Registered number: 02888808

NORSE COMMERCIAL SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD TO 3 APRIL 2016

NORSE COMMERCIAL SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	M L Britch P M Hawes A B Gibson
COMPANY SECRETARY	A J Merricks
COMPANY NUMBER	02888808
REGISTERED OFFICE	Lancaster House 16 Central Avenue St Andrews Business Park Norwich Norfolk NR7 0HR
AUDITOR	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Kingfisher House 1 Gilders Way St James Place Norwich Norfolk NR3 1UB
BANKERS	Barclays Bank plc PO Box 885 Mortlock House Histon Cambridge CB24 9DE

NORSE COMMERCIAL SERVICES LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Strategic report	3 - 5
Independent auditor's report	6 - 7
Consolidated income statement	8
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10 - 11
Consolidated statement of changes in equity	12
Consolidated statement of cashflows	13
Notes to the financial statements	14 - 54
Company balance sheet	55 - 56
Company statement of changes in equity	57 - 58
Notes to the company financial statements	59 - 85

DIRECTORS' REPORT
FOR THE PERIOD TO 3 APRIL 2016

The directors present their report and the financial statements for the period ended 3 April 2016.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £3,102,801 (2015: £2,781,944). The directors recommended and approved dividends of £800,000 (2015: £1,155,000) during the financial period.

POST BALANCE SHEET EVENTS

Norse South East Limited, a new joint venture with Havant Borough Council, began trading on 4 April 2016.

On 6 September 2016 the Group completed the purchase of a depot in Gilliangham Kent for £1.5m.

MATTERS COVERED IN THE GROUP STRATEGIC REPORT

The sections which have previously been included within the Directors' report which are now included within the Strategic report are; Business review, outlook, principal risks and uncertainties, financial risk management objectives and policies and key performance indicators.

DIRECTORS

The directors who served during the period were:

M L Britch
P M Hawes
C M Walker
A B Gibson

Subsequent to the period end C M Walker resigned as director on 18th May 2016, I J Mackie was appointed as director on 17 June 2016 and resigned as director on 16 September 2016.

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 FOR PAYMENT OF CREDITORS

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the group made the following donations:

	2016	2015
	£	£
Charitable donations	41,228	34,139

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.

DIRECTORS' REPORT
FOR THE PERIOD TO 3 APRIL 2016

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.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the individual financial statements of the company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework', and have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and IFRSs 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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.

PROVISION OF INFORMATION TO AUDITOR

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and

- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board on 14 October 2016 and signed on its behalf.

A J Merricks

Secretary

STRATEGIC REPORT
FOR THE PERIOD TO 3 APRIL 2016

The directors present their strategic report for the period ended 3 April 2016.

The accounts are prepared to the closest Sunday to 31 March 2016. This represents 61 weeks of trading to 3 April 2016.

The group, in line with all companies in the Norse Group, has extended it's financial year this year, to bring the year end into line with that of the ultimate controlling party, Norfolk County Council.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The principal activities of the group undertakings are:

Norse Eastern Limited – provides various cleaning, catering, printing, repair, security and maintenance services, primarily to Norfolk County Council.

Norse Transport - the carrying on of a transport undertaking for the provision 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, cleaning and maintenance services.

Suffolk Coastal Norse Limited - to assume responsibility for certain activities of Suffolk Coastal District Council including refuse, cleaning and maintenance services.

Waveney Norse Limited - to assume responsibility for certain activities of Waveney District Council including refuse, cleaning and maintenance services.

Eventguard Limited - the provision of static and mobile guarding, security services and event stewarding.

Enfield Norse Limited – providing cleaning services to schools and council buildings in the London Borough of Enfield and neighbouring areas.

Norfolk Environmental Waste Services Limited and Norse Environmental Waste Services Limited – providing waste management and recycling services in Norfolk.

Devon Norse Limited – providing catering and cleaning services in Devon, largely for Devon County Council and schools in the county.

Wellingborough Norse Limited - providing facilities management, waste management, cleaning and maintenance services in Northamptonshire.

Suffolk Norse Limited and Suffolk Norse Transport - providing school transport services in Suffolk.

Medway Norse Limited and Medway Norse Transport - providing facilities management, transport services and maintenance services in Kent, primarily for Medway Council.

Great Yarmouth Norse Limited – providing building maintenance and asset management services.

Newport Norse Limited and NPS Newport Limited - providing facilities management, maintenance services, architectural design, building surveying, CDM and project management.

Within the parent company, both building maintenance and facilities management again delivered strong results. Significant investment was made to improve the resilience of the Group's IT infrastructure.

The group has continued to grow its turnover. After allowing for the 14 month trading period, turnover increased by 9.8%. Revenue in NEWS was £1m below target, due to significant falls in prices for recyclable materials recovered. This was offset by good sales growth at the Newport, Medway and Suffolk Coastal subsidiaries.

Most areas of the business met both turnover and profit targets. Significant exceptions to this were NEWS, for the reason mentioned above and service disruptions whilst new contractual arrangements bedded in; and Medway Norse, where cost increases due to minimum wage were not able to be fully recovered from customers straight away. Grounds Maintenance and Security were also affected by very tight trading conditions.

Outlook

The group is budgeting for a 2.2% increase in turnover for 16/17, (after adjusting for the 14 month period reported here). Some cuts in existing areas of activity will be offset by turnover from Norse South East Limited, which started trading on 4 April 2016. The group is in discussion with several other local authorities regarding potential new work, and is also increasing the number of business development managers employed to enable more of our subsidiaries to bid effectively for local contracts.

The group has done an initial review of the ramifications of the referendum result in June 2016. Early reaction has affected the exchange rate which in turn has affected fuel prices, as well as the market for some commodities. However the group feels that the impact of this is within acceptable levels. The group only operates in the UK, so does not anticipate significant changes in availability of work. However the impact on the UK labour market is harder to predict, and the group will be monitoring developments in Brexit negotiations as they continue.

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.

The key performance indicators ("KPI's") for the period to 3 April 2016 together with comparatives for the period to 1 February 2015 are as follows:

	2016 (12 months pro rata)	2016 (14 months)	2015 (12 months
Group revenue (£'000)	155,818	181,788	141,870
Like for like revenue growth	9.8%	9.8%	3.4%
Operating profit margin	2.9%	2.9%	3.3%
Profit before tax (£'000)	3,466	4,044	3,701
Central overheads/turnover	4.0%	4.0%	4.0%
Customer satisfaction (annual survey)	95%	95%	93%
Staff turnover	10.9%	10.9%	11.0%
Average employee numbers	7,238	7,238	7,018
Average cash balance (£'000)	5,712	5,712	3,266

As previously noted, the group changed its accounting reference date in the current period to bring it into line with Norfolk County Council, the ultimate controlling party. Consequently, the current period figures presented within these financial statements cover the 14 month period from 2 February 2015 to 3 April 2016. These current year figures have been converted to an annualised basis (pro rate 12/14ths) within the strategic report, where appropriate, to enable year-on-year comparison of the group's financial performance.

Other non-financial data used includes monitoring of QA systems (ISO 9001:2000 accreditation renewed in all areas), staff satisfaction (on-going programme of staff surveys) and accident rates (slight decrease in accidents, despite higher number of employees).

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

PRINCIPAL RISKS AND UNCERTAINTIES

The group carries out the majority of its work for Local Authorities. In common with the rest of the public sector, the Councils that the Group work with face significant budgetary pressures. Whilst pressure on public sector funding might entail some changes to service provision, the overall risk to the group is considered low. The group considers that it has measures in place to mitigate against these contract risks.

In addition, the potential for increased income from other customers is regarded as a mitigation to any residual risk.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In common with every other business, 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.

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 lender.

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.

This report was approved by the board on 14 October 2016 and signed on its behalf.

A J Merricks

Secretary

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 3 April 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the parent company balance sheet, the parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 page 2, 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 and express an opinion on 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 of the parent company's affairs as at 3 April 2016 and of the group's profit for the period then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NORSE COMMERCIAL SERVICES LIMITED (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report and the strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.

Anders Rasmussen
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
NORWICH

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD TO 3 APRIL 2016

	Note	14 month period ended 3 April 2016 £	12 month period ended 1 February 2015 £
Group revenue	3	**181,787,700**	141,870,130
Cost of sales		**(142,673,555)**	(110,928,084)
Gross profit		**39,114,145**	30,942,046
Administrative expenses		**(33,872,343)**	(26,318,918)
Other operating income		**-**	3,965
Group operating profit	4	**5,241,802**	4,627,093
Finance income	7	**62,040**	25,884
Finance costs	8	**(1,260,212)**	(952,021)
Profit before taxation		**4,043,630**	3,700,956
Taxation	9	**(940,829)**	(919,012)
Profit for the financial period		**3,102,801**	2,781,944
Profit for the financial period attributable to:			
Non-controlling interests	29	**(104,946)**	134,928
Owners of the parent		**3,207,747**	2,647,016
		3,102,801	2,781,944

All of the activities of the group are classed as continuing.

The notes on pages 14 to 54 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD TO 3 APRIL 2016

	Note	**14 month period ended 3 April 2016 £**	12 month period ended 1 February 2015 £
Profit for the financial period		**3,102,801**	2,781,944
Other comprehensive income/(expense):			
Re-measurement of defined benefit liability	24	**12,187,000**	(7,673,000)
Deferred tax in respect of defined benefit pension scheme	14	**(2,193,660)**	1,534,600
Movement in deferred tax in respect of pension scheme arising from change in rates	14	**(454,940)**	-
Other comprehensive income/(expense) for the period, net of tax		**9,538,400**	(6,138,400)
Total comprehensive income/(expense) for the period		**12,641,201**	(3,356,456)
Total comprehensive income/(expense) for the period attributable to:			
Non-controlling interests	29	**832,718**	(590,512)
Owners of the parent		**11,808,483**	(2,765,944)
		12,641,201	(3,356,456)

None of the items included within other comprehensive income and expense will subsequently be reclassified to profit or loss.

