

SUFFOLK GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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SUFFOLK GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R Coyle R D Everitt D S Johnson P D Lowes (resigned 7 April 2022) A R Rowe (resigned 7 April 2022) J A Smith (appointed 7 April 2022) I Surtees L E Wilson (appointed 23 February 2023)
Registered number	09570600
Registered office	2 Friars Bridge Road Ipswich Suffolk IP1 1RR
Independent auditors	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY

SUFFOLK GROUP HOLDINGS LIMITED

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SUFFOLK GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The Directors present their Strategic Report and the audited financial statements of the Group and Company for the year ended 31 March 2023.

Business review

Within this Strategic Report, we will be using the Wates Principles Framework to summarise and demonstrate robust and decisive governance within the Group.

The six Wates Principles are:

- Purpose;
- Board Composition;
- Director Responsibilities;
- Opportunities and Risks;
- Remuneration; and
- Stakeholder Relationship and Engagement.

Suffolk Group Holdings Limited (the Group) is a holding company comprising facilities management specialist Vertas Group Limited, Concertus Design and Property Consultants Limited, which offers professional property advice and consultancy services and Opus People Solutions Group Limited, which provides recruitment and supply of temporary workers. Suffolk Group Holdings uses the 'Vertas Group' trading name.

Suffolk Group Holdings Limited is 100% owned by Suffolk County Council and our business is built on a very strong public sector pedigree, providing best value solutions using core values that underpin our business.

The Group defines its purpose as 'Making the difference' through the multiple provision of sustainable, high quality, innovative projects and service solutions for our people, our customers, our partners, our planet, and our stakeholders.

The Group's Mission is to support our clients new and existing environments by delivering sustainable and agile solutions which make the difference to our customers, our wider communities, and our planet, all delivered expertly by our people, who are at the heart of everything we do. We transparently manage all risks and continuously develop strategic business plans to ensure long term, sustainable growth.

The Chair of Suffolk Group Holdings takes responsibility for the liaison with the shareholder. The Board of Directors have the strategic skills to provide clear and concise direction and include representation from the shareholder, Suffolk County Council.

In terms of shareholder governance, Suffolk Group Holdings reports into Suffolk County Council on a quarterly basis. These reports include company business plans, performance updates and strategic risks and opportunities. The Directors of Suffolk Group Holdings also attend other stakeholder forums such as the audit and risk committee, scrutiny committee and political group briefings as and when required.

The Board of Directors and senior leaders are equipped with the skills to manage the daily operational outputs and have the skills to provide clear and concise direction. We have established a board meeting cycle to ensure appropriate time is allocated to matters related to assurance and strategic planning. Our Audit and Risk Committee has responsibility for providing assurance to the Board on matters such as risk, audit and compliance. The Audit and Risk Committee is Chaired by a Board Member, Robert Coyle, and has two other members who are independent from the Board. During the last year Louise Wilson was recruited to the Board. Louise is a HR professional, has two other non-executive roles and will chair the Remuneration Committee.

SUFFOLK GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Our performance in 2022 / 2023

Across the year, the Group has seen an 11.0% increase in revenue to £170.8m, from £153.9m in 2021/22.

Loss before tax in the current year was £0.624m for the year, a decrease from a profit before tax of £2.919m in 2021/22. This was primarily due to exceptional impairment of goodwill and intangibles in the year of £2.629m related to Churchill Catering Limited which was acquired by the Group in 2018. Churchill Catering operates in the contract and commercial catering sector and trading has proved challenging in recent years as a result of COVID-19, recruitment challenges and food cost inflation.

The Group declared a dividend in the year of £1.500m to its parent undertaking.

The Group experienced a satisfactory performance in the year with the majority of business streams performing in line with or better than expectations.

Financial position

Current assets increased by £0.4m in the course of the year mainly directly due to higher prepayments and accrued income of £2.2m plus trade debtors increased by £1.5m offset by a reduction in receivables from related parties of £0.6m and a reduction in cash of £2.2m. To date the Group has had minimal experience and exposure to bad debt as the majority of the client base has local authority backing. The Group operates a weekly debt management call across the business units and management of debtors is a priority for the Group and senior leadership team.

Trade creditors remained consistent with prior year with the majority of the suppliers offering 30 day payment terms for settlement.

Capital expenditure

During the year the Group invested £0.8m in tangible fixed assets including plant and machinery and vehicles. The Group invested £1.1m in software within intangible assets. The Group increased right of use assets by £4.9m.

Cash and financing

Cash balances at 31 March 2023 were £11.0m (2022 - £13.2m) partially offset by overdrafts of £0.4m (2022 - £Nil), the reduction is due to working capital outflows in Vertas Group Limited and lower levels of rental receipts collected on behalf of our parent Suffolk County Council.

During the year, the £1.0m overdraft facility remained available within Vertas Group through Barclays Bank to manage the fluctuations in funding if required.

