freehold property is shown at valuation.

### **Depreciation**

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

Freehold Land	-	Not depreciated
Office buildings	-	4% straight line
Freehold buildings	-	2% straight line
Infrastructure	-	4% straight line
Fixtures & fittings, plant & equipment	-	10 - 33% straight line
Motor vehicles	-	10 - 33% straight line

No depreciation is charged on assets in the course of construction.

### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Goodwill	-	5% per annum straight line
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### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### **Leasing and hire purchase agreements**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the period of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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 and other post-retirement benefits****Defined benefit scheme**

The amounts charged to operating profit/(loss) 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 the period until vesting occurs. The interest cost 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 group, 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 of equivalent currency and term to the scheme liabilities. The actuarial valuations are prepared on a triennial basis and are 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 group pension scheme are contained in note 19 to the financial statements.

**Defined contribution scheme**

Contributions to defined contribution schemes are charged to the profit and loss account when they fall due on an accruals basis.

**Defined benefit schemes treated as money purchase schemes**

In respect of Waveney Norse Limited, the contributions to the pension scheme have been treated as contributions to a defined contribution scheme, despite the members being part of the Suffolk County Council Pension Fund defined benefit scheme. The company is required to pay contributions at a set percentage for the life of the agreement, with any increase or decrease in funding requirements being met in full by Waveney District Council.

**Taxation**

The charge for taxation is based on the result for the period 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 in the future, 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.

## Group profit and loss account

	Note	Period from 2 Feb 09 to 31 Jan 10		Period from 28 Jan 08 to 1 Feb 09	
		£	£	£	£
<b>Gross turnover</b>	1	93,918,209		86,116,382	
Less share of joint ventures turnover		<u>(1,391,333)</u>		<u>-</u>	
<b>Group turnover</b>			92,526,876		86,116,382
Cost of sales			<u>(74,223,116)</u>		<u>(73,041,204)</u>
<b>Gross profit</b>			18,303,760		13,075,178
Other operating charges	2		<u>(16,150,410)</u>		<u>(13,225,683)</u>
<b>Group operating profit/(loss)</b>	3		2,153,350		(150,505)
Share of operating profit in joint venture			42		-
Loss on sale of property			<u>(128,000)</u>		-
Interest receivable and similar income	6		66,643		270,913
Interest payable and similar charges	7		<u>(1,297,762)</u>		<u>(53,173)</u>
<b>Profit on ordinary activities before taxation</b>			794,273		67,235
Tax on profit on ordinary activities	8		<u>(336,562)</u>		<u>(94,205)</u>
<b>Profit/(loss) on ordinary activities after taxation</b>			457,711		(26,970)
Minority interests	26		3,172		-
<b>Profit/(loss) for the financial period</b>	24		<u>460,883</u>		<u>(26,970)</u>

All of the activities of the group are classed as continuing

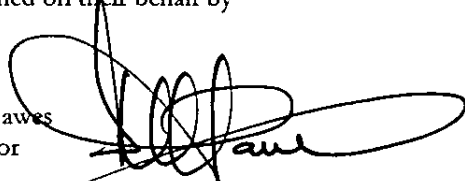
The accompanying accounting policies and notes form part of these financial statements.

## Group Balance Sheet

	Note	31 January 2010		1 February 2009	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		203,055		213,742
Tangible assets	10		10,177,768		5,788,300
Investments in joint venture					
- share of gross assets	11	483,488		-	
- share of gross liabilities	11	(486,314)		-	
			(2,826)		-
			10,377,997		6,002,042
<b>Current assets</b>					
Stocks	13	1,072,654		1,245,840	
Debtors	14	14,246,860		14,956,534	
Cash at bank and in hand		3,442,195		3,005,429	
			18,761,709		19,207,803
<b>Creditors amounts falling due within one year</b>	15	(12,895,403)		(13,727,937)	
<b>Net current assets</b>			5,866,306		5,479,866
<b>Total assets less current liabilities</b>			16,244,303		11,481,908
<b>Creditors amounts falling due after more than one year</b>	16		(3,630,606)		(8,479)
<b>Provisions for liabilities and charges</b>	17		(55,704)		(13,949)
<b>Net assets excluding pension liability</b>			12,557,993		11,459,480
Defined benefit pension scheme liability	19		(14,765,040)		(10,331,280)
<b>Net (liabilities)/assets</b>			(2,207,047)		1,128,200
<b>Capital and reserves</b>					
Called up equity share capital	23		6,250,292		6,250,292
Revaluation reserve	24		854,300		854,300
Profit and loss account	24		(9,349,669)		(6,017,592)
<b>Equity shareholders' (deficit)/ funds</b>	25		(2,245,077)		1,087,000
Minority interests	26		38,030		41,200
			(2,207,047)		1,128,200