The notes on pages 14 to 54 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 3 APRIL 2016

	Note	3 April 2016 £	1 February 2015 £
Non-current assets			
Goodwill	10	**181,681**	181,681
Other intangible assets	11	**249,065**	83,351
Property, plant and equipment	12	**36,451,629**	35,736,890
Deferred tax asset	14	**1,201,959**	3,652,671
Non-current assets		**38,084,334**	39,654,593
Current assets			
Inventories	15	**1,807,457**	1,772,313
Trade and other receivables	16	**31,563,390**	31,610,445
Cash and cash equivalents	17	**4,267,528**	2,246,102
Current assets		**37,638,375**	35,628,860
Total assets		**75,722,709**	75,283,453
Current liabilities			
Trade and other payables	18	**(29,097,404)**	(29,345,322)
Current tax liabilities		**(80,102)**	(10,304)
Obligations under finance leases	20	**(916,663)**	(689,312)
Borrowings and overdrafts	21	**(896,632)**	(924,913)
Current liabilities		**(30,990,801)**	(30,969,851)
Non-current liabilities			
Trade and other payables	18	**(779,188)**	(800,048)
Obligations under finance leases	20	**(3,489,770)**	(3,023,976)
Borrowings	21	**(5,915,191)**	(6,649,825)
Provisions	22	**-**	(10,195)
Retirement benefit obligations	24	**(11,624,000)**	(22,747,000)
Non-current liabilities		**(21,808,149)**	(33,231,044)
Total liabilities		**(52,798,950)**	(64,200,895)
Net assets		**22,923,759**	11,082,558

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 3 APRIL 2016

	Note	3 April 2016 £	1 February 2015 £
Equity			
Equity attributable to owners of the parent:			
Share capital	30	**9,421,436**	9,421,436
Revaluation reserve		**681,300**	681,300
Retained earnings		**13,090,103**	2,081,620
		23,192,839	12,184,356
Non-controlling interests	29	**(269,080)**	(1,101,798)
Total equity		**22,923,759**	11,082,558

These financial statements were approved by the directors and authorised for issue on 14 October 2016 and signed on their behalf by

P M Hawes
Director

The notes on pages 14 to 54 form part of these financial statements.

NORSE COMMERCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD TO 3 APRIL 2016

	Share capital	Revaluation reserve	Retained earnings	Total attributable to the owners of the parent	Non-controlling interest	Total equity
	£	£	£	£	£	£
Balance at 2 February 2014	9,421,436	681,300	5,698,662	15,801,398	(511,294)	15,290,104
Profit for the year	-	-	2,647,016	2,647,016	134,928	2,781,944
Other comprehensive income						
Actuarial loss in respect of defined benefit pension scheme	-	-	(6,766,200)	(6,766,200)	(906,800)	(7,673,000)
Deferred tax in respect of defined benefit pension scheme	-	-	1,353,240	1,353,240	181,360	1,534,600
Total comprehensive income for the year	-	-	(2,765,944)	(2,765,944)	(590,512)	(3,356,456)
Transactions with owners						
Dividends paid to owners	-	-	(1,155,000)	(1,155,000)	-	(1,155,000)
Shares issued in the year	-	-	-	-	4	4
Changes in controlling interests in joint venture	-	-	303,902	303,902	4	303,906
Total transactions with owners	-	-	(851,098)	(851,098)	8	(851,090)
Balance at 1 February 2015	9,421,436	681,300	2,081,620	12,184,356	(1,101,798)	11,082,558
Profit for the period	-	-	3,207,747	3,207,747	(104,946)	3,102,801
Other comprehensive income						
Actuarial gain in respect of defined benefit pension scheme	-	-	10,992,600	10,992,600	1,194,400	12,187,000
Deferred tax in respect of defined benefit pension scheme	-	-	(2,391,864)	(2,391,864)	(256,736)	(2,648,600)
Total comprehensive income for the period	-	-	11,808,483	11,808,483	832,718	12,641,201
Transactions with owners						
Dividends paid to owners	-	-	(800,000)	(800,000)	-	(800,000)
Shares issued in the year	-	-	-	-		-
Total transactions with owners	-	-	(800,000)	(800,000)	-	(800,000)
Balance at 3 April 2016	**9,421,436**	**681,300**	**13,090,103**	**23,192,839**	**(269,080)**	**22,923,759**

The notes on pages 14 to 54 form part of these financial statements.

NORSE COMMERCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD TO 3 APRIL 2016

	Note	**14 months to 3 April 2016**	12 months to 1 February 2015
		£	£
Operating activities			
Profit before tax		**4,043,630**	3,700,956
Adjustments	31	**8,005,282**	5,516,681
Contributions to defined benefit pension plans		**(2,532,000)**	(1,874,000)
Net changes in working capital	31	**(267,054)**	(4,341,548)
Taxes paid		**(1,068,919)**	(1,677,998)
Cash flow from operating activities		**8,180,939**	1,324,091
Investing activities			
Purchase of property, plant and equipment		**(2,813,308)**	(9,580,912)
Purchase of intangibles assets		**(407,150)**	(17,685)
Proceeds from disposal of property, plant and equipment		**141,003**	202,861
Interest received		**62,040**	25,884
Cash transferred on change in controlling interest in subsidiary		**-**	1,060,367
Cash flow from investing activities		**(3,017,415)**	(8,309,485)
Financing activities			
New bank loan		**2,500,000**	4,493,448
Repayment of bank loans		**(3,080,989)**	(341,096)
Repayment of loan from parent undertaking		**(159,120)**	(106,080)
Interest paid		**(459,211)**	(313,021)
Capital element of lease finance and hire purchase		**(1,119,973)**	(857,784)
Equity dividends paid		**(800,000)**	(1,155,000)
New shares issued to non-controlling interests		**-**	4
Cash flow from financing activities		**(3,119,293)**	1,720,471
Net change in cash and cash equivalents		**2,044,231**	(5,264,923)
Cash and cash equivalents at the beginning of the period		**2,210,047**	7,474,970
Cash and cash equivalents at the end of the period		**4,254,278**	2,210,047
Cash and cash equivalents comprise:			
Cash at bank		**4,267,528**	2,246,102
Bank overdraft		**(13,250)**	(36,055)
		4,254,278	2,210,047

1. NATURE OF OPERATIONS

Norse Commercial Services provides facilities management services including cleaning, printing, building maintenance, waste collection, transport, environmental services, property services and security as well as support services such as human resources and payroll. It also provides waste management services including operating and maintaining landfill sites, waste transfer stations, and recycling facilities, as well as waste collection and composting services.

The group also provides property consultancy services through the subsidiary undertaking NPS Newport Limited.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed and adopted for use in the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework".

The company, along with all companies in the Norse Group, has extended it's financial year this year, to bring the year end into line with that of the ultimate controlling party, Norfolk County Council.

The significant accounting policies that have been applied in the preparation of the consolidated financial statements are summarised below.

2.2 Going concern

The financial statements have been prepared on the going concern basis. The net asset position is impacted by 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 their short term liabilities.

The group and company have been historically profitable and forecasts prepared by the directors indicate that they will continue to trade profitably in the current financial year. Furthermore, with the exception of long term bank loans and a bank overdraft, the group and company does not have significant external borrowings. 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 are well placed to manage their business risks successfully despite the current uncertain economic outlook. Accordingly, it remains appropriate to prepare the financial statements on a going concern basis.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings as at 3 April 2016, other than Newport Norse and NPS Newport whose year end is 31 March 2016. These are adjusted, where appropriate, to conform to group accounting policies. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Norse Commercial Services obtains and exercises control through more than half of the voting rights for all its subsidiaries.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests represent the portion of a subsidiary's profit or loss and net assets or liabilities that is not held by the Group. In accordance with IFRS 10 all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest in the absence of explicit agreements to the contrary, even if the attribution of losses to the non-controlling interest results in a debit balance in shareholders' equity.

2.4 Business combinations

Business combinations occurring on or after 1 February 2009 are accounted for using the acquisition method under the revised IFRS 3 Business Combinations (IFRS 3R). The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.5 Segmental reporting

The group is not required to include information required by IFRS 8: Operating Segments on the grounds that the entity does not have any debt or equity instruments which are traded in a public market.

2.6 Revenue

Revenue comprises revenue from the sale of goods and the rendering of services. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods. In practice the satisfaction of these conditions generally coincides with when the goods are delivered.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date. Further information regarding the assessment of the state of completion is provided below.

Facilities Management Services

The different types of facilities management services are set out within the strategic report. For many of these services (grounds maintenance, transport, waste collection etc.) there is an agreed annual fee and revenue is recognised on a straight line basis over the course of the period. The main exceptions to this are noted below:

- School catering - revenue is recognised based on the number of meals sold in the period.
- Security services - where these relate to one off events revenue is recognised when the event takes place.
- Cleaning services - revenue is recognised based on the number of hours worked in the period.
- Building maintenance - revenue is recognised in the period in which the maintenance work is carried out and is based on the number of hours worked plus any material costs incurred.

Waste Management Services

Revenue from waste management services arises primarily from the sale of recyclables and the operation of landfill sites. Revenue from the sale of recyclables is recognised in line with the revenue recognition policy for the sale of goods, as detailed above. Revenue from the operation of landfill sites is recognised in the period in which the waste is delivered and is based on the quantity of the waste that is disposed of.

2.6 Revenue (continued)

Property Consultancy Services
Revenue in respect of property consultancy services is generally earned under fixed sum contracts, on a time-charge basis or under fixed term service agreements.

In respect of fixed sum contracts revenue is recognised using the percentage of completion method, based on the proportion of costs incurred at the balance sheet date to the total estimated cost of completing the contracted work. Where work is performed on a time charge basis revenue is recognised based on the number of hours work that has been performed at the balance sheet date. Revenue earned under fixed term service agreements is generally recognised on a straight term basis over the length of the contract.

Revenue from long-term contracts represents the sales value of work done in the year, including fees invoiced and estimates in respect of amounts to be invoiced after the year end. Profits are recognised on long-term contracts where the final outcome can be assessed with reasonable certainty. In calculating the profit attributable to the period, the percentage of completion method is used based on the proportion of costs incurred at the balance sheet date to the total estimated cost of completing the contracted work. Full provision is made for all known or anticipated losses on each contract immediately such losses are forecast. Where the outcome of a long term contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recovered.

Gross amounts due from customers are stated at the proportion of the anticipated net sales value earned to date less amounts billed on account. To the extent that fees paid on account exceed the value of work performed, they are included within accruals and deferred income.

2.7 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for site restoration is recognised and charged against the associated provision when the costs are incurred.

2.8 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group’s interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. It is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Any impairment is recognised immediately in the income statement. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

2.9 Intangible assets

Intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 2.13.

The amortisation charge for the year is included within administrative expenses.

The useful lives are detailed in note 11.

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs' (see note 8).

2.11 Property, plant and equipment

Buildings, plant and machinery, motor vehicles, computer equipment, and other equipment (comprising fixtures and fittings) are carried at acquisition cost or manufacturing cost less subsequent depreciation and impairment losses.

Depreciation is recognised to write down the cost less estimated residual value of property, plant and equipment other than freehold land. The periods generally applicable are:

Freehold property	- 2% straight line
Office buildings	- 4% straight line
Infrastructure	- 4% straight line
Motor Vehicles	- 6% - 50% straight line
Plant, fixtures & fittings	- 4% - 33% straight line
Land tipping licence	- over the term of the licence

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

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'administrative expenses'.

2.12 Leases

In accordance with IAS 17: Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements, correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.13 Impairment testing

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held to maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs' or 'finance income', except for impairment of trade receivables which is presented within 'administrative expenses'.

The Group considers that the only categories of financial assets which it uses are loans and receivables along with cash and cash equivalents. These are accounted for as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables is presented within 'administrative expenses'.