SUFFOLK GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators

The Group uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPI's). The key performance indicators at Group level are revenue, gross profit and percentage margin, net profit and percentage margin. The key non-financial indicators are the average staff numbers. These KPI's indicate the volume of work the Group has undertaken as well as the efficiency and profitability with which this work has been delivered.

The primary financial key performance indicators are:

	2022-23 £'000	2021-22 £'000
Revenue	170,830	153,879
Gross profit	29,101	29,035
Gross profit margin	17.0%	18.9%
Net (loss)/profit before tax	(624)	2,919
Net (loss)/profit before tax margin	(0.4%)	1.9%
Average employee numbers	3,410	3,549

Section 172 (1) Stakeholder Compliance Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require that Directors explain how they have had regard to the matters set out in Section 172 (1)(a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the company.

Throughout the year, while discharging their S.172 (1) duty, the Directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the Group and Company for the benefit of the shareholders; and in doing so, had regard amongst other matters to:

- The likely consequences of any decisions in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Group.

The paragraphs below identify the Group's principal stakeholders and the key issues the board considered, how the board engaged with those stakeholders and the response during the year.

Our employees

Our Group People Strategy has 4 core goals which encompass the employee life cycle from attracting and onboarding through to supporting and respecting. Operating in a turbulent economic climate has presented unprecedented challenges with attracting and retaining the right calibre of employee, our focus therefore has been on colleague retention and engagement a dynamic which we can positively influence and have a degree of control over. Our colleague Continuous Conversations concept is the thread that ties together recognition, career development, personal support, and wellbeing. We are proud that all our colleagues have at least three Continuous Conversations a year with their line manager, giving the opportunity for meaningful discussions and understanding their personal motivators. Our reward and benefits offer has been reviewed and enhanced for 2023/2024 and we continue to offer our entire workforce with a wide range of fantastic free and confidential health and wellbeing support services, including 24/7 virtual GP, smoking cessation, personalised nutrition, skin cancer early detection, second medical opinion, financial health checks and advice.

SUFFOLK GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

As well as our annual Making the Difference colleague Awards, we have introduced our Vertas Finest recognition scheme where every quarter colleagues nominate fellow colleagues and/or teams who are champions of our company values in their job roles and behaviours at work. We have continued with our Colleague Pulse surveys, running throughout the year on different topics getting instant feedback and action plans follow within 4 weeks of the survey closing, demonstrating a continuous improvement culture and colleagues being able to positively influence change. Our colleague engagement score for FY 22/23 was 83%. Our Colleague hub, workvivo, has gone from strength to strength since it launched in September 2021, becoming the Group's central colleague communication and resource platform in Autumn 2022. We have launched our Inclusivity Champions, who are supporting the Group on its ED&I journey.

Our customers

Developing long term relationships and partnerships with our customers is critical in ensuring the success of the Group. Our investment in a new customer helpdesk ensures that our customers can reach our delivery teams quickly and efficiently; whilst our careful management of schedules helps to ensure services are delivered and remain attuned to customer expectations. Events are held for customers, with board members in attendance and customer site visits are undertaken by key company management and board members to seek feedback from customers. Annual customer surveys are undertaken, and our customers are actively encouraged to partake with honest feedback; senior management engage in discussions with customers to look for improvements and our customer is a key segment in the company's continuous improvement working group comprising senior staff to look for innovative ways to improve our offering and customer satisfaction.

Our suppliers and partners

Building strong relationships with our suppliers is key to the operational success of our business. The senior management team and board work closely with key suppliers to ensure that, despite global disruptions and inflationary price pressures to key elements of our supply chain, we continue to deliver the best service and products to our customers. Prompt payment of our suppliers has been ensured throughout the year.

Society and community

Conducting business in a responsible way whilst at the same time supporting the wider community is fundamental to our values. The Group directly employs approximately 3,500 individuals across the UK, and our business activity adds further value to the UK GDP through an indirect employment impact of 1,400 individuals through our supply chain and an induced economic impact of a further 1,100 jobs via wage spending. During the year, the Vertas Group has played an important role in supporting the local community not just by providing employment but through local initiatives, sponsorship and fundraising activities for their charitable partner, Cancer Research UK with many employees taking part in events across the country.

To help develop the Group's wider impact, the Group has created an overarching ESG strategy which focuses on cutting the companies carbon footprint to net zero by 2030, reducing waste and promoting more sustainable business practices, supporting local clubs and initiatives to make a positive social impact, and improving health and safety for its employees and those of its suppliers. In the past year, the Group has made huge steps in reducing and offsetting their carbon footprint, by:

- Recycling 950,000 kilograms of paper and cardboard, saving the equivalent of 16,150 trees.
- Planting 2,700 trees.
- Saving more than 1.4 million pieces of disposable plastics by switching to reusable pots and wooden cutlery.
- Turning 320 tonnes of Grounds waste into compost.
- Donating over 50 bags of recycled clothes to charity.