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

P M Hawes  
 Director



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

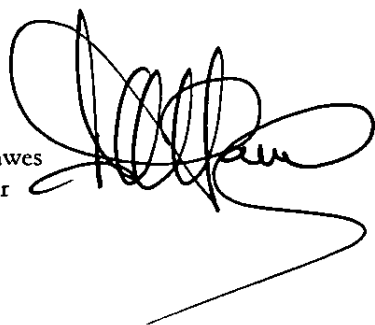


## Company balance sheet

	Note	31 Jan 10 £	1 Feb 09 £
<b>Fixed assets</b>			
Tangible assets	10	10,134,937	5,746,725
Investments	11	338,020	338,008
		<u>10,472,957</u>	<u>6,084,733</u>
<b>Current assets</b>			
Stocks	13	891,101	1,126,446
Debtors	14	11,568,219	10,435,107
Cash at bank		3,444,882	2,921,261
		<u>15,904,202</u>	<u>14,482,814</u>
<b>Creditors amounts falling due within one year</b>	15	<u>(11,988,148)</u>	<u>(10,201,413)</u>
<b>Net current assets</b>		<u>3,916,054</u>	<u>4,281,401</u>
<b>Total assets less current liabilities</b>		<u>14,389,011</u>	<u>10,366,134</u>
<b>Creditors amounts falling due after one year</b>	16	<u>(3,630,606)</u>	-
<b>Provisions for liabilities deferred taxation</b>	17	<u>(86,521)</u>	<u>(48,821)</u>
<b>Net assets excluding pension liability</b>		<u>10,671,884</u>	<u>10,317,313</u>
Defined benefit pension scheme liability	19	<u>(9,487,440)</u>	<u>(6,696,720)</u>
<b>Net assets</b>		<u>1,184,444</u>	<u>3,620,593</u>
<b>Capital and reserves</b>			
Called-up equity share capital	23	6,250,292	6,250,292
Revaluation reserve	24	854,300	854,300
Profit and loss account	24	(5,920,148)	(3,483,999)
<b>Equity shareholder's funds</b>		<u>1,184,444</u>	<u>3,620,593</u>

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

P M Hawes  
 Director



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

## Group cash flow statement

	Note	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
<b>Net cash inflow from operating activities</b>	27	2,745,171	1,038,783
<b>Returns on investments and servicing of finance</b>			
Interest received		66,643	233,913
Interest paid		(203,762)	(53,173)
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>		(137,119)	180,740
<b>Taxation paid</b>		(206,146)	(580,543)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(6,142,367)	(1,203,100)
Receipts from sale of fixed assets		506,973	58,168
<b>Net cash outflow for capital expenditure and financial investment</b>		(5,635,394)	(1,144,932)
<b>Acquisitions</b>			
Purchase of subsidiary undertakings		-	(338,004)
Cash acquired with subsidiary undertakings		-	61,942
<b>Net cash outflow from acquisitions</b>		-	(276,062)
<b>Cash outflow before financing</b>		(3,233,488)	(782,014)
<b>Financing</b>			
Capital element of finance leases and hire purchase payments		(6,524)	(13,656)
Issue of share capital in subsidiary		-	5
New loan from ultimate parent undertaking		3,699,467	-
Repayments on loan from ultimate parent undertaking		(22,689)	-
<b>Net cash inflow/(outflow) from financing</b>		3,670,254	(13,651)
<b>Increase/(decrease) in cash</b>	28	436,766	(795,665)

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

## Other primary statement

### Group statement of total recognised gains and losses

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Profit/(loss) for the financial period attributable to the shareholders of the parent company	460,883	(26,970)
Actuarial loss in respect of defined benefit pension scheme (note 19)	(5,268,000)	(9,132,000)
Deferred tax in respect of defined benefit pension scheme	1,475,040	2,556,960
<b>Total gains and losses recognised since the last financial statements</b>	<b><u>(3,332,077)</u></b>	<b><u>(6,602,010)</u></b>

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

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Cleansing, catering, printing, repair, maintenance and transport services	92,526,876	86,116,382
Share of turnover from joint venture	1,391,333	-
	<u>93,918,209</u>	<u>86,116,382</u>

### 2 Other operating charges

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Administrative expenses	<u>16,150,410</u>	<u>13,225,683</u>

### 3 Group operating profit/(loss)

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

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Depreciation of owned fixed assets	1,118,784	978,507
Depreciation of assets held under finance leases and hire purchase agreements	4,078	8,194
Profit on disposal of fixed assets	(4,936)	(24,038)
Operating lease costs		
Plant and equipment	3,206,550	4,156,750
Hire of plant and machinery	512,822	433,100
Auditor's remuneration - audit of the financial statements	12,000	11,750
Auditor's remuneration - other fees	<u>58,955</u>	<u>83,950</u>
Auditor's remuneration - other fees	£	£
- Statutory audit of subsidiary undertakings	24,100	18,200
- Taxation services	16,030	23,500
- Accountancy advisory services	11,125	31,325
- Advisory re support services	1,650	4,875
- Bus service operators grant audit	6,050	6,050
	<u>58,955</u>	<u>83,950</u>

**4 Particulars of employees**

The average number of staff employed by the group during the financial period amounted to

	Period from 2 Feb 09 to 31 Jan 10 Number	Period from 28 Jan 08 to 1 Feb 09 Number
Production staff	857	879
Administrative staff	197	180
Catering	1,395	1,421
Cleaning	875	864
Transport	472	491
Security	110	-
Other operatives	407	240
	<u>4,313</u>	<u>4,075</u>

The aggregate payroll costs of the above were

	Period from 1 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Wages and salaries	44,234,117	41,163,888
Social security costs	2,701,372	2,553,816
Pension costs	3,196,787	4,380,940
	<u>50,132,276</u>	<u>48,098,644</u>

Pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (note 7)/credited to finance income (note 6) and amounts recognised in the statement of recognised gains and losses

Pension costs include £434,787 (2009 £288,940) of contributions made in respect of employees where defined benefit scheme information is not available or the company is not liable for any future costs arising and the contributions have therefore been treated on a defined contribution basis

**5 Directors**

Remuneration in respect of directors was as follows

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Emoluments receivable	<u>138,809</u>	<u>134,300</u>