2.14 Financial instruments (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities
The Group's financial liabilities include trade and other payables, borrowings and provisions.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

Trade and other payables
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Borrowings
Borrowings are initially recognised at fair value plus any transaction costs associated with the issue of the relevant financial liability. Subsequent to initial measurement, borrowings are measured at amortised cost with the borrowing costs being accounted for on an accruals basis in the income statement using the effective interest rate method. At the balance sheet date accrued interest is recorded separately from the associated borrowings within current liabilities.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. When recognising and measuring a provision, events occurring after the reporting date, and before authorisation for issue, are considered to determine whether such events provide additional evidence of conditions that existed at the reporting date and should therefore be adjusted for.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Restoration provision
Full provision is made for the group's minimum unavoidable costs in relation to restoration liabilities at its landfill sites.

2.15 Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and overheads incurred in bringing inventories to their present condition and location. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision is made for obsolete, slow moving or defective items where appropriate.

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.

2.16 Income taxes

The tax expense represents the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

The tax payable in respect of the year is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is calculated, without discounting, based on the laws enacted or substantially enacted by the reporting date and at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

2.17 Capital grants

Grant income received for the construction of tangible fixed assets is included within deferred income and amortised over the same period as the assets to which it relates. Tangible fixed assets are included at their original gross cost.

2.18 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. The revaluation within equity relates to gains on the revaluation of property, plant and equipment prior to the date of transition, at which point the revalued amount became the deemed cost. The capital contribution relates to liabilities assumed by the ultimate parent undertaking. Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

2.19 Employee benefits

The Group has a number of pension schemes, both of a defined benefit and defined contribution nature. Full details are provided in note 24.

Defined benefit schemes
The defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in a separate trustee-administered fund.

The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

The Group estimates the DBO annually using the projected unit method with the assistance of independent actuaries. The estimate of its post-retirement benefit obligations is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised in full in the period in which they occur through the statement of comprehensive income. Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

The interest cost and the interest income are shown as a net amount within either finance income or finance costs, as appropriate.

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

Employees of certain group companies are members of various local government pension schemes. Under the terms of the relevant transfer agreements, the actuarial risks associated with the schemes remain with the relevant Council. Furthermore these subsidiary companies will only participate in the local government scheme for a finite period up to the end of the contract. The contributions paid by these companies are set in relation to the current service period only and as such the group has accounted for the contributions to these schemes as if they were a defined contribution scheme.

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

Short term employee benefits
Short-term employee benefits, including holiday entitlement, are current liabilities included in 'accruals and deferred income', measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.20 Accounting judgements and estimates

To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that management and the Board of directors believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Critical judgements
Leases
In some cases, the lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

Critical estimates
Impairment
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy previously stated. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Further details of the estimates used are set out in note 10.

Business combinations and intangible assets
On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated statement of financial position at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognised in the income statement in the subsequent period.

Defined benefit liability
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate.

Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information, including sensitivity analysis, is disclosed in note 24.

2.20 Accounting judgements and estimates (continued)

Deferred tax assets
The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

2.21 Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the group’s annual financial statements for the year ended 1 February 2015.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9 Financial Instruments ;
- IFRS 14 Regulatory Deferral Accounts;
- IFRS 15 Revenue from Contracts with Customers ;
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19);
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations;
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38;
- Amendments to IAS 27: Equity Method in Separate Financial Statements;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.

The directors have not yet assessed the potential impact of IFRS 15.

The directors are of the opinion that the other standards will not have a material financial impact on the group's financial statements except for additional disclosures when the relevant standards come into effect.

3. Revenue

The following significant categories of revenue were recognised in the period:

	14 month period ended 3 April 2016	12 month period ended 1 February 2015
	£	£
Cleaning, catering, repair, maintenance and transport	**157,841,414**	123,317,864
Waste management services, including sale of recyclables	**21,453,940**	17,865,063
Property consultancy services	**2,492,346**	687,203
	181,787,700	141,870,130

All revenue has arisen in the United Kingdom.

4. Group operating profit

The operating profit is stated after charging/(crediting):

	14 month period ended 3 April 2016	12 month period ended 1 February 2015
	£	£
Amortisation of intangible assets	**241,436**	48,948
Depreciation of owned property, plant and equipment	**3,033,320**	2,199,741
Depreciation of property, plant and equipment held under finance leases and hire purchase agreements	**811,724**	627,197
(Profit)/loss on disposal of property, plant and	**(74,370)**	(20,342)
Operating lease costs:		
- Plant and equipment	**1,589,112**	1,568,171
- Land and buildings	**157,500**	95,265
Auditor's remuneration - audit of the company financial statements	**17,790**	17,440
Auditor's remuneration - other fees (see below)	**167,382**	178,890

4. Group operating profit (continued)

	14 month period ended 3 April 2016 £	12 month period ended 1 February 2015 £
Auditor's remuneration - other fees:		
- Statutory audit of subsidiaries	**106,160**	90,050
- Taxation services	**51,760**	52,000
- Bus services operators grant audits	**-**	2,000
- Other services	**5,712**	34,840
- Accounting services	**3,750**	-
	167,382	178,890

5. Particulars of employees

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

	14 month period ended 3 April 2016 No.	12 month period ended 1 February 2015 No.
Administrative	**415**	290
Catering	**1,596**	1,668
Cleaning	**1,927**	1,929
Transport	**699**	724
Security	**172**	245
Waste Management	**215**	451
Other operatives	**2,214**	1,711
	7,238	7,018

5. Particulars of employees (continued)

The aggregate payroll costs of the above were:

		14 month period ended 3 April 2016	12 month period ended 1 February 2015
		£	£
Wages and salaries		**74,838,599**	61,274,562
Social Security costs		**4,189,730**	3,412,426
Pension costs	- Defined benefit schemes (note 24)	**2,795,000**	1,735,000
	- Defined contribution schemes	**4,526,280**	4,006,096
		86,349,610	70,428,084

Pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (note 8) and amounts recognised within other comprehensive income.

6. Directors

Remuneration in respect of directors was as follows:

	14 month period ended 3 April 2016	12 month period ended 1 February 2015
	£	£
Emoluments receivable in respect of services to subsidiary undertakings	**166,507**	142,761

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

	14 month period ended 3 April 2016	12 month period ended 1 February 2015
	No.	No.
Defined benefit schemes	**2**	2

7. Finance income

	14 month period ended 3 April 2016 £	12 month period ended 1 February 2015 £
Bank interest receivable	**62,040**	25,884

8. Finance costs

	14 month period ended 3 April 2016 £	12 month period ended 1 February 2015 £
Interest payable on bank borrowing	**232,374**	188,910
Interest payable on loans from ultimate parent undertaking (note 21)	**50,579**	33,288
Net finance charge in respect of defined benefit pension scheme (note 24)	**801,000**	639,000
Interest payable in respect of finance leases and hire purchase agreements	**176,259**	90,823
	1,260,212	952,021

9. Taxation

(a) Analysis of charge in the period

	14 month period ended 3 April 2016	12 month period ended 1 February 2015
	£	£
Current tax:		
In respect of the period:		
Corporation tax based on the results for the period	**1,138,717**	752,150
Over provision in prior period	**-**	(54,402)
Total current tax	**1,138,717**	697,748
Deferred tax:		
Retirement benefit obligation (note 14)	**(191,520)**	(99,800)
Origination and reversal of temporary differences (note 14)	**(6,368)**	272,453
Adjustments in relation to prior periods and impact of change in tax rates (note 14)	**-**	48,611
Total deferred tax	**(197,888)**	221,264
Total tax charge for the period (note 9(b))	**940,829**	919,012

9. Taxation (continued)

(b) Factors affecting tax charge for the period

The taxation assessed for the period is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The charge is affected by a number of factors in addition to the standard UK rate. The differences are explained as follows:

	14 month period ended 3 April 2016	12 month period ended 1 February 2015
	£	£
Profit before tax	**4,043,630**	3,700,956
Profit before tax multiplied by standard rate of tax - expected charge	**808,726**	777,201
Expenses not deductible for tax purposes	**132,103**	78,123
Impact of changes in statutory tax rates	**-**	(994)
Accumulations of tax losses	**-**	70,473
Adjustments to tax charge in respect of prior period	**-**	(5,791)
Total tax charge for the period (note 9(a))	**940,829**	919,012

(c) Factors affecting future tax charges

Legislation to reduce the main rate of corporation tax from 20% to 18% by 1 April 2020 was included in the Finance Act 2015 and has since become substantively enacted. Deferred tax has been provided for at 18% in these financial statements.

10. Goodwill

	£
As at 1 February 2015 and 3 April 2016	**181,681**

The goodwill balance is summarised by cash generating unit as follows:

	2016, 2015 £
Eventguard Limited	**181,681**

The carrying values of the Group's goodwill balances are reassessed at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If analysis indicates that the carrying value is too high, then this is reduced to its recoverable amount which is the higher of fair value less costs to sell and its value in use.

Value in use is calculated using pre-tax cash flow projections based on financial budgets and business plans covering a twelve month period. These have been extrapolated for the units remaining useful lives using the growth rates stated below.

The key assumptions for the value in use calculations are those regarding the operating margin, discount rates and growth rates and these are as set out below.

	Operating margin		**Growth rates**		**Discount rates**	
	2016 %	2015 %	**2016** %	2015 %	**2016** %	2015 %
Eventguard Limited	5.0	7.4	**2.5**	2.5	**14**	14

Operating margins are estimated by management based on historical trends and market conditions. Discount rates are estimated by management using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rate is based on the average growth rate of the UK economy since the second world war. Management consider this to be a reasonable basis for the estimate of the future growth rate in each of the relevant markets.

11. Other intangible assets

	Computer software
	£
Cost	
At 2 February 2014	685,676
Additions	17,685
At 1 February 2015	703,361
Additions	407,150
At 3 April 2016	**1,110,511**
Amortisation	
At 2 February 2014	571,062
Charge for the year	48,948
At 1 February 2015	620,010
Charge for the period	241,436
At 3 April 2016	**861,446**
Net book value at 3 April 2016	**249,065**
Net book value at 1 February 2015	83,351

Computer software is amortised on a straight line basis over its useful economic life of five years.

