

Waveney Norse Limited

Private limited with Share Capital

Company No : **06600996**

Registered Address:

**280 Fifers Lane
Norwich
Norfolk**

NR6 6EQ

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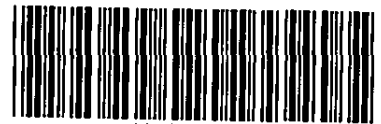


Grant Thornton

Financial Statements Waveney Norse Limited

For the period from 2 February 2009 to 31 January 2010

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Company No. 06600996

Company Information

Company registration number	06600996
Registered office	280 Fifers Lane Norwich Norfolk NR6 6EQ
Directors	A J Merricks P M Hawes S Baker D Ball D Gallagher
Secretary	A J Merricks
Bankers	Co-operative Bank Olympic House 6 Olympic Court Salford M5 2QP
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 period to 31 January 2010

Principal activity and business review

The principal activity of the company is that of refuse, cleansing and maintenance services

Overview

The company continued to work largely for Waveney District Council, and continues to work in partnership with them to deliver improved refuse and environmental services

Outlook

The company has a long term contract with Waveney District Council, who have confirmed their intention to increase the activities covered by the contract. In addition the company continues to develop its commercial waste collection business

Key performance indicators

The company uses a range of performance measures to monitor and manage the business effectively. The financial measures are reported on using the Balanced Scorecard performance monitoring system

The key financial performance indicators (KPI's) are turnover, gross profit and margin, net profit and margin. The key non financial indicator is the average number of employees. The KPI's for the period to 31 January 2010 together with comparatives for the period to 1 February 2009 are as follows

	2010	2009
Turnover	£9,056,195	£5,016,496
Gross profit	£2,522,437	£1,431,643
Gross profit margin	27.85%	28.54%
Net profit	£129,742	£129,297
Net profit margin	1.43%	2.58%
Average number of employees	187	173

Results and dividends

The profit for the financial period amounted to £87,766 (2009 £86,792). The directors have not recommended a dividend.

Financial risk management objectives and policies

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

Liquidity risk

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

Currency risk

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

Directors

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

A J Merricks
P M Hawes
S Baker
D Ball
D Gallagher

Waveney Norse Limited is an 80% subsidiary of Norse Commercial Services Limited. 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 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 endeavours to pay all invoices by the end of the month following the month of invoice.

Statement of directors' responsibilities

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

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

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

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

In so far as each of the directors is aware

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

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 company may continue.

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

Employee involvement

The company keeps employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through consultations with employee representatives and a company newsletter.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'A J Merricks', written over a vertical line.

A J Merricks
Secretary
16 June 2010

Independent auditor's report to the members of Waveney Norse Limited

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

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors responsibilities set out on page 5, 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 the 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 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 members of Waveney Norse 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

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention

Going concern

The company has been profitable 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 external borrowings as any finance required is provided by the parent company, Norse Commercial Services Limited, via an intercompany loan account. 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 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.

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. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Pension costs and other post-retirement benefits

The contributions to the pension scheme have been treated as if they are contributions to a defined contribution scheme, despite the members being part of Suffolk 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, 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	Period to 31 Jan 10 £	Period to 1 Feb 09 £
Turnover	1	9,056,195	5,016,496
Cost of sales		<u>(6,533,758)</u>	<u>(3,584,853)</u>
Gross profit		2,522,437	1,431,643
Other operating charges	2	<u>(2,392,695)</u>	<u>(1,302,346)</u>
Profit on ordinary activity before taxation	3	129,742	129,297
Tax on profit on ordinary activity	5	(41,976)	(42,505)
Profit for the financial period	14	<u>87,766</u>	<u>86,792</u>

All of the activities of the company are classed as continuing

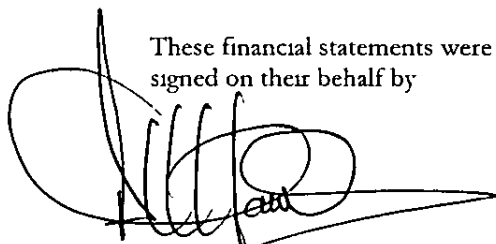
The company has no recognised gains or losses other than the results for the year