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

	Period from 2 Feb 09 to 31 Jan 10 Number	Period from 28 Jan 08 to 1 Feb 09 Number
Defined benefit scheme	<u>2</u>	<u>2</u>

**6 Interest receivable and similar income**

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Bank interest receivable	48,560	211,579
Group interest receivable	18,083	22,334
Net finance income in respect of defined benefit pension schemes (note 19)	-	37,000
	<u>66,643</u>	<u>270,913</u>

**7 Interest payable and similar charges**

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Interest payable on bank borrowing	96,671	53,173
Group interest payable	107,091	-
Net finance charge in respect of defined benefit pension schemes (note 19)	1,094,000	-
	<u>1,297,762</u>	<u>53,173</u>

**8 Taxation on profit on ordinary activities**

(a) Analysis of charge in the period

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Current tax		
In respect of the period		
UK Corporation tax based on the results for the period at 28%	515,917	426,995
Share of current tax in joint venture	2,873	-
Adjustments in respect of prior periods	25,217	30,342
Total current tax (note 8(b))	<u>544,007</u>	<u>457,337</u>
Deferred tax		
Origination and reversal of timing differences (note 17)	70,775	(7,965)
In relation to defined pension fund (note 17)	(249,200)	(329,840)
Adjustments in respect of prior periods (note 17)	(29,020)	(25,327)
Total deferred tax	<u>(207,445)</u>	<u>(363,132)</u>
Tax on profit on ordinary activities	<u>336,562</u>	<u>94,205</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28%

	Period from 2 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Profit on ordinary activities before taxation excluding joint venture	<u>794,231</u>	<u>67,235</u>
Profit on ordinary activities by rate of tax at 28%	222,385	18,826
Expenses not deductible for tax purposes	86,849	48,436
Differences between capital allowances and depreciation	(42,517)	23,023
Adjustments to tax charge in respect of previous periods	25,217	30,342
Pension fund timing difference	249,200	329,840
Share of joint venture current tax charge	2,873	-
Higher rate of tax at start of the year	-	4,332
Charges on income	-	2,538
Total current tax (note 8(a))	<u>544,007</u>	<u>457,337</u>

**9 Profit/(loss) attributable to members of the parent company**

The profit dealt with in the financial statements of the parent company was £26,251 (2009 loss £193,274)

10 Tangible fixed assets

Group	Freehold property £	Fixtures, fittings, plant and equipment £	Motor vehicles £	Assets in course of construction £	Total £
Cost or valuation					
At 2 February 2009	2,271,970	5,276,805	2,024,753	-	9,573,528
Additions	4,524,936	950,391	642,894	24,146	6,142,367
Disposals	(623,000)	(58,190)	(104,226)		(785,416)
At 31 January 2010	<u>6,173,906</u>	<u>6,169,006</u>	<u>2,563,421</u>	<u>24,146</u>	<u>14,930,479</u>
Depreciation					
At 2 February 2009	8,028	2,826,452	950,748	-	3,785,228
Charge for the period	58,594	785,614	278,654	-	1,122,862
On disposals	-	(52,468)	(102,911)	-	(155,379)
At 31 January 2010	<u>66,622</u>	<u>3,559,598</u>	<u>1,126,491</u>	<u>-</u>	<u>4,752,711</u>
Net book value					
At 31 January 2010	<u>6,107,284</u>	<u>2,609,408</u>	<u>1,436,930</u>	<u>24,146</u>	<u>10,177,768</u>
At 1 February 2009	<u>2,263,942</u>	<u>2,450,353</u>	<u>1,074,005</u>	<u>-</u>	<u>5,788,300</u>

Included within the fixed assets above is £13,430 (2009 - £17,508) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £4,078 (2009 - £8,194).

Freehold property includes £4,830,910 (2009 £2,236,443) of non-depreciable land. The historical cost of the revalued freehold property amounted to £5,319,606 (2009 £1,417,670).



10 Tangible fixed assets (continued)

Company	Freehold property £	Fixtures, fittings, plant and equipment £	Motor vehicles £	Assets in course of construction £	Total £
Cost or valuation					
At 2 February 2009	2,271,970	5,249,454	2,001,457	-	9,522,881
Additions	4,524,936	935,741	660,151	24,146	6,144,974
Disposals	(623,000)	(58,190)	(118,919)	-	(800,109)
At 31 January 2010	<u>6,173,906</u>	<u>6,127,005</u>	<u>2,542,689</u>	<u>24,146</u>	<u>14,867,746</u>
Depreciation					
At 2 February 2009	8,028	2,817,380	950,748	-	3,776,156
Charge for the period	58,594	778,159	272,586	-	1,109,339
On disposals	-	(52,468)	(100,218)	-	(152,686)
At 31 January 2010	<u>66,622</u>	<u>3,543,071</u>	<u>1,123,116</u>	<u>-</u>	<u>4,732,809</u>
Net book value					
At 31 January 2010	<u>6,107,284</u>	<u>2,583,934</u>	<u>1,419,573</u>	<u>24,146</u>	<u>10,134,937</u>
At 1 February 2009	<u>2,263,942</u>	<u>2,432,074</u>	<u>1,050,709</u>	<u>-</u>	<u>5,746,725</u>

Included within fixed assets above is £13,429 (2009 - £Nil) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £4,078 (2009 - £8,194).

Freehold property includes £4,830,910 (2009 £2,236,443) of non-depreciable land. The historical cost of re-valued freehold property is £5,319,606 (2009 £1,417,670).