12. Property, plant and equipment

	Freehold & leasehold property	Plant, fixtures & fittings	Motor Vehicles	Land tipping licence	Assets in the course of construction	Total
	£	£	£	£	£	£
Cost						
At 2 February 2014	28,367,337	9,900,456	6,883,785	3,936,297	325,214	49,413,089
Additions	3,706,801	7,499,390	1,668,500	-	-	12,874,691
Disposals	(5,550)	(259,796)	(255,427)	-	-	(520,773)
Transfers	59,735	265,479	-	-	(325,214)	-
Transfer in on change in control	-	27,141	-	-	-	27,141
At 1 February 2015	32,128,323	17,432,670	8,296,858	3,936,297	-	61,794,148
Additions	340,690	1,194,068	3,091,659	-	-	4,626,417
Disposals	-	(326,888)	(514,261)	-	-	(841,149)
At 3 April 2016	32,469,013	18,299,850	10,874,256	3,936,297	-	65,579,416
Depreciation						
At 2 February 2014	10,571,059	6,399,566	2,653,077	3,936,297	-	23,559,999
Charge for the year	370,685	1,285,327	1,170,926	-	-	2,826,938
On disposals	(1,046)	(210,021)	(127,187)	-	-	(338,254)
Transfers	1,660	(1,660)	-	-	-	-
Transfer in on change in control	-	8,575	-	-	-	8,575
At 1 February 2015	10,942,358	7,481,787	3,696,816	3,936,297	-	26,057,258
Charge for the period	471,182	1,587,946	1,785,916	-	-	3,845,044
On disposals	-	(300,861)	(473,654)	-	-	(774,515)
At 3 April 2016	11,413,540	8,768,872	5,009,078	3,936,297	-	29,127,787
Net book value at 3 April 2016	**21,055,473**	**9,530,978**	**5,865,178**	**-**	**-**	**36,451,629**
Net book value at 1 February 2015	21,185,965	9,950,883	4,600,042	-	-	35,736,890

12. Property, plant and equipment (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	3 April 2016	1 February 2015
	£	**£**
Motor Vehicles	2,235,904	2,076,918
Plant and machinery	754,833	1,358,975

Freehold and leasehold property includes £4,830,910 (2015: £4,830,910) of non-depreciable land.

With regards to those assets previously carried at a valuation, the valuations are deemed to be existing cost at the point of transition. The carrying value of these assets was £1,500,000 (2015: £1,500,000).

Freehold and leasehold property includes £5,792,957 (2015: £6,082,660) of leasehold property improvements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £162,471 (2015: £17,840).

13. Non-controlling interests

The group includes one subsidiary with material non-controlling interests ('NCI'). These are as follows:

	Total comprehensive income allocated to NCI		Accumulated NCI	
	2016	2015	**2016**	2015
	£	£	**£**	£
GYB Services Limited	**886,550**	(637,428)	**(427,426)**	(1,307,320)

At 3 April 2016 and 1 February 2015 the proportion of ownership interest and voting rights held by the non-controlling interest was as follows:

	2016	2015
	%	%
GYB Services Limited	**40**	40

No dividends were paid to the non-controlling interest in either the current or preceeding period.

The principal place of business, and country of incorporation for the subsidiary is England.

13. Non-controlling interests (continued)

Summarised financial information for GYB Services Limited, before intragroup eliminations, is provided below:

	2016	2015
	£	£
Non current assets	**-**	-
Current assets	**2,955,310**	2,444,408
Total assets	**2,955,310**	2,444,408
Non-current liabilities	**(2,587,000)**	(4,174,400)
Current liabilities	**(1,436,876)**	(1,538,309)
Total liabilities	**(4,023,876)**	(5,712,709)
Equity		
Attributable to owners of parent	**(641,140)**	(1,960,981)
Attributable to NCI	**(427,426)**	(1,307,320)
Total Equity	**(1,068,566)**	(3,268,301)

	2016	2015
	£	£
Revenue	**8,659,932**	7,493,209
Loss/(profit) for year attributable to owners of parent	**(76,670)**	9,137
(Loss)/profit for year attributable to NCI	**(51,114)**	6,092
(Loss)/profit for the period	**(127,784)**	15,229
Other comprehensive income attributable to owners of parent	**1,406,496**	(965,280)
Other comprehensive income attributable to NCI	**937,664**	(643,520)
Other comprehensive income	**2,344,160**	(1,608,800)
Total comprehensive income attributable to owners of parent	**1,329,826**	(956,143)
Total comprehensive income attributable to NCI	**886,550**	(637,428)
Total comprehensive income	**2,216,376**	(1,593,571)
Net cash from operating activities	**(1,475)**	(280)
Net cash outflow	**(1,475)**	(280)

14. Deferred taxation

The movement in the deferred taxation asset during the year was:

	3 April 2016 £	1 February 2015 £
Asset brought forward	**3,652,671**	2,338,491
Recognised in income statement:		
Charge to the profit and loss account in respect of pension obligation	**191,520**	99,800
Origination and reversal of other temporary differences	**6,368**	(272,453)
Adjustment in respect of prior years	**-**	(48,611)
Recognised in other comprehensive income:		
Deferred tax on actuarial loss for the year	**(2,193,660)**	1,534,600
Impact of change in tax rates	**(454,940)**	-
Other movements		
Recognition of asset as a result of changes in controlling interests in joint venture	**-**	844
Asset carried forward	**1,201,959**	3,652,671

The group's asset for deferred taxation consists of the tax effect of temporary differences in respect of:

	3 April 2016 £	1 February 2015 £
Defined benefit pension obligation	**2,092,120**	4,549,200
Difference between depreciation and taxation allowances	**(552,584)**	(552,584)
Other temporary differences	**(337,577)**	(343,945)
	1,201,959	3,652,671

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

A deferred tax asset of £32,593 (2015: £66,211) on corporation tax losses has not been included within the deferred tax asset on the basis that there is uncertainty over the recoverabilty of the asset. The asset will be recovered if the group makes sufficient taxable profits from the same trade to offset the losses.

15. Inventories

	3 April 2016 £	1 February 2015 £
Raw materials	**952,708**	988,144
Work in progress	**608,816**	734,743
Finished goods and goods for resale	**245,933**	49,426
	1,807,457	1,772,313

The amount of inventories recognised as an expense during the period was £27,743,000 (2015: £23,663,000). No material amounts have been charged to the income statement in the current or previous period in relation to stock provisions and write offs.

16. Trade and other receivables

	3 April 2016 £	1 February 2015 £
Trade receivables	**11,818,208**	13,952,079
Amounts owed by group undertakings	**14,228,198**	13,475,329
Other debtors	**1,163,057**	267,910
Prepayments and accrued income	**4,353,927**	3,915,127
	31,563,390	31,610,445

Trade and other receivables are initially stated at their fair value and subsequently measured at amortised cost as reduced by appropriate allowance or estimated irrecoverable amounts. The directors consider that the carrying values of current trade and other receivables approximate their fair values.

Trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be potentially impaired and a provision of £52,237 (2015: £67,344) has been recorded accordingly.

The average credit period taken by customers is 31 days (2015: 36 days).

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	3 April 2016 £	1 February 2015 £
Not more than three months	**2,249,049**	5,127,467
More than three months but not more than six months	**831,171**	329,886
More than six months	**568,784**	83,016
	3,649,004	5,540,369

16. Trade and other receivables (continued)

The movement in the provision for impairment of trade receivables is as follows:

	3 April 2016 £	1 February 2015 £
Balance brought forward	**67,344**	52,058
Charged/(credited) to the income statement		
- additional provisions	**-**	15,286
- unused amounts reversed	**(15,107)**	-
Balance carried forward	**52,237**	67,344

17. Cash and cash equivalents

	3 April 2016 £	1 February 2015 £
Cash at bank and in hand	**4,267,528**	2,246,102

18. Trade and other payables

	3 April 2016 £	1 February 2015 £
Current liabilities		
Trade creditors	**4,618,296**	5,155,327
Amounts owed to group undertakings	**8,356,609**	5,296,372
Other taxation and social security	**3,605,448**	4,900,988
Other creditors	**883,556**	1,041,346
Accruals and deferred income	**11,633,495**	12,951,289
	29,097,404	29,345,322
Non-current liabilities		
Other creditors	**779,188**	800,048

Trade and other payables are initially stated at their fair value and subsequently measured at amortised cost. The directors consider that the carrying values of current trade and other payables approximate their fair values. The average credit period taken by the Group on trade payables was 16 days (2015: 18 days).

Included within other creditors is £718,161 (2015: £756,846) in respect of outstanding pension contributions. The other creditor balances within non-current liabilities relates to deferred grant income. This relates to government grants received for a capital project. Deferred grant income of £20,860 (2015: £17,880) was released to the income statement in the period. There are no unfulfilled conditions and contingencies attaching to these grants.

19. Financial instrument analysis

Categories of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	3 April 2016 £	1 February 2015 £
Financial assets		
Loans and receivables		
- Trade and other receivables	**27,209,463**	27,695,318
- Cash and cash equivalents	**4,267,528**	2,246,102
	31,476,991	29,941,420

	3 April 2016 £	1 February 2015 £
Financial liabilities		
Financial liabilities measured at amortised cost:		
Non current:		
- Borrowings	**5,915,191**	6,649,825
Current		
- Borrowings	**896,632**	924,913
- Trade and other payables	**25,491,956**	24,444,334
	32,303,779	32,019,072

See note 2.14 for a description of the accounting policies for each category of financial instruments. The fair values are presented in the related notes. A description of the Group's risk management objectives and policies for financial instruments is given in note 23.

19. Financial instrument analysis (continued)

Maturity of the Groups financial liabilities

	3 April 2016 £	1 February 2015 £
Due within one year		
Trade creditors	**4,618,296**	5,155,327
Amounts owed to parent undertakings	**8,356,609**	5,296,372
Other creditors	**883,556**	1,041,346
Accruals and deferred income	**11,633,495**	12,951,289
Borrowings	**1,089,023**	1,101,259
Total due within one year	**26,580,979**	25,545,593
Due within one to two years:		
Borrowings	**1,067,387**	1,061,167
Due within two to five years		
Borrowings	**3,065,825**	3,158,678
In more than five years		
Borrowings	**2,223,547**	3,000,141
	32,937,738	32,765,579

The above contractual maturities reflect the gross cash flows which may differ to the carrying values of the liabilities at the reporting date.

20. Obligations under finance lease

Maturity analysis - minimum lease payments

	3 April 2016 £	1 February 2015 £
Due within one year	**1,070,901**	830,837
Due within two to five years	**3,303,416**	2,905,975
Due after five years	**421,639**	402,133
Minimum lease payments	**4,795,956**	4,138,945
Less: future finance charges	**(389,525)**	(425,657)
Present value of lease obligations	**4,406,431**	3,713,288

20. Obligations under finance lease (continued)

Maturity analysis - present value of minimum lease payments

	3 April 2016 £	1 February 2015 £
Due within one year	**916,663**	689,312
Due within two to five years	**3,059,201**	2,607,194
Due after five years	**430,567**	416,782
	4,406,431	3,713,288

The average lease term is 6 years (2015: 6 years). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Sterling. The carrying amount of the Group's finance lease liabilities approximates to their fair value. The Group's obligations under finance leases are secured by the lessors' charges over the assets concerned. The average effective interest rate on finance leases was 8.84% (2015: 11.46%).