SUFFOLK GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Suffolk Group Holdings Limited, trading as Vertas Group, endeavour to make a real difference in people's lives and are committed to being the best that they can be. Wherever possible they look to offer contracts and work with local suppliers, hire apprentices to boost workforces, donate time and money to charity events, and run events in local areas. Vertas Group want to create meaningful and collaborative customer relationships and want communities to be a part of what the Vertas Group do and to feel the benefits.

Shareholders and investors

Our shareholder, Suffolk County Council, is a key beneficiary in the value that the Group creates. We are committed to transparent and open engagement with the shareholder and the Directors keep them regularly apprised of significant matters.

Our primary banking relationship is with Barclays Bank. During the year the Group had an overdraft and property loan facility with the bank and the Chief Financial Officer maintains an open and ongoing dialogue with the bank as the Group's financial and liquidity risks are continually reviewed.

Our business strategy and outlook

The Board of Directors have recently prepared a Business Plan setting out our growth aspirations and our future plans. These are summarised below:

- **Collaboration:** Working collectively as a Group we will develop existing client operations to extend the Group's service offering, adding value to our client relationships.
- **Group Culture:** Our Group values are the foundations of our culture and form the basis for our decision-making. The objectives within our People Strategy aim to drive a values-led behaviour culture.
- **People:** Without our People, we don't have a business, and therefore our People Strategy focuses on attracting, engaging, and developing our colleagues. We regularly review our Total Reward Package offering to remain competitive but also to ensure we are agile in our offering by listening to the needs of individuals during turbulent times.
- **Governance:** We will have the right infrastructure that brings diversity of thought and experience to deliver and manage our business. Our Non-Executive Directors are important to our Governance to ensure we have independent and impartial viewpoints offered to the Executive team.
- **ESG:** We are focused on achieving Net Zero by 2030 and are measuring our carbon impact on an annual basis and implementing initiatives that support a steady year-on-year reduction. Our Social Value Strategy outlines the approaches we plan to take and measures the contribution and effort to the UK economy. We will continue to share our ESG and GVA reviews and reports with our Shareholders and Stakeholders accordingly.
- **Sustainability:** Developing an Energy and Environmental Consultancy to help organisations better understand their carbon footprint and take positive steps to reduce energy usage, waste and vehicle emissions.
- **Organic Growth:** Organically winning new business, reviewing of published tender opportunities, close working relationships with procurement consultants and managers and securing new and retaining framework opportunities. Targeting national opportunities across all the services we manage.
- **Joint Ventures:** Continue to develop and establish Joint Venture partnerships across our Group with identified Local Authorities and Commercial Partners.
- **Acquisition:** Consideration given to new acquisition opportunities to strengthen our expertise and grow service capability.

SUFFOLK GROUP HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

- **Diversification:** Having an agile approach to consider opportunities within new markets and sectors (health, housing and commercial are key sectors for growth).

- **Valuation & Return:** Improving profitability and shareholder return through better ways of working including more efficient and effective support services, implementation of new systems and IT software packages.

- **Customer:** Customer Services and Customer Retention are at the core of everything we think about, develop and implement in the business. We will continue with our Customer First ethos across the Group, working together to create communication platforms, IT and financial management systems that provide valuable service- level data to our customers demonstrating value for money.

- **Technology:** We will continue to embrace and invest in technology that drives service innovations, synergies and long-term growth efficiencies. Our priority as a Group is to develop and implement an IT Strategy that brings our Group systems together enabling us to have simple points of access and remove duplication of data entry and effort.

- **ERP:** Investing in a new Microsoft Dynamics ERP system across the Group that will facilitate the streamlining of processes, enhanced customer insight, consistency of approach and deliver enhanced business intelligence.

Historically, the Vertas Group and its companies, have seen impressive year-on-year revenue and geographical growth. The repositioning and alignment of the companies as the combined Vertas Group provides confidence that this will continue with an improved focus on margin, dividend return, organic growth, service density, people development, joint venture opportunities, and strategic acquisitions. This will be delivered using the experience, commercial flair, innovation, and client-first focused approach that the Vertas Group provides.

The opportunities provided by the Vertas Group will enable it to drive shareholder value over the next period through efficiencies; improved ways of working within the businesses, economies of scale and improved services for our clients and stakeholders.

Vertas Group has always been people focused and this has been a cornerstone of our success. We will continue to develop our colleagues, offer opportunities, and embrace internal succession. This will also support our social value impact and strategy.

Our 'client first' philosophy has supported our ambition to deliver first-class services and retain over 95% of our customers for the last several years.

The Group's health, safety, quality, and environment focus has driven a proactive, safe culture across the Group, and this will remain to be a key focus area within the business reporting regime. We will continue to manage our business risks transparently and robustly, with support from the Risk and Audit Committee, chaired, and attended by non-executives and the board. Our independent internal audit regime will continue to provide the senior leaders with an overview of risk and gap analysis, vital to enhancing safe service delivery. The Vertas Group is committed to being a carbon net zero company by 2030 and we will continue to innovate and reduce our footprint and impact over this period. The Board of Directors, senior leaders and wider teams are fully committed to delivering our 2023-2025 business plan.