11 Investments

Group	Investment in joint venture £	Total £
<b>Cost and net book value</b>		
At 2 February 2009	-	-
Share of result for the financial year	(2,826)	(2,826)
At 31 January 2010	<u>(2,826)</u>	<u>(2,826)</u>
The above investments consist of		
Share of gross assets	483,488	483,488
Share of gross liabilities	(486,314)	(486,314)
	<u>(2,826)</u>	<u>(2,826)</u>

Company	Subsidiary undertakings £	Joint ventures £	Total £
<b>Cost and net book value</b>			
At 2 February 2009	338,008	-	338,008
Additions	8	4	12
At 31 January 2010	<u>338,016</u>	<u>4</u>	<u>338,020</u>

Subsidiary undertakings	Country of incorporation	Proportion of voting rights and Nature of business	Holding shares held
Norfolk County Services Transport	England	Providing transport - services	-
GYB Services Limited	England	Providing council services	Ordinary shares 100%
Suffolk Coastal Services Limited	England	Providing council services	Ordinary shares 80%
Waveney Norse Limited	England	Providing council services	Ordinary shares 80%
Eventguard Limited	England	Providing security services	Ordinary shares 75 1%

The company owns the issued share capital of the companies as listed above, except for Norfolk County Services Transport, which is limited by guarantee and not having any share capital is controlled by the company

**Joint venture undertaking**

Norse Commercial Services Limited owns 60% of the issued share capital of Enfield Norse Limited, a company incorporated in England. The remaining 40% of the issued share capital is owned by the London Borough of Enfield. The shareholders agreement states that in the event of a winding up the assets are to be distributed equally between both shareholders. Furthermore, the voting rights of the directors are such that neither party is able to exercise overall control of the company. Accordingly, this is treated as a joint venture in these financial statements.

**12 Intangible assets**

<b>Group</b>	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 2 February 2009 and 31 January 2010	<u>213,742</u>
<b>Amortisation</b>	
Charge for the period	<u>(10,687)</u>
<b>Net book value</b>	
At 31 January 2010	<u>203,055</u>
At 1 February 2009	<u>213,742</u>

**13 Stocks**

	<b>The group</b>		<b>The company</b>	
	31 Jan 10	1 Feb 09	31 Jan 10	1 Feb 09
	£	£	£	£
Raw materials	832,318	813,414	661,564	701,267
Work in progress	230,072	432,426	229,537	425,179
Finished goods	10,264	-	-	-
	<u>1,072,654</u>	<u>1,245,840</u>	<u>891,101</u>	<u>1,126,446</u>

**14 Debtors**

	<b>The group</b>		<b>The company</b>	
	31 Jan 10	1 Feb 09	31 Jan 10	1 Feb 09
	£	£	£	£
Trade debtors	4,859,487	8,402,100	3,527,806	4,837,257
Amounts owed by subsidiary undertakings	-	-	-	307,477
Amounts owed by joint venture	808,557	-	808,557	-
Amounts owed by parent and fellow subsidiary undertakings (note 22)	5,318,788	1,908,170	5,043,826	1,736,429
Other debtors	240,824	1,336,524	111,572	1,130,660
Corporation tax	-	-	-	206,918
Prepayments and accrued income	3,019,204	3,309,740	2,076,458	2,216,366
	<u>14,246,860</u>	<u>14,956,534</u>	<u>11,568,219</u>	<u>10,435,107</u>

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

	The group		The company	
	31 Jan 10	1 Feb 09	31 Jan 10	1 Feb 09
	£	£	£	£
Bank overdraft	-	-	49,838	-
Trade creditors	3,314,880	2,781,421	1,963,983	1,706,619
Amounts owed to subsidiary undertakings	-	-	4,382,486	2,069,823
Amounts owed to parent and fellow subsidiary undertakings (note 22)	44,483	722,654	73,942	647,078
Loan from ultimate parent undertaking	47,440	-	47,440	-
Amounts due under finance leases and hire purchase agreements (note 18)	7,211	6,524	7,211	-
Corporation tax	373,746	38,758	70,207	-
Other taxation and social security	1,622,360	2,543,277	1,278,932	2,209,867
Other creditors	265,441	364,881	30,062	38,623
Accruals and deferred income	7,219,842	7,270,422	4,084,047	3,529,403
	<u>12,895,403</u>	<u>13,727,937</u>	<u>11,988,148</u>	<u>10,201,413</u>

The company's bank borrowings are secured by a fixed and floating charge over the assets of the company

**16 Creditors: amounts falling due after more than one year**

	The group		The company	
	31 Jan 10	1 Feb 09	31 Jan 10	1 Feb 09
	£	£	£	£
Loan from ultimate parent undertaking	3,629,338	-	3,629,338	-
Amounts due under finance leases and hire purchase agreements (note 18)	1,268	8,479	1,268	-
	<u>3,630,606</u>	<u>8,479</u>	<u>3,630,606</u>	<u>-</u>

**Group and company****Loan maturity analysis**

	31 Jan 10	1 Feb 09
	£	£
<b>Loan from ultimate parent undertaking</b>		
Within one year	47,440	-
Between two and five years	220,464	-
After more than five years	3,408,874	-
	<u>3,676,778</u>	<u>-</u>
Included in current liabilities (note 15)	(47,440)	-
	<u>3,629,338</u>	<u>-</u>

The loan from the ultimate parent undertaking is repaid in half yearly instalments ending on 31 March 2040. Interest on the loan is charged at 6% per annum