21. Borrowings and overdrafts

Bank loans and overdraft

	3 April 2016 £	1 February 2015 £
Due within one year	**790,552**	818,833
Due within one to two years	**798,160**	803,635
Due within two to five years	**2,519,621**	2,536,048
In more than five years	**1,854,850**	2,408,462
	5,963,183	6,566,978

The original bank loan was repayable in quarterly instalments commencing in February 2012. The final repayment was due in November 2025. Interest on the loan was charged at 1.93% above LIBOR per annum. The bank loan was secured by way of legal charges over freehold property at Costessey, Norwich and Fifers Lane, Norwich. During the year this loan was fully repaid.

On 30th December 2014 a new bank loan was drawn down, the loan is repayable in quarterly instalments commencing in December 2014. The final repayment is due in September 2021. Interest on the loan is charged at 2% above bank base rate. The bank loan is secured by way of legal charges over freehold property at Costessey, Norwich and Fifers Lane, Norwich.

During the year a new £2.5m bank loan was drawn down. The loan is repayable in quarterly instalments commencing in May 2015 with a final repayment date five years after the initial draw down. Interest on the loan is charged at 1.45% above LIBOR. The loan is secured by way of a legal charge over freehold property at Costessey, Norwich.

21. Borrowings and overdrafts (continued)

Loans from parent undertaking

	3 April 2016 £	1 February 2015 £
Due within one year	**106,080**	106,080
Due within one to two years	**106,080**	106,080
Due within two to five years	**318,240**	318,240
In more than five years	**318,240**	477,360
	848,640	1,007,760

By virtue of an agreement dated 28 March 2001, Norfolk Environmental Waste Services Limited received a loan from the ultimate parent undertaking, Norfolk County Council. The loan is repayable in 46 equal half yearly instalments bearing interest at 4.875%. The final payment will be on 31 March 2024.

22. Provisions

Site restoration	3 April 2016 £	1 February 2015 £
At the beginning of the period/year	**10,195**	384,900
(Decrease)/increase in provision during the period	**(10,195)**	(251,542)
Amounts utilised during the period	**-**	(123,163)
At the end of the period/year	**-**	10,195

23. Financial instrument risks

Risk management objectives and policies
The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 19.

Capital risk management
The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group comprises equity attributable to equity holders of Norse Commercial Services Limited consisting of issued ordinary share capital, reserves and retained earnings (see consolidated statement of changes in equity) and cash and cash equivalents as disclosed in note 17.

The Group's overall capital risk management strategy remains unchanged from previous years.

Financial risk management
Financial risk management is an integral part of the way the Group is managed. In the course of its business, the Group is exposed primarily to interest rate risk, credit risk and liquidity risk. The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets.

23. Financial instrument risks (continued)

Management manages the principal financial risks within policies and operating parameters approved by the Board of directors.

Commodity price risk
Through its environmental services contracts the Group has some exposure to fluctuations in recyclable commodity prices. Where possible the Group seeks to mitigate the risk by passing on the risk and reward of price fluctuations to clients.

Foreign currency risk
The Group does not have significant foreign currency transactions and exposure to foreign currency risk is therefore minimal. Accordingly, these financial statements do not include any sensitivity analysis in respect of currency risk.

Interest rate risk
Interest rate risk does not arise on the Group's obligations under finance leases as interest rates are fixed at the start of the lease. Interest rate risk arises on the Group's cash and cash equivalents and bank loans. A 1% increase in the Bank of England base rate would lead to a £25,000 (2015: £50,000) net increase in the Group's finance cost.

Credit risk
Exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, namely cash and cash equivalents and trade and other receivables.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. An analysis of amounts that are past due but not impaired is shown in note 16.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group has no significant concentration of credit risk in respect of amounts due from trade receivable balances at the reporting date, with exposure spread over a number of customers and across the Group's operations.

Liquidity risk
The Group manages its liquidity needs by carefully monitoring all cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling monthly projection.

The Group maintains cash to meet its liquidity requirements on a weekly basis. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

24. Pensions and employee benefit obligations

The liabilities recognised for pensions and other employee remuneration in the statement of financial position consist of the following amounts:

	3 April 2016 £	1 February 2015 £
Non current:		
- Defined benefit plans	**11,624,000**	22,747,000
Current:		
- Other pension obligations (within other creditors)	**707,566**	756,846
- Other short term employee obligations (within accruals)	**283,079**	247,182
	990,645	1,004,028

Other pension obligations represent pension contributions that had not been paid at the balance sheet date. Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date.

Defined benefit pension schemes

The group is a participating employer in a number of multi-employer Local Government Pension Schemes, the main one being the Norfolk Pension Fund.

The calculations for the disclosures are based on a full actuarial valuation of the schemes as at 31 March 2013 updated to 31 March 2016 by a qualified independent actuary.

The main assumptions used by the actuary to calculate scheme liabilities of the Group were:

	3 April 2016 %	1 February 2015 %
Rate of increase in salaries	**3.2**	3.1
Rate of increase in pensions in payment	**2.2**	2.2
Discount rate	**3.5**	3.0
Inflation assumption	**2.2**	2.2

24. Pensions and employee benefit obligations (continued)

The post retirement mortality assumptions used to value the benefit obligation at the year end are based on the Fund's VitaCurves with improvements in line with the CMI 2010 model and a 1.25% per annum underpin. Based on these the average future life expectancies at age 65 are as follows:

	3 April		1 February	
	2016	**2016**	2015	2015
	Males	**Females**	Males	Females
Current pensioners (years)	**21.4**	**24**	22.1	24.3
Future pensioners (years)	**24**	**26**	24.5	26.9

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers. These assumptions have led to the amounts determined as the Group's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate. However, the actual outcome may vary. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase in salaries, deferred pension revaluation or pensions in payment) can have a significant impact on the value of the liabilities reported. There is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment.

The fair value of the scheme assets and the present value of the scheme liabilities and the resulting deficit are:

	3 April 2016	1 February 2015	2 February 2014
	Value	Value	Value
	£	£	£
Equities	**49,268,000**	51,770,000	46,450,000
Bonds	**21,419,000**	16,086,000	14,280,000
Property	**10,772,000**	9,390,000	7,923,000
Cash	**1,797,000**	2,217,000	1,991,000
Total fair value of assets	**83,256,000**	79,463,000	70,644,000
Present value of scheme liabilities	**(94,880,000)**	(102,210,000)	(85,218,000)
Deficit in the scheme	**(11,624,000)**	(22,747,000)	(14,574,000)

The actual return on scheme assets in the period was a gain of £3,792,000 (2015: £9,963,000).

24. Pensions and employee benefit obligations (continued)

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

	3 April 2016 £	1 February 2015 £
At beginning of period	**(22,747,000)**	(14,574,000)
Total operating charge	**(2,795,000)**	(1,735,000)
Total finance charge	**(801,000)**	(639,000)
Actuarial losses from changes in actuarial assumptions	**12,187,000**	(7,673,000)
Contributions by the Group	**2,527,000**	1,870,000
Estimated unfunded benefits paid	**5,000**	4,000
At end of period	**(11,624,000)**	(22,747,000)

An analysis of the defined benefit cost follows:

Analysis of the amount charged to operating profit:

	3 April 2016 £	1 February 2015 £
Current service cost	**(2,785,000)**	(1,730,000)
Past service cost	**(10,000)**	(5,000)
Total operating charge	**(2,795,000)**	(1,735,000)

Analysis of the amount charged to finance costs:

	1 February 2015 £	1 February 2015 £
Interest income	**2,780,000**	3,081,000
Interest on pension scheme liabilities	**(3,581,000)**	(3,720,000)
Total finance charge	**(801,000)**	(639,000)

24. Pensions and employee benefit obligations (continued)

Analysis of the amount recognised in other comprehensive income:

	3 April 2016 £	1 February 2015 £
Actual gains in respect of scheme assets	**1,012,000**	6,882,000
Experience gains arising on scheme liabilities	**9,314,000**	45,000
Effect on changes in assumptions in respect of scheme liabilities	**1,861,000**	(14,600,000)
Actuarial gain/(loss) recognised in other comprehensive income	**12,187,000**	(7,673,000)

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

	3 April 2015 £	1 February 2015 £
Fair value of scheme assets at the beginning of the period	79,463,000	70,644,000
Interest income	2,780,000	3,081,000
Actuarial gains from changes in financial assumptions	1,012,000	6,882,000
Contributions of employers	2,527,000	1,870,000
Contributions of members	643,000	492,000
Benefits paid	(3,169,000)	(3,506,000)
Fair value of the scheme assets at the end of the period	83,256,000	79,463,000

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

	3 April 2016 £	1 February 2015 £
Present value of scheme liabilities at the start of the period	102,210,000	85,218,000
Total operating charge	2,795,000	1,735,000
Interest cost	3,581,000	3,720,000
Contributions of members	643,000	492,000
Benefits paid	(3,169,000)	(3,506,000)
Estimated unfunded benefits paid	(5,000)	(4,000)
Actuarial losses from changes in financial assumptions	(11,175,000)	14,555,000
Present value of scheme liabilities at the end of the period	94,880,000	102,210,000

24. Pensions and employee benefit obligations (continued)

The cumulative amount of actuarial gains and losses recognised in other comprehensive income at 3 April 2016 was a net loss of £9,535,000 (2015: £21,722,000).

Future funding obligation
The directors anticipate that contributions of approximately £2,292,000 (2014: £2,076,000) will be paid in the year to 31 March 2017.

Sensitivity analysis
The sensitivity of the defined benefit obligations to changes in principal actuarial assumptions is shown below:

	Change in assumption	Increase in Deficit £
Rate of increase in salaries	0.5%	2,305,000
Rate of increase in pensions payment	0.5%	7,378,000
Discount rate	0.5%	9,767,000
Life expectancy	1 year	2,846,000

Defined contribution pension schemes

The Group operates a number of defined contribution retirement benefit schemes for qualifying employees. The assets of the schemes are held separately from those of the group in funds controlled by the scheme providers.

The Group also makes contributions to a number of local government defined benefit pension schemes which are accounted for as if they are defined contribution schemes.

During the year the group paid contributions of £4,526,280 (2015: £4,006,096) to defined contribution schemes.

25. Operating lease commitments

At 3 April 2016 the Group's future minimum operating lease payments are as follows:

	2016		2015	
	Land and buildings	**Assets other than land and buildings**	Land and buildings	Assets other than land and buildings
	£	**£**	£	£
Within 1 year	**80,000**	**1,658,415**	80,000	1,626,479
Within 2 to 5 years	**192,500**	**3,902,736**	222,500	3,019,246
After more than 5 years	**700,000**	**72,806**	750,000	882,535
	972,500	**5,633,957**	1,052,500	5,528,260

Lease payments recognised as an expense during the period amount to £1,746,612 (2015: £1,663,436). This amount consists of minimum lease payments. These operating lease payments represent rentals payable by the group for certain of its office properties and the hire of vehicles and other equipment.

No sublease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Group.

26. Capital commitments

At the period end the group was committed to further capital expenditure of £251,910 (2015: £124,070).