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

Balance sheet

	Note	31 Jan 10 £	1 Feb 09 £
Current assets			
Stock	6	46,745	36,719
Debtors	7	1,441,938	1,928,882
Cash at bank		7,220	7,370
		<u>1,495,903</u>	<u>1,972,971</u>
Creditors amounts falling due within one year	8	<u>(1,321,340)</u>	<u>(1,886,174)</u>
Net current assets		<u>174,563</u>	<u>86,797</u>
Net assets		<u>174,563</u>	<u>86,797</u>
Capital and reserves			
Called-up equity share capital	13	5	5
Profit and loss account	14	174,558	86,792
Equity shareholder's funds	15	<u>174,563</u>	<u>86,797</u>

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



P M Hawes
Director

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

Cash flow statement

	Note	Period to 31 Jan 10 £	Period to 1 Feb 09 £
Net cash inflow from operating activity	16	57,305	7,365
Taxation		(57,455)	-
Cash (outflow)/inflow before financing		<u>(150)</u>	<u>7,365</u>
Financing			
Issue of new shares		-	5
(Decrease)/increase in cash	16	<u>(150)</u>	<u>7,370</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

	Period to 31 Jan 10 £	Period to 1 Feb 09 £
Refuse, cleansing and maintenance services	<u>9,056,195</u>	<u>5,016,496</u>

2 Other operating charges

	Period to 31 Jan 10 £	Period to 1 Feb 09 £
Administrative expenses	<u>2,392,695</u>	<u>1,302,346</u>

3 Profit on ordinary activity

Profit on ordinary activity is stated after charging

	Period to 31 Jan 10 £	Period to 1 Feb 09 £
Auditor's remuneration		
Audit fees	4,800	4,700
Accountancy fees	900	550
Tax compliance	<u>2,130</u>	<u>2,000</u>

4 Particulars of employees

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

	Period to 31 Jan 10 Number	Period to 1 Feb 09 Number
Production staff	167	156
Administrative staff	20	17
	<u>187</u>	<u>173</u>

The aggregate payroll costs of the above were

	Period to 31 Jan 10 £	Period to 1 Feb 09 £
Wages and salaries	3,622,466	2,155,459
Social security costs	251,351	154,593
Pension costs (note 10)	426,539	194,672
	<u>4,300,356</u>	<u>2,504,724</u>

The directors did not receive any remuneration from the company during either the current and prior period

Retirement benefits are accruing to two (2009 two) directors under a group defined benefit scheme

5 Taxation on profit on ordinary activity

(a) Analysis of charge in the period

	Period to 31 Jan 10 £	Period to 1 Feb 09 £
Current tax		
In respect of the period		
UK Corporation tax based on the results for the period at 28%	28,735	45,107
Adjustments relating to prior periods	12,348	-
Total current tax (note 5(b))	<u>41,083</u>	<u>45,107</u>
Deferred tax		
Origination and reversal of timing differences (note 9)	(1,709)	(2,602)
Adjustments relating to prior periods (note 9)	2,602	-
Total deferred tax	<u>893</u>	<u>(2,602)</u>
Tax on profit on ordinary activity	<u><u>41,976</u></u>	<u><u>42,505</u></u>

(b) Factors affecting current tax charge

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

	Period to 31 Jan 10 £	Period to 1 Feb 09 £
Profit on ordinary activity before taxation	<u>129,742</u>	<u>129,297</u>
Profit on ordinary activity by rate of tax - expected charge	36,328	36,203
Expenses not deductible for tax purposes	2,367	6,581
Capital allowances for period in excess of depreciation	(647)	2,323
Movement in provisions	(9,313)	-
Adjustments relating to prior period	12,348	-
Total current tax (note 5(a))	<u><u>41,083</u></u>	<u><u>45,107</u></u>

6 Stocks

	31 Jan 10 £	1 Feb 09 £
Raw materials	46,210	31,376
Work in progress	535	5,343
	<u><u>46,745</u></u>	<u><u>36,719</u></u>

7 Debtors

	31 Jan 10	1 Feb 09
	£	£
Trade debtors	306,680	1,402,428
Amounts owed by group undertakings (note 12)	978,826	246,972
Deferred tax asset (note 9)	1,709	2,602
Prepayments and accrued income	154,723	276,880
	<u>1,441,938</u>	<u>1,928,882</u>

8 Creditors: amounts falling due within one year

	31 Jan 10	1 Feb 09
	£	£
Trade creditors	612,887	589,182
Amounts owed to group undertakings (note 12)	55,599	-
Corporation tax	28,735	45,107
Other taxation and social security	67,361	64,636
Other creditors	103,194	78,107
Accruals and deferred income	453,564	1,109,142
	<u>1,321,340</u>	<u>1,886,174</u>