**17 Deferred taxation**

The movement in the deferred taxation liability during the period was

	The group		The company	
	31 Jan 10	1 Feb 09	31 Jan 10	1 Feb 09
	£	£	£	£
Liability brought forward	(13,949)	(46,189)	(48,821)	(45,429)
Origination and reversal of timing differences (note 8(a))	(70,775)	7,965	(76,714)	(4,451)
Adjustments in respect of prior periods (note 8(a))	29,020	25,327	39,014	1,059
Acquired with new subsidiary	-	(1,052)	-	-
Liability carried forward	<u>(55,704)</u>	<u>(13,949)</u>	<u>(86,521)</u>	<u>(48,821)</u>

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

	The group		The company	
	31 Jan 10	1 Feb 09	31 Jan 10	1 Feb 09
	£	£	£	£
Capital allowances in excess of depreciation	<u>(55,704)</u>	<u>(13,949)</u>	<u>(86,521)</u>	<u>(48,821)</u>

The deferred tax asset relating to pension deficit is as follows

	The group		The company	
	31 Jan 10	1 Feb 09	31 Jan 10	1 Feb 09
	£	£	£	£
At start of period	4,017,720	1,130,920	2,604,280	978,320
Credit to profit and loss account (note 8(a))	249,200	329,840	127,680	184,800
Movement in statement of total recognised gains and losses	1,475,040	2,556,960	957,600	1,441,160
At end of period	<u>5,741,960</u>	<u>4,017,720</u>	<u>3,689,560</u>	<u>2,604,280</u>

**18 Commitments under finance leases and hire purchase agreements**

Future commitments under finance leases and hire purchase agreements are as follows

	The group		The company	
	31 Jan 10	1 Feb 09	31 Jan 10	1 Feb 09
	£	£	£	£
Amounts payable within 1 year	7,211	6,524	7,211	-
Amounts payable between 1 and 2 years	1,268	7,842	1,268	-
Amounts payable between 2 and 5 years	-	637	-	-
	<u>8,479</u>	<u>15,003</u>	<u>8,479</u>	<u>-</u>

Finance lease and hire purchase liabilities are secured on the assets acquired

**19 Pension commitments**

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

**Group**

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

	2010	2009	2008
	%	%	%
Rate of increase in salaries	4.0	5.1	5.1
Rate of increase in pensions in payment	3.5	3.6	3.6
Discount rate	5.5	6.9	6.3
Inflation assumption	3.5	3.6	3.6

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 period was a gain of £10,060,000 (2009 loss of £12,841,000)

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

	2010		2009		2008	
	Long-term rate of return expected	Value	Long-term rate of return expected	Value	Long-term rate of return expected	Value
	%	£	%	£	%	£
Equities	7.7	42,919,000	7.5	33,173,000	7.6	41,297,000
Bonds	5.0	12,070,000	5.7	11,420,000	5.3	11,675,000
Property	5.7	7,376,000	5.5	6,526,000	5.6	9,211,000
Cash	4.8	4,695,000	4.0	3,262,000	4.7	2,580,000
Total market value of assets		<u>67,060,000</u>		<u>54,381,000</u>		<u>64,763,000</u>
Present value of scheme liabilities		(87,501,000)		(68,673,000)		(68,802,000)
Present value of unfunded liabilities		(66,000)		(57,000)		-
Deficit in the scheme		<u>(20,507,000)</u>		<u>(14,349,000)</u>		<u>(4,039,000)</u>
Related deferred tax asset (note 17)		5,741,960		4,017,720		1,130,920
Net pension liability		<u>(14,765,040)</u>		<u>(10,331,280)</u>		<u>(2,908,080)</u>

19 Pension commitments (continued)

An analysis of the movements in deficit during the period are shown below

	1 Feb 09 £	27 Jan 08 £
At 2 February 2009	(14,349,000)	(4,039,000)
Total operating charge	(2,762,000)	(4,092,000)
Total other finance (costs)/ income	(1,094,000)	37,000
Actuarial losses recognised in the statement of total recognised gains and losses	(5,268,000)	(9,132,000)
Estimated unfunded benefits paid	3,000	3,000
Contributions	2,963,000	2,874,000
At 31 January 2010	<u>(20,507,000)</u>	<u>(14,349,000)</u>

An analysis of the defined benefit cost follows

*Analysis of the amount charged to operating profit/(loss)*

	31 Jan 10 £	1 Feb 09 £
Current service cost	(2,617,000)	(3,070,000)
Past service cost	(38,000)	(1,022,000)
Losses on settlements and curtailments	(107,000)	-
Total operating charge	<u>(2,762,000)</u>	<u>(4,092,000)</u>

*Analysis of the amount charged to finance (cost)/credited to finance income*

	31 Jan 10 £	1 Feb 09 £
Expected return on assets in the scheme	3,728,000	4,486,000
Interest on pension scheme liabilities	(4,822,000)	(4,449,000)
Net finance (cost)/income	<u>(1,094,000)</u>	<u>37,000</u>

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

	31 Jan 10 £	1 Feb 09 £
Actual return less expected return on pension scheme assets	6,486,000	(17,327,000)
Experience (losses)/gains arising on scheme liabilities	(1,000)	2,534,000
(Loss)/gain arising from changes in assumptions underlying the present value of scheme liabilities	<u>(11,753,000)</u>	<u>5,661,000</u>
Actuarial losses	<u>(5,268,000)</u>	<u>(9,132,000)</u>