SUFFOLK GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

The management of the business and the delivery of the Group's strategy are subject to a number of risks which are detailed below with the mitigations that we have put in place.

Risk	Description	Mitigation
Public Sector Customers	Overreliance on a small number of large public sector clients resulting in the risk of a significant reduction in turnover if one of these clients stopped commissioning us due to public spending constraints, implemented a full recruitment freeze or decided to exit our contracts or JV arrangements.	Continue to diversify contracts and clients and where we are reliant on large contracts monitor carefully. Put in place measures to manage as efficiently and effectively as possible.
Holiday Pay Legislation	The Harpur vs Brazel Supreme Court decision resulted in a change to the calculation methodology for our term time employee holiday entitlement calculations.	Ensure that we are budgeting and charging our customers correctly to reflect any changes in legislation. Work with our legal advisers to fully understand the implications of our employment contracts. Participate in the government consultation on potential changes of legislation.
Shareholder Aspirations	A change with regards to the outsourced delivery model, aspirations for the growth of the Group etc could have implications for workload, ability to secure work outside of Suffolk County Council and our ability to achieve our business plan targets including the dividend etc.	Maintain existing positive relationships with Suffolk County Council as a customer and as a shareholder. Continue to ensure that Suffolk County Council are content with business plans, growth ambitions, dividend proposals etc.
People - Recruitment	This remains a challenge across all areas of our business. The cost of living crisis along with shortages in UK workforce is driving high competition for salaries and benefits across all industries. All teams, especially operational teams, are facing challenges and pressures, in relation to recruitment.	This is a global crisis affecting all sectors and job roles. Our People Strategy focuses on engagement, retention and inclusion objectives across the Group. People Team to lead on the rollout of initiatives and measure success. Careers team to focus on in-house recruitment and engagement, work with Opus on temporary and permanent recruitment. We are coordinating colleague communication across the Group and will look to increase colleague engagement and inclusion.

SUFFOLK GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Supply chain	Inflationary cost pressures, lack of availability of key materials, risk of insolvency of our key suppliers resulting in issues for us fulfilling our contractual obligations, impacting on our commercial offer and our profitability.	Our Procurement Team are working with our supply chain to mitigate any cost increases and / or pass these costs on to our customers where we can. We are developing a broader supply chain to help mitigate the impact of product shortages and issues concerning the delivery of services and products. We are considering alternative suppliers, and materials and engaging with the supply chain in discussions early to ensure desired timescales can be achieved on projects, or if not, this is communicated early to clients.
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The Directors regularly review all risks to the business and continue to implement mitigation strategies with a view to reducing these risks to an acceptable level in line with our Risk Appetite. The Directors review forecasts and cashflows on a regular basis which anticipate changes in the market and external events which may affect the operations of the Group. At the time of signing the accounts we are seeing strong growth in our core businesses and anticipate a successful year.

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

D S Johnson

D S Johnson
Director

Date: 16/8/2023

SUFFOLK GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The Directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activity

The principal activities of the Group are the provision of: catering, cleaning, grounds maintenance and design, engineering and architectural consulting services, recruitment, provision of temporary workers, fleet, procurement, facilities management, energy management, property services and health and safety services.

Results and dividends

The total comprehensive loss for the year amounted to £421k after tax (2022 - total comprehensive income of £2,824k after tax).

As at 31 March 2023, a final dividend of £1,500k (2022 - £1,420k) had been declared payable to Suffolk County Council, the only shareholder, in addition to the £Nil interim dividend (2022 - £150k) declared and paid during the year to Suffolk County Council.

Directors

The Directors who served during the year were:

R Coyle
R D Everitt
D S Johnson
P D Lowes (resigned 7 April 2022)
A R Rowe (resigned 7 April 2022)
J A Smith (appointed 7 April 2022)
I Surtees
L E Wilson (appointed 23 February 2023)

SUFFOLK GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Environment

The Group takes our corporate responsibility duty very seriously, and we are constantly working to reduce the environmental impact of our business operations.

Data for Vertas Group emissions are stated below.

In this period Vertas Group scope 1 and scope 2 location based operational emissions were 1,817.1 tCO₂e (2022 - 1,961.9 tCO₂e). Market-based emissions were 1,803.3 tCO₂e (2022 - 1,920.2 tCO₂e). The greatest contributor to Vertas Group emissions is educational transport services.

Comparative figures for the previous year show a 7.4% absolute carbon reduction.

Vertas Group Greenhouse gas and energy consumption data for the year ended 31 March 2023:

	Year to 31 March 2023	Year to 31 March 2022
Total Energy Consumption - Used for Emissions Calculation (kWh)	7,336,535.0	7,985,553.2
Scope 1 Emissions (tCO ₂ e)	1,458.4	1,598.1
Scope 2 Emissions (tCO ₂ e location based)	59.5	65.4
Scope 3 Emissions (tCO ₂ e)	299.2	298.4
Total Gross Reported Emissions (tCO ₂ e)	1,817.1	1,961.9
Intensity Ratio: Turnover (tCO ₂ e / £m)	14.6	20.3

The report will exclude any emissions from entities that Vertas Group has no operational control.