9 Deferred taxation

The movement in the deferred taxation balance during the period was

	31 Jan 10	1 Feb 09
	£	£
Asset brought forward	2,602	-
Profit and loss account movement arising during the period (note 5)	1,709	2,602
Adjustments in respect of prior period (note 5)	(2,602)	-
Asset carried forward (note 7)	<u>1,709</u>	<u>2,602</u>

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

	31 Jan 10	1 Feb 09
	£	£
Excess of depreciation over capital allowances	<u>1,709</u>	<u>2,602</u>

10 Pension commitments

The pension cost charge represents contributions payable by the company to the scheme and amounted to £426,539 (2009 £194,672) Outstanding contributions amounted to £44,847 (2009 £78,107) and are included within other creditors

11 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)

12 Related party transactions

The company had the following transactions and balances in the normal course of trade with related parties within the Norfolk County Council and subsidiaries group and Waveney District Council

2010	Sales £	Purchases £	Debtor £	Creditor £
Norfolk County Council	-	-	698	-
Norse Commercial Services Limited	141,239	295,171	978,128	-
Suffolk Coastal Services Limited	141,850	-	-	-
Waveney District Council	9,085,252	830,982	98,966	182,038
Norfolk Environmental Waste Services Limited	-	-	-	55,599
	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,599</u>

2009	Sales £	Purchases £	Debtor £	Creditor £
Norfolk County Council	12,799	-	12,799	-
Norse Commercial Services Limited	-	-	234,173	-
Waveney District Council	4,615,665	1,753,717	1,185,043	216,851
	<u>4,615,665</u>	<u>1,753,717</u>	<u>1,185,043</u>	<u>216,851</u>

The balance owed to Norfolk Environmental Waste Services Limited at the year end relates to the surrender of tax losses

13 Share capital

Authorised share capital

	31 Jan 10 £		1 Feb 09 £	
1,000 Ordinary shares of £1 each	<u>1,000</u>		<u>1,000</u>	

	31 Jan 10		1 Feb 09	
	No	£	No	£
Allotted, called up and fully paid				
5 Ordinary shares of £1 each	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

14 Profit and loss account

	31 Jan 10 £		1 Feb 09 £	
Balance brought forward	86,792		-	
Profit for the financial period	87,766		86,792	
Balance carried forward	<u>174,558</u>		<u>86,792</u>	

15 Reconciliation of movements in shareholder's funds

	31 Jan 10	1 Feb 09
	£	£
Opening equity shareholder's funds	86,797	-
Profit for the financial period	87,766	86,792
Issue of share capital	-	5
Closing equity shareholder's funds	<u>174,563</u>	<u>86,797</u>

16 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activity

	Period to 31 Jan 10	Period to 1 Feb 09
	£	£
Operating profit	129,742	129,297
Increase in stocks	(10,026)	(36,719)
Decrease/(Increase) in debtors	486,051	(1,926,280)
(Decrease)/Increase in creditors	<u>(548,462)</u>	<u>1,841,067</u>
Net cash inflow from operating activity	<u>57,305</u>	<u>7,365</u>

Reconciliation of net cash flow to movement in net funds

	31 Jan 10	1 Feb 09
	£	£
(Decrease)/Increase in cash in the period	<u>(150)</u>	<u>7,370</u>
Movement in net funds in the period	<u>(150)</u>	<u>7,370</u>
Net funds at beginning of period	<u>7,370</u>	<u>-</u>
Net funds at end of period	<u>7,220</u>	<u>7,370</u>

Analysis of changes in net debt

	At 2 Feb 2009	Cash flows	At 31 Jan 2010
	£	£	£
Net cash			
Cash in hand and at bank	7,370	(150)	7,220
Net funds	<u>7,370</u>	<u>(150)</u>	<u>7,220</u>

17 Operating lease disclosures

Under the terms of its agreement with Waveney District Council (WDC), the company operates a fleet of vehicles on behalf of WDC. These remain under the ultimate ownership of WDC, but the company has operational responsibility for them. These assets are not shown on the company's balance sheet, as the arrangement is regarded as being similar to an operating lease. However as there is no charge for the use of these assets, as they are largely used on work carried out for WDC, no operating lease commitment is shown.

18 Parent undertakings

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

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

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