19 Pension commitments (continued)

A history of experience gains and losses is shown below

	2010	2009	2008	2007	2006
Difference between the expected and actual return on scheme assets					
- amount (£)	6,486,000	(17,327,000)	(4,615,000)	1,033,000	5,935,000
- % of scheme assets	10	(32)	(7)	2	12
Experience gains & (losses) on scheme liabilities					
- amount (£)	(1,000)	2,534,000	(1,688,000)	4,000	(244,000)
- % of the present value of scheme liabilities	-	4	(2)	-	-
Changes in assumptions underlying the present value of the scheme liabilities					
- amount (£)	(11,753,000)	5,661,000	7,854,000	6,418,000	(9,982,000)
- % of the present value of scheme liabilities	(13)	8	11	10	(16)
Total amount recognised in statement of total recognised gains and losses					
- amount (£)	(5,292,000)	(9,132,000)	1,551,000	7,455,000	(4,291,000)
- % of the present value of scheme liabilities	(6)	(13)	2	12	(7)

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 £7,387,000 (2009 loss £2,119,000)

*Analysis of changes in the value of the scheme assets during the period*

	31 Jan 10 £	1 Feb 09 £
Market value of scheme assets at the beginning of the period	54,381,000	64,763,000
Expected return on scheme assets	3,728,000	4,486,000
Actuarial gains/(losses)	6,486,000	(17,327,000)
Employer contributions	2,963,000	2,874,000
Member contributions	1,086,000	1,056,000
Contributions in respect of unfunded benefits	3,000	3,000
Unfunded benefits paid	(3,000)	(3,000)
Benefits paid	(1,584,000)	(1,471,000)
Market value of the scheme assets at the end of the period	<u>67,060,000</u>	<u>54,381,000</u>



**19 Pension commitments (continued)***Analysis of changes in the present value of the scheme liabilities during the period*

	31 Jan 10	1 Feb 09
	£	£
Present value of scheme liabilities at the start of the period	68,730,000	68,802,000
Current service cost	2,617,000	3,070,000
Interest cost	4,822,000	4,449,000
Member contributions	1,086,000	1,056,000
Past service costs	38,000	1,022,000
Loss on curtailments	107,000	-
Estimated unfunded benefits paid	(3,000)	(3,000)
Benefits paid	(1,584,000)	(1,471,000)
Actuarial losses/(gains)	11,754,000	(8,195,000)
Present value of the scheme liabilities at the end of the period	<u>87,567,000</u>	<u>68,730,000</u>

*History of scheme assets, liabilities and net deficit position*

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Market value of plan assets at end of period	67,060	54,381	64,763	57,943	50,720
Present value of scheme liabilities at end of period	(87,501)	(68,673)	(68,802)	(63,392)	(62,765)
Present value of unfunded liabilities	(66)	(57)	-	-	-
Net deficit in the plan at end of period	<u>(20,507)</u>	<u>(14,349)</u>	<u>(4,039)</u>	<u>(5,449)</u>	<u>(12,045)</u>

*Future funding obligation*

The directors best estimate of the contributions which will be paid in the period to 31 January 2011 will be approximately £3,024,000 (2009, £2,934,000)

**Company**

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

	2010	2009	2008
	%	%	%
Rate of increase in salaries	4.0	5.1	5.1
Rate of increase in pensions in payment	3.5	3.6	3.6
Discount rate	5.5	6.9	6.3
Inflation assumption	3.5	3.6	3.6

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

**19 Pension commitments (continued)**

The actual return on scheme assets in the period was a gain of £5,778,000 (2009 loss of £7,344,000)

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

		2010		2009		2008
	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £
Equities	7.7	24,694,000	7.5	19,034,000	7.6	23,546,000
Bonds	5.0	6,945,000	5.7	6,553,000	5.3	6,656,000
Property	5.7	4,244,000	5.5	3,744,000	5.6	5,252,000
Cash	4.8	2,701,000	4.0	1,872,000	4.7	1,471,000
Total market value of assets		<u>38,584,000</u>		<u>31,203,000</u>		<u>36,925,000</u>
Present value of scheme liabilities		(51,695,000)		(40,447,000)		(40,350,000)
Present value of unfunded liabilities		(66,000)		(57,000)		(69,000)
Deficit in the scheme		<u>(13,177,000)</u>		<u>(9,301,000)</u>		<u>(3,494,000)</u>
Related deferred tax asset (note 17)		3,689,560		2,604,280		978,320
Net pension liability		<u>(9,487,440)</u>		<u>(6,696,720)</u>		<u>(2,515,680)</u>

An analysis of the movements in deficit during the period are shown below

	1 Feb 09 £	27 Jan 08 £
At 2 February 2009	(9,301,000)	(3,494,000)
Total operating charge	(1,512,000)	(2,418,000)
Total other finance cost	(697,000)	(51,000)
Actuarial losses recognised in the statement of total recognised gains and losses	(3,420,000)	(5,147,000)
Contributions	1,753,000	1,809,000
At 31 January 2010	<u>(13,177,000)</u>	<u>(9,301,000)</u>

**19 Pension commitments (continued)**

An analysis of the defined benefit cost follows

*Analysis of the amount charged to operating profit/(loss)*

	31 Jan 10	1 Feb 09
	£	£
Current service cost	(1,525,000)	(1,850,000)
Past service gain/(cost)	24,000	(568,000)
Losses on settlements and curtailments	(11,000)	-
Total operating charge	<u>(1,512,000)</u>	<u>(2,418,000)</u>