Energy Efficiency

The Group has implemented a Making the Difference Sustainably Strategy and created an Environmental Working Group to lead on this. The Group is looking for ways to reduce the environmental impact of our business operations and has reported on this in an ESG report that we will continue to publish annually. The ESG report sets out our target outcomes and the actions we will take to achieve these.

Quantification and reporting methodology

We have followed 2019 HM Government environmental reporting guidelines to ensure compliance with the SECR requirements. The DEFRA issued "Greenhouse gas reporting: conversion factors 2021" conversion figures for CO₂e were used along with the fuel property figures to determine the kWh content for Fleet. These are provided within the evidence pack.

SUFFOLK GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Financial risk management policies

The Group's activities expose it to a variety of financial risks: interest rate risk; credit risk; and liquidity risk. The Group's overall risk management strategy is to minimise the potential adverse effect of these risks on the Group's performance in accordance with our Risk Appetite.

Interest rate risk

The Group's main sources of revenue and cash flows are substantially independent of changes in market interest rates. The Group has significant cash deposits which it seeks to obtain a commercial rate of return from, whilst not impacting liquidity. The Group has a variable rate loan that funds the long term lease on the head office.

Credit risk

Credit risk arises from cash and cash equivalents and deposits held by banks and financial institutions. Credit risk also arises in respect of amounts owed by the Group's customers. Management uses past experience of customers, as well as reviewing other third-party information in respect of new customers, when assessing credit risk.

Liquidity risk

The Group has significant cash reserves that give it flexibility in managing liquidity risk. The Group adopts a policy of investing these funds to balance obtaining the best commercial return against ensuring that the Group has sufficient liquidity to enable it to meet its obligations as they fall due.

Disabled employees

It is the Group's policy to give employment to disabled persons wherever practical.

Qualifying third party indemnity provisions

The Group did not hold any liability insurance during either the current or prior period for its Directors or officers. Therefore there was no qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 in force.

Research and development

The Group is coordinating efforts to converge the software development process and project management through the introduction of an ERP system. This project carries risk which is being mitigated through our implementation partner.

Political donations

The Group has not made any political donations in either the current or prior year.

Events after the reporting period

There are no events after the reporting period to note.

Matters covered in the Strategic report

The Directors have included details of how the Group interacts with its employees within the 'Section 172 (1) Stakeholder Compliance Statement' section of the Strategic report.

SUFFOLK GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, Directors' Report and the consolidated financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law, the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so; and
- introduce, maintain and develop arrangements to provide employees with information on matters of concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of audited financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

The Directors have maintained regular communications and information to employees on matters of concern to them, through the published monthly employee magazine and the recent introduction of our new employee communication App, which is updated daily. Employees are consulted on a regular basis so their views and feedback can be considered in decision making which is likely to affect employees' interests, through staff surveys and continuous improvement working groups. Feedback has been developed to be faster throughout the year with the introduction of new pulse surveys to employees.

SUFFOLK GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware;
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information; and
- no political donations or expenditure has taken place during the year.

To the best of our knowledge:

- the Group financial statements prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Group and Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that they face.

Future developments

The Board of Directors have prepared a Business Plan setting out our growth aspirations and our future plans as noted in our Strategic Report, with focus on:

- Organic growth by targeting national opportunities, acquisition and joint venture partnerships with local authorities and commercial partners;
- Evolution in our systems and IT software;
- Adapting to business needs and introduced hybrid working at our Collaborative Hubs;
- Investment in IT including a new ERP system across the Group;
- Use our expertise to help organisations better understand their carbon footprint including energy usage, waste generated and vehicle emissions; and
- Develop our business net zero strategy and our service offering to clients including accreditation as Passivhaus Consultants.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

D S Johnson

D S Johnson
Director

Date: 16/8/2023

SUFFOLK GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUFFOLK GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Suffolk Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 31 March 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUFFOLK GROUP HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUFFOLK GROUP HOLDINGS LIMITED
(CONTINUED)**

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as cost-of-living crisis and inflationary pressures, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

SUFFOLK GROUP HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUFFOLK GROUP HOLDINGS LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUFFOLK GROUP HOLDINGS LIMITED
(CONTINUED)**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent company and the group. We concluded that there are certain significant laws and regulations that may have an effect of the determination of the amounts and disclosures in the financial statements including those laws and regulations relating to the Companies Act 2006 and taxation laws;
- We understood how the parent company and the group is complying with those legal and regulatory frameworks by making enquiries of management and the legal department. We corroborated our enquiries through our review of the board minutes;
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. No matters relating to fraud were identified from our discussions.
- We made specific inquiries from key personnel outside the finance department to determine whether there were fraud risk factors arising from the parent company and the group's day to day operations;
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed included:
 - Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and journals posted by management or senior members of the finance team;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item;

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration by the engagement partner of the engagement team's:

- Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
- Knowledge of the industry in which the client operates; and
- Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulators' rules and related guidance, including guidance issued by relevant authorities that interprets those rules, and the applicable statutory provisions.