27. Contingent liabilities

The Group has a contingent liability for performance bonds in the normal course of business. The value of unexpired performance bonds in issue at the period end was £753,500 (2015: £753,500).

28. Related party transactions

Transactions with parent undertaking

The Group had the following transactions in the normal course of trade with the ultimate parent undertaking, Norfolk County Council and non-wholly owned members of the Norse Group.

2016	**Sales**	**Purchases**	**Debtor**	**Creditor**
	£	**£**	**£**	**£**
Norfolk County Council	**38,075,555**	**6,367,980**	**6,325,486**	**2,084,101**
Norse Care Limited	**5,012,942**	**-**	**155,360**	**-**
NPS Property Consultants Limited	**961,755**	**1,646,541**	**1,523,043**	**678,149**
Barnsley Norse Limited	**322,925**	**-**	**59,947**	**422,840**
Norwich Norse (Environmental) Ltd	**1,550,370**	**103,261**	**289,301**	**1,320,540**
Norwich Norse (Building) Limited	**2,152,811**	**-**	**5,875,061**	**3,850,979**

2015	Sales	Purchases	Debtor	Creditor
	£	£	£	£
Norfolk County Council	29,574,599	3,579,311	7,259,310	751,210
Norse Care Limited	4,047,893	-	496,746	3,602,976
NPS Property Consultants Limited	368,579	268,279	1,210,430	107,199
Barnsley Norse Limited	264,749	-	6,353	-
Norwich Norse (Environmental) Ltd	495,537	60,298	65,424	1,105,538
Norwich Norse (Building) Limited	3,910,609	-	4,434,604	-

The creditor balances above do not include loans from Norfolk County Council. These are separately disclosed within note 21. Interest of £45,250 (2015: £50,007) was charged by Norfolk County Council on these loans in the period.

Transactions with key management personnel

Key management are the executive directors of Norse Commercial Services along with certain non-statutory executive directors of the group. Key management personnel remuneration includes the following expenses:

	2016	2015
	£	£
Short term employee benefits	**282,237**	238,538
Post employment benefits - contributions to defined benefit pension plans	**59,552**	49,087
Total remuneration	**341,789**	287,625

There were no other transactions with key management personnel in either the current or preceding period.

29. Non-controlling interests

	3 April 2016 £	1 February 2015 £
Brought forward	**(1,101,798)**	(511,294)
(Loss)/profit attributable to non-controlling interest	**(104,946)**	134,928
Other comprehensive income attributable to non-controlling interest	**937,664**	(725,440)
Changes in controlling interest in subsidiary undertakings	**-**	4
Shares issued during the period	**-**	4
Carried forward	**(269,080)**	**(1,101,798)**

30. Share capital

Allotted, called up and fully paid:	3 April 2016 £	1 February 2015 £
9,421,436 Ordinary shares of £1 each	**9,421,436**	9,421,436

31. Notes to the statements of cash flows

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

Adjustments	14 month period ended 3 April 2016 £	12 month period ended 1 February 2015 £
Amortisation	**241,436**	48,948
Depreciation	**3,845,044**	2,826,938
Profit on disposal of tangible fixed assets	**(74,370)**	(20,342)
Finance income	**(62,040)**	(25,884)
Finance costs	**459,212**	313,021
Net finance costs in respect of defined benefit pension scheme	**801,000**	639,000
Current and past service costs in respect of defined benefit pension scheme	**2,795,000**	1,735,000
Total adjustments	**8,005,282**	5,516,681

31. Notes to the statements of cash flows (continued)

Net changes in working capital	**2016**	2015
	£	£
Change in inventories	**(35,144)**	(488,015)
Change in trade and other receivables	**47,055**	(11,327,699)
Change in trade and other payables	**(268,770)**	7,848,871
Change in provisions	**(10,195)**	(374,705)
Total changes in working capital	**(267,054)**	(4,341,548)

Non-cash movements

During the year the group entered into new finance lease arrangements totalling £1,813,109 (2015: £3,293,779).

33. Dividends

	3 April 2016	1 February 2015
	£	£
Dividends paid on equity capital	**800,000**	1,155,000

There have been no dividends proposed subsequent to the year end.

34. Ultimate controlling undertaking

The ultimate parent undertaking is Norse Group Limited and consolidated financial statements for this group are available from Companies House, Cardiff, CF14 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. Norse Group Limited is included within the consolidated financial statements of Norfolk County Council.

COMPANY BALANCE SHEET
AS AT 3 APRIL 2016

	Note		3 April 2016 £		*1 February 2015 £*
Fixed assets					
Tangible assets	4		**22,819,155**		*21,681,891*
Investments	5		**3,509,276**		*3,509,268*
			26,328,431		*25,191,159*
Current assets					
Stocks	6	**89,850**		*158,093*	
Debtors: Amounts falling due within one year	7	**27,794,534**		*32,817,189*	
Cash at bank and in hand	8	**3,742,942**		*704,448*	
		31,627,326		*33,679,730*	
Creditors: Amounts falling due within one year	9	**(26,685,505)**		*(27,948,191)*	
Net current assets			**4,941,821**		*5,731,539*
Total assets less current liabilities			**31,270,252**		*30,922,698*
Creditors: Amounts falling due after more than one year	10		**(8,817,012)**		*(8,772,121)*
Net assets excluding pension liability			**22,453,240**		*22,150,577*
Pension liabillity	16		**(7,198,000)**		*(13,506,000)*
Net assets			**15,255,240**		*8,644,577*

COMPANY BALANCE SHEET (continued)
AS AT 3 APRIL 2016

Capital and reserves			
Called up share capital	15	**9,421,436**	*9,421,436*
Revaluation reserve		**681,300**	*681,300*
Profit and loss account		**5,152,504**	*(1,458,159)*
		15,255,240	*8,644,577*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 October 2016.

P M Hawes
Director

The notes on pages 59 - 85 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 3 APRIL 2016

	Share capital	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£
At 2 February 2015	9,421,436	681,300	(1,458,159)	8,644,577
Comprehensive income for the period				
Profit for the period	-	-	2,182,683	2,182,683
Actuarial gains on pension scheme, net of deferred tax	-	-	5,227,980	5,227,980
Other comprehensive income for the period	-	-	5,227,980	5,227,980
Total comprehensive income for the period	-	-	7,410,663	7,410,663
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(800,000)	(800,000)
Total contributions by and distributions to owners	-	-	(800,000)	(800,000)
At 3 April 2016	9,421,436	681,300	5,152,504	15,255,240

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 1 FEBRUARY 2015

	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 3 February 2014	9,421,436	681,300	(2,447,730)	7,655,006
Comprehensive income for the period				
Profit for the period	-	-	5,243,771	5,243,771
Actuarial losses on pension scheme, net of deferred tax	-	-	(3,099,200)	(3,099,200)
Other comprehensive income for the period	-	-	(3,099,200)	(3,099,200)
Total comprehensive income for the period	-	-	2,144,571	2,144,571
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,155,000)	(1,155,000)
Total contributions by and distributions to owners	-	-	(1,155,000)	(1,155,000)
At 1 February 2015	9,421,436	681,300	(1,458,159)	8,644,577

The notes on pages 59 - 85 form part of these financial statements.

1. GENERAL INFORMATION

The company is a limited company, incorporated in the UK and registered at Lancaster House, 16 Central Avenue, St Andrews Business Park, Norwich, Norfolk, NR7 0HR. The reporting period is an extended period from 2 February 2015 to 3 April 2016.

The company's principal activity is that of facilities management.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The separate financial statements of the company are presented as required by the Companies Act 2006.

The separate financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. Information on the impact of first-time adoption of FRS 101 is given in note 23. The preparation of the financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

A separate income statement for the parent company is omitted from the parent company financial statements by virtue of section 408 of the Companies Act 2006. The profit for the period attributable to the parent company is £2,183,000 (2015: £5,244,000).

First time application of FRS 101:
This is the first year in which the financial statements have been prepared in accordance with FRS 101. The date of transition to FRS 101 is 3 February 2014. An explanation of the transition is inlcuded in Note 23 to the financial statements. In applying FRS 101 for the first time the company has applied the early amendment to FRS 101 which permits a first time adopter not to present an opening statement of financial position at the beginning of the earliest comparative period presented.

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2. ACCOUNTING POLICIES (continued)

2.3 TANGIBLE FIXED ASSETS

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Freehold property	-	2% straight line
Office buildings	-	4% straight line
Infrastructure	-	4% straight line
Motor vehicles	-	6 - 50% straight line
Fixtures, fittings, plant & equipment	-	4 - 33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

2.4 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.5 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2. ACCOUNTING POLICIES (continued)

2.6 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.7 DEBTORS

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

2.8 CASH AND CASH EQUIVALENTS

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

2. ACCOUNTING POLICIES (continued)

2.9 FINANCIAL INSTRUMENTS

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Profit and loss account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Company Balance sheet.

2. ACCOUNTING POLICIES (continued)

2.10 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

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

2.11 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2. ACCOUNTING POLICIES (continued)

2.12 PENSIONS

Defined benefit pension plan

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 the period until the 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 pension 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, is presented separately after other net assets on the face of the balance sheet. Further details regarding the pension scheme are contained in note 16 to the company financial statements.

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Company Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2. ACCOUNTING POLICIES (continued)

2.13 CURRENT AND DEFERRED TAXATION

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

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

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

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

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

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

To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that management and the Board of directors believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Critical judgements

Leases

In some cases, the lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

Critical estimates

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Defined benefit liability

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate.

Any changes in these assumptions will impact the carrying amount of pension obligations. The company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information, including sensitivity analysis, is disclosed in note 16.

4. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures, fittings, plant and equipment £	Total £
Cost				
At 2 February 2015	**10,089,377**	**7,696,885**	**10,702,079**	**28,488,341**
Additions	**288,618**	**2,819,017**	**1,162,987**	**4,270,622**
Disposals	**-**	**(241,111)**	**(95,079)**	**(336,190)**
At 3 April 2016	**10,377,995**	**10,274,791**	**11,769,987**	**32,422,773**
Depreciation				
At 2 February 2015	**462,304**	**3,387,560**	**2,956,586**	**6,806,450**
Charge for the period	**191,741**	**1,677,084**	**1,200,617**	**3,069,442**
Disposals	**-**	**(200,807)**	**(71,467)**	**(272,274)**
At 3 April 2016	**654,045**	**4,863,837**	**4,085,736**	**9,603,618**
At 3 April 2016	**9,723,950**	**5,410,954**	**7,684,251**	**22,819,155**
At 1 February 2015	*9,627,073*	*4,309,325*	*7,745,493*	*21,681,891*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	3 April 2016 £	*1 February 2015 £*
Plant and machinery	**1,498,159**	*453,581*
Motor vehicles	**3,154,021**	*1,996,430*
	4,652,180	*2,450,011*

Freehold property includes £4,830,910 (2015: £4,830,910) of non-depreciable land. The historical cost of re-valued freehold property is £5,686,158 (2015: £5,686,158).

5. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 2 February 2015	**3,509,268**
Additions	**8**
At 3 April 2016	**3,509,276**
Net book value	
At 3 April 2016	**3,509,276**
At 1 February 2015	*3,509,268*

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Share-holding	Principal activity
Norse Eastern Limited	England	Ordinary	100 %	Providing council services
Norse Transport	England		- %	Providing transport services
GYB Services Limited	England	Ordinary	60 %	Providing council services
Suffolk Coastal Norse Limited	England	Ordinary	80 %	Providing council services
Waveney Norse Limited	England	Ordinary	80 %	Providing council services
Devon Norse Limited	England	Ordinary	80 %	Providing council services
Eventguard Limited	England	Ordinary	75.1 %	Providing security services
Norfolk Environmental Waste Services Limited	England	Ordinary	100 %	Providing waste services
Addfill Limited *	England	Ordinary	100 %	Dormant

5. **FIXED ASSET INVESTMENTS (continued)**

Wellingborough Norse Limited	England	Ordinary	80 %	Providing council services
Suffolk Norse Limited	England	Ordinary	80 %	Providing council services
Suffolk Norse Transport***	England		- %	Providing transport services
Medway Norse Limited	England	Ordinary	80 %	Providing council services
Norse Environmental Waste Services Limited	England	Ordinary	51 %	Providing waste services
Newport Norse Limited	England	Ordinary	80 %	Providing council services
NPS Newport Limited**	England	Ordinary	80 %	Property services
Medway Norse Transport****	England		- %	Providing transport services
Great Yarmouth Norse Limited	England	Ordinary	80 %	Providing council services
Enfield Norse Limited	England	Ordinary	60 %	Providing council services
Norse South East Limited	England	Ordinary	80 %	Not yet trading

*A direct subsidiary of Norfolk Environmental Waste Services Limited
** A direct subsidiary of Newport Norse Limited
***A company limited by guarantee, sponsored by Suffolk Norse Limited
****A company limited by guarantee, sponsored by Medway Norse Limited.

The company owns the issued share capital of the companies as listed above, except for Norse Transport, Suffolk Norse Transport and Medway Norse Transport, which are companies limited by guarantee and not having any share capital are controlled by the company.

6. STOCKS

	3 April 2016 £	*1 February 2015 £*
Raw materials	**50,386**	*50,991*
Work in progress	**39,464**	*107,102*
	89,850	*158,093*

Stock recognised in cost of sales during the period as an expense was £1,100,004 (2015: £5,071,125).

7. DEBTORS

	3 April 2016 £	*1 February 2015 £*
Due within one year		
Trade debtors	**1,073,791**	*1,106,936*
Amounts owed by group undertakings	**23,932,206**	*27,242,110*
Amounts owed by joint ventures and associated undertakings	**-**	*475,701*
Other debtors	**573,881**	*63,190*
Prepayments and accrued income	**470,161**	*738,040*
Tax recoverable	**640,626**	*699,651*
Deferred taxation	**1,103,869**	*2,491,561*
	27,794,534	*32,817,189*

8. CASH AND CASH EQUIVALENTS

	3 April 2016 £	*1 February 2015 £*
Cash at bank and in hand	**3,742,942**	*704,448*
Less: bank overdrafts	**(3,474)**	*(10,838)*
	3,739,468	*693,610*

9. CREDITORS: Amounts falling due within one year

	3 April 2016 £	1 February 2015 £
Bank overdrafts	**3,474**	*10,838*
Bank loans	**622,688**	*782,778*
Trade creditors	**742,312**	*1,080,438*
Amounts owed to group undertakings	**18,017,102**	*17,439,009*
Taxation and social security	**3,422,675**	*4,789,424*
Obligations under finance lease and hire purchase contracts	**916,664**	*689,312*
Other creditors	**752,133**	*880,483*
Accruals and deferred income	**2,208,457**	*2,275,909*
	26,685,505	*27,948,191*

Secured loans

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

10. CREDITORS: Amounts falling due after more than one year

	3 April 2016 £	1 February 2015 £
Bank loans	**5,327,245**	*5,748,145*
Net obligations under finance leases and hire purchase contracts	**3,489,767**	*3,023,976*
	8,817,012	*8,772,121*

Secured loans

The original bank loan was repayable in quarterly instalments commencing in February 2012. The final repayment was due in November 2025. Interest on the loan was charged at 1.93% above LIBOR per annum. During the year this loan was fully repaid.

On 30th December 2014 a new bank loan was drawn down, the loan is repayable in quarterly instalments commencing in December 2014. The final repayment is due in September 2021. Interest on the loan is charged at 2% above bank base rate.

The bank loans are secured by way of first legal charges over commercial freehold property at Costessey, Norwich and Fifers Lane, Norwich.

11. LOANS

Analysis of the maturity of loans is given below:

	3 April 2016 £	*1 February 2015 £*
Amounts falling due within one year		
Bank loans	**622,688**	*782,778*
	622,688	*782,778*
Amounts falling due 2-5 years		
Bank loans	**3,296,923**	*3,339,684*
	3,296,923	*3,339,684*
Amounts falling due after more than 5 years		
Bank loans	**2,030,322**	*2,408,461*
	2,030,322	*2,408,461*

12. HIRE PURCHASE & FINANCE LEASES

Future minimum lease payments:

	3 April 2016 £	*1 February 2015 £*
Within one year	**1,070,901**	*830,837*
Between 2-5 years	**3,303,416**	*2,905,975*
Over 5 years	**421,639**	*402,133*
	4,795,956	*4,138,945*

The present value of minimum lease payments is analysed as follows:

	3 April 2016 £	*1 February 2015 £*
Within one year	**916,664**	*689,312*
Between 2-5 years	**3,059,201**	*2,607,194*
Over 5 years	**430,566**	*416,782*
	4,406,431	*3,713,288*

Obligations in respect of hire purchase and finance leases are secured on the assets concerned.

13. DEFERRED TAXATION

	Deferred tax £
At 2 February 2015	2,491,561
Credited to the profit or loss	89,328
Charged to other comprehensive income	(1,477,020)
At 3 April 2016	1,103,869

The deferred tax asset is made up as follows:

	3 April 2016 £	*1 February 2015 £*
Accelerated capital allowances	(79,575)	*(88,417)*
Pension surplus	1,295,640	*2,701,200*
Revaluations	(122,634)	*(136,260)*
Other timing differences	10,438	*15,038*
	1,103,869	*2,491,561*

14. RESERVES

Revaluation reserve

Includes all prior period revaluation gains in respect of freehold property. This reserve is not a distributable reserve.

Profit and loss account

Includes all current and prior period retained profits and losses.

15. SHARE CAPITAL

	3 April 2016 £	*1 February 2015 £*
Allotted, called up and fully paid		
9,421,436 Ordinary shares of £1 each	9,421,436	*9,421,436*

16. PENSION COMMITMENTS

Certain of the company's employees are members of the Norfolk Pension Fund, a Local Government Pension Scheme.

The calculations for FRS 101 disclosures are based on a full actuarial valuation of the scheme as at 31 March 2013 updated to 3 April 2016 by a qualified independent actuary.

In addition to the liability below at the period end contributions amounting to £707,566 (2015: £756,846) are outstanding and included in other creditors.

Reconciliation of present value of plan liabilities:

	3 April 2016 £	*1 February 2015 £*
At the beginning of the period	**(56,114,000)**	*(47,910,000)*
Current service cost	**(1,137,000)**	*(586,000)*
Interest cost	**(1,953,000)**	*(2,075,000)*
Actuarial gains/(losses)	**6,166,000**	*(7,593,000)*
Contributions by scheme participants	**(287,000)**	*(187,000)*
Benefits paid	**2,020,000**	*2,242,000*
Past service cost	**(10,000)**	*(5,000)*
At the end of the period	**(51,315,000)**	*(56,114,000)*

The actuarial gains/(losses) are made up as follows:

	3 April 2016 £	*1 February 2015 £*
Change in financial assumptions	**4,909,000**	*(7,625,000)*
Other experience	**1,257,000**	*32,000*
Actuarial gains/(losses)	**6,166,000**	*(7,593,000)*

16. PENSION COMMITMENTS (continued)

Reconciliation of present value of plan assets:

	3 April 2016 £	*1 February 2015 £*
At the beginning of the period	**42,608,000**	*38,465,000*
Interest income	**1,482,000**	*1,664,000*
Actuarial gains/losses	**539,000**	*3,719,000*
Contributions	**1,508,000**	*1,002,000*
Benefits paid	**(2,020,000)**	*(2,242,000)*
At the end of the period	**44,117,000**	*42,608,000*

The contributions are made up as follows:

	3 April 2016 £	*1 February 2015 £*
Contributions by scheme participants	**287,000**	*187,000*
Employer contributions	**1,216,000**	*811,000*
Contributions in respect of unfunded benefits	**5,000**	*4,000*
Contributions	**1,508,000**	*1,002,000*

16. PENSION COMMITMENTS (continued)

The amounts included on the balance sheet are as follows:

	3 April 2016 £	*1 February 2015 £*
Fair value of plan assets	**44,117,000**	*42,608,000*
Present value of plan liabilities	**(51,315,000)**	*(56,114,000)*
Net pension scheme liability	**(7,198,000)**	*(13,506,000)*

The amounts recognised in profit or loss are as follows:

	3 April 2016 £	*1 February 2015 £*
Interest on obligation	**(471,000)**	*(411,000)*
Past service cost	**(10,000)**	*(5,000)*
Current service cost	**(1,137,000)**	*(586,000)*
Total	**(1,618,000)**	*(1,002,000)*

The cumulative amount of actuarial gains and losses recognised in the Statement of other comprehensive income was a net loss of £1,695,000 *(2015 - net loss of £8,400,000).*

The company expects to contribute £1,132,000 (2015: £945,000) to its Defined benefit pension scheme in 2017.