*Analysis of the amount charged to finance costs*

	31 Jan 10	1 Feb 09
	£	£
Expected return on pension scheme assets	2,142,000	2,565,000
Interest on pension scheme liabilities	<u>(2,839,000)</u>	<u>(2,616,000)</u>
Net finance costs	<u>(697,000)</u>	<u>(51,000)</u>

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

	31 Jan 10	1 Feb 09
	£	£
Actual return less expected return on pension scheme assets	3,790,000	(9,909,000)
Experience (losses)/gains arising on scheme liabilities	(1,000)	1,451,000
(Loss)/gain arising from changes in assumptions underlying the present value of scheme liabilities	<u>(7,209,000)</u>	<u>3,311,000</u>
Actuarial loss	<u>(3,420,000)</u>	<u>(5,147,000)</u>

**19 Pension commitments (continued)**

A history of experience gains and losses is shown below

	2010	2009	2008	2007	2006
Difference between the expected and actual return on scheme assets					
- amount (£)	3,790,000	(9,909,000)	(2,648,000)	592,000	3,628,000
- % of scheme assets	10	(32)	(7)	2	13
Experience gains/(losses) on scheme liabilities					
- amount (£)	(1,000)	1,451,000	(1,134,000)	(2,000)	(36,000)
- % of the present value of scheme liabilities	-	4	(2)	-	-
Changes in assumptions underlying the present value of the scheme liabilities					
- amount (£)	(7,210,000)	3,311,000	4,599,000	3,704,000	(5,770,000)
- % of the present value of scheme liabilities	(14)	8	11	10	(16)
Total amount recognised in statement of total recognised gains and losses					
- amount (£)	(3,420,000)	(5,147,000)	817,000	4,294,000	(2,178,000)
- % of the present value of scheme liabilities	(7)	(13)	2	11	(6)

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 £3,267,000 (2009 gain of £153,000)

*Analysis of changes in the value of the scheme assets during the period*

	31 Jan 10	1 Feb 09
	£	£
Market value of scheme assets at the beginning of the period	31,203,000	36,925,000
Expected return on scheme assets	2,142,000	2,565,000
Actuarial gains/(losses)	3,790,000	(9,909,000)
Employer contributions	1,750,000	1,806,000
Member contributions	654,000	654,000
Contributions in respect of unfunded benefits	3,000	3,000
Unfunded benefits paid	(3,000)	(3,000)
Benefits paid	(955,000)	(838,000)
Market value of the scheme assets at the end of the period	<u>38,584,000</u>	<u>31,203,000</u>

**19 Pension commitments (continued)**

*Analysis of changes in the value of the scheme liabilities during the period*

	31 Jan 10	1 Feb 09
	£	£
Value of scheme liabilities at the start of the period	40,504,000	40,419,000
Current service cost	1,525,000	1,850,000
Interest cost	2,839,000	2,616,000
Member contributions	654,000	654,000
Past service (gains)/costs	(24,000)	568,000
Losses on curtailments	11,000	-
Estimated unfunded benefits paid	(3,000)	(3,000)
Benefits paid	(955,000)	(838,000)
Actuarial losses/(gains)	7,210,000	(4,762,000)
Present value of the scheme liabilities at the end of the period	<u>51,761,000</u>	<u>40,504,000</u>

*History of scheme assets, liabilities and net deficit position*

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Market value of plan assets at end of period	38,584	31,203	36,925	33,195	29,020
Present value of scheme liabilities at end of period	(51,695)	(40,447)	(40,350)	(37,451)	(37,070)
Present value of unfunded liabilities	(66)	(57)	(69)	-	-
Net deficit in the plan at end of period	<u>(13,177)</u>	<u>(9,301)</u>	<u>(3,494)</u>	<u>(4,256)</u>	<u>(8,050)</u>

*Future funding obligation*

The directors best estimate of the contributions which will be paid in the period to 31 January 2011 will be approximately £1,781,000 (2009 £1,806,000)

**20 Commitments under operating leases**

At 31 January 2010 the group had the following annual commitments under non-cancellable operating leases

The group	Assets other than land and buildings	
	31 Jan 10	1 Feb 09
	£	£
Operating leases which expire		
Within 1 year	11,917	254,513
Within 2 to 5 years	1,495,803	1,681,317
After more than 5 years	451,694	-
	<u>1,959,414</u>	<u>1,935,830</u>

**20 Commitments under operating leases(continued)**

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

The company	Assets other than land and buildings	
	31 Jan 10 £	1 Feb 09 £
Operating leases which expire		
Within 2 to 5 years	793,522	818,693
After more than 5 years	50,812	-
	<u>844,334</u>	<u>818,693</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 group liability at the year end amounted to £610,874 (2009 £1,448,026)

**22 Related party transactions**

The Norse Commercial Services group had the following transactions in the normal course of trade with the following entities within the Norfolk County Council and subsidiaries group

Group	Sales £	Purchases £	Debtor £	Creditor £
2010				
Norfolk County Council	38,620,015	4,650,568	4,468,951	-
NPS Property Consultants Limited	273,118	351,087	-	(44,483)
NPS South East Limited	6,411	-	-	-
Norfolk Environmental Waste Services Limited	927,950	525,300	849,837	-

Included within other debtors is a amount due from Norfolk Environmental Waste Services Limited of £1,500,000 (2009 £800,000) on which interest is payable at 1% above the rate from Co-Operative bank

	Sales £	Purchases £	Debtor £	Creditor £
2009				
Norfolk County Council	34,715,179	4,678,426	1,798,924	69,093
NPS Property Consultants Limited	946,328	281,607	95,147	55,104
Norfolk Environmental Waste Services Limited	1,589,176	320,825	814,099	598,457