SUFFOLK GROUP HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUFFOLK GROUP HOLDINGS LIMITED
(CONTINUED)**

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The Group and Parent Company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
 - The applicable regulatory framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

James Brown

James Brown LLB ACA (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

**Statutory Auditor, Chartered Accountants
Cambridge**

Date: 16/8/2023

SUFFOLK GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £000	2022 £000
Revenue	5	170,830	153,879
Cost of sales			
Raw materials and consumables used		(26,479)	(24,063)
Worker wages and business expenses		(59,383)	(46,827)
Sub-contractor costs		(13,986)	(14,078)
Employee salaries and benefit expenses	8	(41,881)	(39,876)
Gross profit		29,101	29,035
Administrative expenses		(12,152)	(11,301)
Employee salaries and benefit expenses	8	(14,766)	(14,866)
Other operating income	6	25	376
Impairment reversal/(losses)		72	(103)
Exceptional expenses	7	(2,645)	(37)
(Loss)/profit from operations		(365)	3,104
Finance income	10	80	1
Finance expense	10	(339)	(186)
(Loss)/profit before tax		(624)	2,919
Taxation	12	203	63
(Loss)/profit for the year		(421)	2,982
Other comprehensive income:			
Revaluation of property		-	(158)
Total comprehensive income		(421)	2,824
(Loss)/profit for the year attributable to:			
Owners of the parent		(1,299)	2,414
Non-controlling interests		878	568
		(421)	2,982
Total comprehensive income attributable to:			
Owners of the parent		(1,299)	2,256
Non-controlling interests		878	568
		(421)	2,824

The notes on pages 31 to 72 form part of these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 09570600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Assets			
Non-current assets			
Property, plant and equipment	13	12,069	8,741
Other intangible assets	14	1,749	1,453
Goodwill	15	701	2,719
Deferred tax assets	12	531	100
		15,050	13,013
Current assets			
Inventories	17	700	661
Trade and other receivables	18	22,700	20,071
Cash and cash equivalents	19	11,023	13,247
		34,423	33,979
Total assets		49,473	46,992

SUFFOLK GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 09570600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Liabilities			
Non-current liabilities			
Loans and borrowings	21	6,929	3,606
		<u>6,929</u>	<u>3,606</u>
Current liabilities			
Bank overdraft		379	-
Trade and other liabilities	20	33,327	30,773
Employee benefit obligations		1,073	2,078
Loans and borrowings	21	1,377	1,220
Provisions	23	963	1,744
		<u>37,119</u>	<u>35,815</u>
Total liabilities		<u>44,048</u>	<u>39,421</u>
Net assets		<u>5,425</u>	<u>7,571</u>
Share capital	24	-	-
Revaluation reserve	25	439	439
Retained earnings	25	4,048	6,847
		<u>4,487</u>	<u>7,286</u>
Non-controlling interest		938	285
Total equity		<u>5,425</u>	<u>7,571</u>

The financial statements on pages 21 to 72 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

D S Johnson

D S Johnson
Director

Date: 16/8/2023

Ian Surtees

I Surtees
Director

16/8/2023

The notes on pages 31 to 72 form part of these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 09570600

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Assets			
Non-current assets			
Investments	16	1	1
		<u>1</u>	<u>1</u>
Current assets			
Trade and other receivables	18	1,500	1,420
		<u>1,500</u>	<u>1,420</u>
Total assets		<u>1,501</u>	<u>1,421</u>

SUFFOLK GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 09570600

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Liabilities			
Current liabilities			
Trade and other liabilities	20	1,501	1,421
Total liabilities		<u>1,501</u>	<u>1,421</u>
Net assets		<u>-</u>	<u>-</u>
Share capital	24	-	-
Retained earnings		-	-
Total equity		<u>-</u>	<u>-</u>

The Company's profit for the year was £1,500,000 (2022 - £1,570,000).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The financial statements on pages 21 to 72 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

D S Johnson

Ian Surtees

D S Johnson
Director

I Surtees
Director

Date: 16/8/2023

16/8/2023

The notes on pages 31 to 72 form part of these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Revaluation reserve £000	Retained earnings £000	Total attributable to equity holders of parent £000	Non- controlling interest £000	Total equity £000
At 1 April 2021	597	6,003	6,600	(47)	6,553
Comprehensive income for the year					
Profit for the year	-	2,414	2,414	568	2,982
Revaluation of property	(158)	-	(158)	-	(158)
Total comprehensive income for the year	(158)	2,414	2,256	568	2,824
Dividends	-	(1,570)	(1,570)	(236)	(1,806)
Total contributions by and distributions to owners	-	(1,570)	(1,570)	(236)	(1,806)
At 31 March 2022	439	6,847	7,286	285	7,571
At 1 April 2022	439	6,847	7,286	285	7,571
Comprehensive income for the year					
(Loss)/profit for the year	-	(1,299)	(1,299)	878	(421)
Total comprehensive income for the year	-	(1,299)	(1,299)	878	(421)
Contributions by and distributions to owners					
Dividends	-	(1,500)	(1,500)	(225)	(1,725)
Total contributions by and distributions to owners	-	(1,500)	(1,500)	(225)	(1,725)
At 31 March 2023	439	4,048	4,487	938	5,425