16. PENSION COMMITMENTS (continued)

The actuarial loss recognised in other comprehensive income is made up as follows:

	3 April 2016 £	*1 February 2015 £*
Actual return less interest income included in net interest income	**539,000**	*3,719,000*
Experience gains and losses arising on the scheme liabilities	**1,257,000**	*32,000*
Changes in assumptions underlying the present value of the scheme liabilities	**4,909,000**	*(7,625,000)*
	6,705,000	*(3,874,000)*

Principal actuarial assumptions at the Company Balance sheet date (expressed as weighted averages):

	3 April 2016	*1 February 2015*
Discount rate	**3.50** %	*3.00 %*
Future salary increases	**3.20** %	*3.10 %*
Future pension increases	**2.20** %	*2.20 %*
Inflation assumption	**2.20** %	*2.20 %*

The post retirement mortality assumptions used to value the benefit obligation at the year end are based on the Fund's Vitacurves, with improvements in line with the CMI 2010 model, assuming current rates of improvements have peaked and will converge to a long term rate of 1.25% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Current pensioners (years) - Males 21.4 (2015: 22.1) and Females 24 (2015: 24.3)
Future pensioners (years) - Males 24 (2015: 24.5) and Females 26 (2015: 26.9)

16. PENSION COMMITMENTS (continued)

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

	3 April 2016 £	*1 February 2015 £*
At the beginning of the period	**(13,506,000)**	*(9,445,000)*
Total operating charge	**(1,147,000)**	*(591,000)*
Total other finance costs	**(471,000)**	*(411,000)*
Actuarial gains/(losses)	**6,705,000**	*(3,874,000)*
Employer contributions	**1,221,000**	*815,000*
At the end of the period	**(7,198,000)**	*(13,506,000)*

The sensitivity of the defined benefit obligations to changes in principal actuarial assumptions is shown below:

	Increase in the deficit £
0.5% increase in the Salary Increase Rate	**816,000**
0.5% increase in the Pension Increase Rate	**4,228,000**
0.5% decrease in Real Discount Rate	**5,061,000**
1 year increase in member life expectancy	**1,539,000**

The market value of the scheme assets is made up as follows:

	3 April 2016 £	*1 February 2015 £*
Equities	**26,107,000**	*26,843,000*
Bonds	**11,350,000**	*9,374,000*
Property	**5,708,000**	*5,113,000*
Cash	**952,000**	*1,278,000*
Total market value of assets	**44,117,000**	*42,608,000*

17. COMMITMENTS UNDER OPERATING LEASES

At 3 April 2016 the company had minimum commitments under non-cancellable operating leases as follows:

	3 April 2016 £	*1 February 2015 £*
Not later than 1 year	**52,210**	*53,369*
Later than 1 year and not later than 5 years	**96,759**	*146,514*
Later than 5 years	**-**	*5,979*
Total	**148,969**	*205,862*

18. DIVIDENDS

	3 April 2016 £	*1 February 2015 £*
Dividends paid on equity capital	**800,000**	*1,155,000*

There have been no dividends proposed subsequent to the year end.

19. CONTINGENT LIABILITIES

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 period end amounted to £1,865,455 (2015: £3,459,110).

The company has a contingent liability for performance bonds in the normal course of business. The value of unexpired perfomance bonds in issue at the period end was £753,500 (2015: £753,500).

During the year, a cross guarantee in favour of Barclays Bank plc was put in place between Norse Commercial Services Limited and the following group companies: Devon Norse Limited, Enfield Norse Limited, Great Yarmouth Norse Limited, GYB Services Limited, Medway Norse Limited, Medway Norse Transport, Newport Norse Limited, Norfolk Environmental Waste Services Limited, Eventguard Limited, Norse Eastern Limited, Norse Transport, Suffolk Coastal Norse Limited, Suffolk Norse Limited, Suffolk Norse Transport, Wellingborough Norse Limited and Waveney Norse Limited. There was no indebtedness subject to this guarantee at the period end.

20. CAPITAL COMMITMENTS

At 3 April 2016 the company had capital commitments as follows:

	3 April 2016	*1 February 2015*
	£	*£*
Contracted for but not provided in these financial statements	**29,310**	*124,070*

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available under FRS 101 for paragraph 17 of IAS 24, whereby wholly owned group undertakings do not have to disclose transactions with other wholly owned members of the same group.

Transactions with non-wholly owned Norse Group undertakings and Norfolk County Council the ultimate parent are as follows:

RELATED PARTY TRANSACTIONS (continued)

	Sales £	Purchases £	Debtors £	Creditors £
2016				
Norfolk County Council	1,022,354	(922,980)	138,821	-
Suffolk Coastal Norse Limited	671,711	-	-	(2,373,920)
Wellingborough Norse Limited	234,803	-	-	(808,605)
Waveney Norse Limited	79,419	(65)	-	(2,485,582)
Eventguard Limited	1,964	(25,740)	-	(217,739)
Enfield Norse Limited	7,748	-	22,784	-
Devon Norse Limited	22,574	(100)	854,484	-
Medway Norse Limited	338,201	-	97,198	-
Suffolk Norse Limited	194,524	-	637,012	(2,398)
Suffolk Norse Transport	100	-	-	(908,608)
GYB Services Limited	366,014	(2,141)	-	(971,148)
Norwich Norse (Environmental) Limited	1,116,958	(63,342)	-	(1,420,094)
Barnsley Norse Limited	320,675	-	-	(363,291)
Norwich Norse (Building) Limited	2,152,759	-	5,875,008	(3,884,224)
Norse Environmental Waste Services Limited	453,445	-	3,942,242	-
Medway Norse Transport	200	-	504,213	-
Great Yarmouth Norse Limited	32,115	(63)	205,256	-
NPS Norwich Limited	8,766	-	1,692	-
Norse South East Limited	-	-	100,000	-
Newport Norse Limited	-	-	-	(650,762)

RELATED PARTY TRANSACTIONS (continued)

	Sales £	*Purchases* £	*Debtors* £	*Creditors* £
2015				
Norfolk County Council	*203,390*	*(1,046,228)*	*39,305*	*(2,982)*
Suffolk Coastal Norse Limited	*408,415*	-	-	*(2,200,108)*
Wellingborough Norse Limited	*80,122*	*(25)*	-	*(813,317)*
Waveney Norse Limited	*25,053*	*(816)*	-	*(1,631,479)*
Eventguard Limited	*6,293*	*(232,004)*	*55,108*	-
Enfield Norse Limited	*2,044*	*(33,633)*	*475,701*	-
Devon Norse Limited	*20,220*	*(50)*	*1,270,723*	-
Medway Norse Limited	*289,996*	-	*2,711,219*	-
Suffolk Norse Limited	*86,841*	*(244)*	*389,976*	-
Suffolk Norse Transport	*50*	-	-	*(561,131)*
GYB Services Limited	*248,655*	*(2,837)*	-	*(2,091,291)*
Norwich Norse (Environmental) Limited	*313,517*	*(42,453)*	-	*(1,105,538)*
Barnsley Norse Limited	*264,749*	-	*6,353*	-
Norwich Norse (Building) Limited	*3,906,994*	-	*4,434,604*	-
Norse Environmental Waste Services Limited	*7,122*	*(7,716)*	*8,030,923*	*(3,455,963)*
Medway Norse Transport	*339*	-	*49,666*	-
Newport Norse Limited	-	-	-	*(52,827)*
Great Yarmouth Norse Limited	*1,629,739*	-	*220,691*	-
NPS Norwich Limited	*29,607*	-	-	-

In addition, the company invests cash with Norfolk County Council on a commercial basis. The amount invested at 3 April 2016 was £2,188,000 (2015: £126,000).

22. CONTROLLING PARTY

The ultimate parent undertaking is Norse Group Limited and consolidated financial statements for this group are available from Companies House, Cardiff, CF14 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. Norse Group Limited is included within the consolidated financial statements of Norfolk County Council.

23. FIRST TIME ADOPTION OF FRS 101

	As previously stated 3 February 2014 £	Effect of transition 3 February 2014 £	FRS 101 (as restated) 3 February 2014 £	*As previously stated 1 February 2015 £*	*Effect of transition 1 February 2015 £*	*FRS 101 (as restated) 1 February 2015 £*
Fixed assets	**15,241,038**	**-**	**15,241,038**	*25,191,159*	*-*	*25,191,159*
Current assets	**21,965,257**	**1,689,041**	**23,654,298**	*31,188,169*	*2,491,561*	*33,679,730*
Creditors: amounts falling due within one year	**(18,701,471)**	**60,063**	**(18,641,408)**	*(27,925,191)*	*(23,000)*	*(27,948,191)*
Net current assets	**3,263,786**	**1,749,104**	**5,012,890**	**3,262,978**	*2,468,561*	**5,731,539**
Total assets less current liabilities	**18,504,824**	**1,749,104**	**20,253,928**	**28,454,137**	*2,468,561*	**30,922,698**
Creditors: amounts falling due after more than one year	**(3,153,922)**	**-**	**(3,153,922)**	*(8,772,121)*	*-*	*(8,772,121)*
Provisions for liabilities and pension liability	**(7,556,000)**	**(1,889,000)**	**(9,445,000)**	*(10,882,779)*	*(2,623,221)*	*(13,506,000)*
Net assets	**7,794,902**	**(139,896)**	**7,655,006**	**8,799,237**	*(154,660)*	**8,644,577**
Capital and reserves	**7,794,902**	**(139,896)**	**7,655,006**	*8,799,237*	*(154,660)*	*8,644,577*

23. FIRST TIME ADOPTION OF FRS 101 (continued)

Explanation of changes to previously reported profit and equity:

1 Holiday pay accrual
Under previous UK GAAP the company did not accrue for accumulated compensated absences in the form of holiday pay. Under FRS 101 accumulated compensated absences including holiday pay are accrued for at the end of each reporting period. At 1 February 2015 the company had accrued £23,000 for holiday pay (3 February 2014 - £4,546). The increase in the accrual has resulted in a reduction in profit before tax of £18,454 for the period ended 1 February 2015. A deferred tax asset of £4,600 (3 February 2014 - £909) has been recognised in respect of this. The tax charge for the period ended 1 February 2015 has reduced by £3,691 as a result of the movement in this deferred tax asset.

2 Defined benefit pension scheme
On transition to FRS 101, the defined benefit pension scheme has now been treated as required by IAS 19 (previously FRS 17). This has reduced finance income shown within profit or loss by £530,000 and increased the actuarial return on assets shown within Other Comprehensive Income by £530,000. Deferred tax on these amounts of £106,000 has been credited to the profit and loss and debited to Other Comprehensive Income. The total deferred tax asset at 1 February 2015 is now disclosed separately under debtors due after more than one year.

3 Intercompany loans
Under previous UK GAAP intercompany loans receivable were recognised at cost less any provision for bad debts and intercompany loans payable were recorded at the amount of the proceeds.Under FRS 101 intercompany loans are initially recognised at fair value and subsequently recognised at amortised cost under the effective interest method. This has had no impact on the results during transition.

4 Deferred tax
Under previous UK GAAP the Company did not provide for any deferred tax on revalued property or fair value adjustments on acquisitions of property unless there was a binding agreement in place at the reporting date to sell the particular property. Under FRS 101 the Company is required to record a deferred tax liability on property revaluations. The recognition of the deferred tax was a decrease in current assets of £136,260 on transition and also at 1 February 2015.

Under UK GAAP the deferred tax asset associated with the defined benefit pension deficit was required to be netted off against the pension deficit. Under FRS 101, this asset is included with other deferred tax balances in the balance sheet. As a result the deferred tax balance within non-current assets is increased by £1,889,000 at the date of transition and by £2,701,200 at 1 February 2015. There is no impact on net assets as there is a corresponding increase in the retirement benefit obligation within non-current liabilities.