**22 Related party transactions**

Company	Sales £	Purchases £	Debtor £	Creditor £
<b>2010</b>				
Norfolk County Council	30,756,395	3,626,490	3,964,876	-
NPS Property Consultants Limited	156,761	351,087	-	73,942
Norfolk Environmental Waste Services Limited	927,950	498,850	1,078,950	-
Suffolk Coastal Services Limited	295,075	1,818	-	1,423,987
Waveney Norse Limited	8,492	141,239	-	978,128
Eventguard Limited	916,408	523,549	-	31,291
Enfield Norse Limited	<u>1,020,661</u>	<u>-</u>	<u>808,557</u>	<u>-</u>

Included within other debtors is a amount due from Norfolk Environmental Waste Services Limited of £1,500,000 (2009 £800,000) on which interest is payable at 1% above the rate from Co-Operative bank

	Sales £	Purchases £	Debtor £	Creditor £
<b>2009</b>				
Norfolk County Council	26,466,916	3,738,259	1,668,277	61,443
NPS Property Consultants Limited	798,220	281,607	54,053	55,104
Norfolk Environmental Waste Services Limited	1,589,176	320,825	14,099	530,531
Suffolk Coastal Services Limited	-	427,023	-	490,634
Waveney Norse Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,172</u>

**23 Share capital**

Authorised share capital

	31 Jan 10 £	1 Feb 09 £
6,250,292 Ordinary shares of £1 each	<u>6,250,292</u>	<u>6,250,292</u>

Allotted, called up and fully paid

	31 Jan 10		1 Feb 09	
	No	£	No	£
Ordinary shares of £1 each	<u>6,250,292</u>	<u>6,250,292</u>	<u>6,250,292</u>	<u>6,250,292</u>

**24 Reserves**

Group	Revaluation reserve £	Profit and loss account £
At 2 February 2009	854,300	(6,017,592)
Profit for the financial period	-	460,883
Other gains and losses		
- Defined benefit pension scheme	-	(3,792,960)
At 31 January 2010	<u>854,300</u>	<u>9,349,669</u>
Company	Revaluation reserve £	Profit and loss account £
At 2 February 2009	854,300	(3,483,999)
Profit for the financial period	-	26,251
Other gains and losses		
- Defined benefit pension scheme	-	(2,462,400)
At 31 January 2010	<u>854,300</u>	<u>(5,920,148)</u>

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

	31 Jan 10 £	1 Feb 09 £
Profit/(loss) for the financial period	460,883	(26,970)
Defined benefit pension scheme	(3,792,960)	(6,575,040)
Net reduction to shareholder's funds	<u>(3,332,077)</u>	<u>(6,602,010)</u>
Opening equity shareholder's funds	1,087,000	7,689,010
Closing equity shareholder's (deficit)/funds	<u>(2,245,077)</u>	<u>1,087,000</u>



**26 Minority Interests**

	31 Jan 10 £	1 Feb 09 £
At beginning at period	41,200	-
On acquisition	-	41,200
Allocation of new shares to minority interest	2	-
Share of result for the year	(3,172)	-
At end of period	<u>38,030</u>	<u>41,200</u>

**27 Reconciliation of operating profit/(loss) to net cash inflow from operating activities**

	Period from 1 Feb 09 to 31 Jan 10 £	Period from 28 Jan 08 to 1 Feb 09 £
Operating profit/(loss)	2,153,350	(150,505)
Depreciation	1,122,862	986,701
Amortisation of intangible fixed assets	10,687	-
Profit on disposal of fixed assets	(4,936)	(24,038)
Decrease/(increase) in stocks	173,186	(10,733)
Decrease/(increase) in debtors	709,674	(2,785,833)
(Decrease)/increase in creditors	(1,215,652)	1,808,191
Provision for service cost of defined benefit pension scheme	2,762,000	4,089,000
Defined benefit pension scheme contributions paid	(2,966,000)	(2,874,000)
Net cash inflow from operating activities	<u>2,745,171</u>	<u>1,038,783</u>

**28 Reconciliation of net cash flow to movement in net funds**

	31 Jan 10 £	1 Feb 09 £
Increase/(decrease) in cash in the period	436,766	(795,665)
Cash outflow in respect of finance leases and hire purchase agreements	6,524	13,656
Cash inflow in respect of new loan from parent undertaking	(3,676,778)	-
Change in net funds resulting from cash flows	(3,233,488)	(782,009)
New finance leases on acquisition	-	(15,003)
Movement in net funds in the period	(3,233,488)	(797,012)
Net funds at 2 February 2009	2,990,426	3,787,438
Net (debt)/funds at 31 January 2010	<u>(243,062)</u>	<u>2,990,426</u>

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

	At 2 Feb 2009 £	Cash flows £	At 31 Jan 2010 £
Net cash			
Cash in hand and at bank	3,005,429	436,766	3,442,195
Debt			
Finance leases and hire purchase agreements	(15,003)	6,524	(8,479)
Loan from parent undertaking	-	(3,676,778)	(3,676,778)
Net funds/(debt)	<u>2,990,426</u>	<u>(3,233,488)</u>	<u>(243,062)</u>

**30 Ultimate parent undertaking**

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

The ultimate controlling party is Norfolk County Council by virtue of its ownership of 100% of the ordinary share capital of Norse Group Limited

**31 Post balance sheet events**

On 1 February 2010, Norfolk Environmental Waste Services Limited became a wholly owned subsidiary of Norse Commercial Services Limited