The notes on pages 31 to 72 form part of these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Retained earnings £000	Total equity £000
At 1 April 2021	-	-
Comprehensive income for the year		
Profit for the year	1,570	1,570
	<u>1,570</u>	<u>1,570</u>
Total comprehensive income for the year		
Dividends	(1,570)	(1,570)
	<u>(1,570)</u>	<u>(1,570)</u>
Total contributions by and distributions to owners		
	<u>(1,570)</u>	<u>(1,570)</u>
At 1 April 2022	-	-
Profit for the year	1,500	1,500
	<u>1,500</u>	<u>1,500</u>
Total comprehensive income for the year		
Dividends	(1,500)	(1,500)
	<u>(1,500)</u>	<u>(1,500)</u>
Total contributions by and distributions to owners		
	<u>(1,500)</u>	<u>(1,500)</u>
At 31 March 2023	<u>-</u>	<u>-</u>

The notes on pages 31 to 72 form part of these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £000	2022 £000
Cash flows from operating activities			
(Loss)/profit for the year		(421)	2,982
Adjustments for			
Depreciation of property, plant and equipment	13	736	670
Impairment of property, plant and equipment	13	-	8
Amortisation of intangible fixed assets	14	146	136
Depreciation of right of use asset	13	1,431	1,288
Impairment of intangible fixed assets	14	611	-
Loss/(profit) on disposal of property, plant and equipment		94	(7)
Impairment of goodwill	15	2,018	-
Finance income	10	(80)	(1)
Finance expense	10	339	186
Taxation credit on loss	12	(203)	(63)
		<u>4,671</u>	<u>5,199</u>
Movements in working capital:			
Increase in trade and other receivables		(3,269)	(3,710)
Increase in inventories		(39)	(99)
Increase in trade and other payables		1,923	5,547
Decrease in provisions		(781)	-
		<u>2,505</u>	<u>6,937</u>
Cash generated from operations			
Taxation paid		19	(568)
		<u>2,524</u>	<u>6,369</u>
Net cash from operating activities			
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(772)	(1,618)
Proceeds from disposal of property, plant and equipment		94	37
Purchase of intangibles	14	(1,054)	(750)
Interest received		80	1
		<u>(1,652)</u>	<u>(2,330)</u>
Net cash used in investing activities			

SUFFOLK GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£000	£000
Cash flows from financing activities		
Interest paid	(339)	(186)
Repayment of bank and other loans	(52)	(1,976)
Movement in leases	(1,380)	(1,218)
Dividends paid	11 (1,704)	(952)
Net cash used in financing activities	(3,475)	(4,332)
Net cash decrease in cash and cash equivalents	(2,603)	(293)
Cash and cash equivalents at the beginning of year	13,247	13,540
Cash and cash equivalents at the end of the year	10,644	13,247

The notes on pages 31 to 72 form part of these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	£000	£000
Cash flows from operating activities		
Profit for the year	1,500	1,570
Adjustments for		
Dividend income	(1,500)	(1,570)
Movements in working capital:		
Increase in trade and other receivables	(80)	(795)
Increase in trade and other payables	80	795
Cash flows from investing activities		
Dividends received	1,420	775
Net cash from investing activities	<u>1,420</u>	<u>775</u>
Cash flows from financing activities		
Dividends paid	11 (1,420)	(775)
Net cash used in financing activities	<u>(1,420)</u>	<u>(775)</u>
Cash and cash equivalents at the end of the year	<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 31 to 72 form part of these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

Suffolk Group Holdings Limited is a private company limited by shares, registered in England and Wales. The registered company number is 09570600 and the address of the registered office is 2 Friars Bridge Road, Ipswich, Suffolk, IP1 1RR.

The principal activities of the Group are the provision of: catering, grounds maintenance and design, engineering and architectural consulting services, recruitment, provision of temporary workers, printing, procurement, facilities management, energy management, property services and health and safety services.

2. Basis of preparation

These financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity.

The financial information is presented in pounds sterling, which is the functional currency of the entity and rounded to the nearest £'000. The financial statements are prepared on the historical cost basis unless otherwise specified within these accounting policies. Details of the Group's accounting policies, including changes during the year, are included in note 3.

Both the Company and consolidated financial statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards. On publishing the Company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and statement of comprehensive income and related notes.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas where judgements and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 4.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies

3.1 Going concern

As part of the Group basic procedures and risk assessments, the Directors regularly review both short and long term cashflow forecasts to assess the working capital requirements of the Group. This includes *scenario testing of different future outcomes*.

As part of the regular exercise the Directors have assessed the Group's working capital requirements in light of the current economic climate and then forecast the future using a number of scenarios. Under these conditions the Directors are confident that, despite current inflationary pressures, based upon future forecasts, the Group has adequate resources to continue in operational existence for the foreseeable future being a period of no less than 12 months from the date of approval of these financial statements.

Thus, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

3.2 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities, has exposure, or rights, to variable returns and can use its power to affect those returns. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of all group companies are adjusted, where necessary, to ensure the use of consistent accounting policies.

Acquisitions are accounted for under the acquisition method from the date control passes to the group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Non-controlling interests are measured initially at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

3.3 Impact of new international reporting standards

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2022. None of these had an impact on the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

These standards, amendments or interpretations include:

Amendments to IAS 1 - Classification of liabilities as current or non-current

Amendments to IAS 1 - Disclosure of accounting policies

Amendments to IAS 8 - Definition of accounting estimates

Amendments to IAS 16 - Lease liability in a sale and leaseback

Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

IFRS 17 - Insurance contracts

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies (continued)

3.4 Revenue

In accordance with IFRS 15 'Revenue from Contracts with Customers', revenue is measured by reference to the fair value of consideration received or receivable by the Group, excluding value added tax in exchange for transferring the promised goods or services to the customer. The consideration is allocated to each separate performance obligation that is identified in a sales contract based upon stand-alone selling prices.

Revenue is recognised when the Group satisfies the identified performance obligations. As the majority of the revenue is from service delivery, this revenue is recognised when the service is performed. For any contracts raised as an annual invoice to the customer and the period of time between payment and performance is less than one year, the Group does not adjust revenue for the effects of financing.

In respect of service contracts, the Group recognises revenue over the contract term based on when the service is provided or as control of the asset passes to the customer. Amounts received in advance of performance are recognised in the statement of financial position as deferred income. Accrued income is recognised when performance occurs in advance of invoicing.

Catering

Catering revenue is recognised when the goods are consumed as the performance obligation is satisfied at the point in time when an item is consumed or the meals provided to the customer. Subsidy or rebate discounts are performance obligations which are satisfied over time and revenue is recognised accordingly.

Cleaning, services for schools, security, fleet, recruitment and design and property consultancy services

Revenue is recognised when the service is performed for the customer.

Facilities management, waste revenue, grounds

Revenue is recognised when the service is performed for the customer or goods are supplied to the customer.

Commercial Equipment

Revenue is recognised when the service is performed for the customer. For continual annual support services, the performance obligation is satisfied over time and revenue is recognised accordingly.

Energy

Commission revenue is recognised on the supply of energy to the customer and is recognised in line with the customer's consumption.

Property Management

Revenue relating to small works and contractual property management services is recognised when the service is performed for the customer. For continual annual support services, the performance obligation is satisfied over time and revenue is recognised accordingly. For large project management fees, these are recognised accordingly to the project stage of completion as per the Royal Institute of British Architects (RIBA) plan of work guidelines. RIBA Plan of Work outlines all stages in the planning, design and building process for construction projects. Property management services include the preparation, briefing and concept design with the subcontractor and the management of the subcontractor for completion of the construction. Revenue is recognised for the services at RIBA Stage 2 (concept design) and Stage 7 (use after handover) of the project.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies (continued)

Supply of Agency

The Group engages temporary workers for its clients using an arrangement of contract for services. The Group considers these temporary workers not to be employees of the Group, as they do not hold an employment contract, have the right to undertake other employment, and are only paid for the time spent working for customers of the Group. As such, they are not included within the employee benefit expenses. The Group acts as a principal in the provision of contract resources and therefore revenue and costs are recognised based on the actual hours worked and revenue is recognised when the service is performed.

3.5 Leasing

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies (continued)

3.5 Leasing (continued)

The Group as a lessee (continued)

On initial recognition, the carrying value of the lease liability also includes:

- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in the 'Loans and borrowings' line in the Consolidated Statement of Financial Position.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining revised lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

The right-of-use assets are included in Property, Plant and Equipment in the Consolidated Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.9.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

3.6 Finance income and costs

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies (continued)

3.7 Government grants

Government grants received in respect of capital expenditure are recognised as deferred income which is recognised as income over the useful life of the asset. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income.

Due to the COVID-19 pandemic and the closure of businesses under UK Government legislation, the business utilised the following Government support schemes in the prior year: the furlough scheme whereby the Government contributed towards the wage costs of the business; local grants awarded by local authorities; and the Eat Out to Help Out Scheme. The amounts received are reported under other income in the financial statements. The income is reported in the period that the relief relates to.

3.8 Taxation

Current tax

Current tax is the tax currently payable based on taxable profit for the year. Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year end date.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies (continued)**3.9 Property, plant and equipment**

Property, plant and equipment under the cost model are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Profit or loss Statement in the period in which they are incurred.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Land and buildings	2% per annum or lease term
Site equipment	50% per annum
Motor vehicles	20% per annum
Fixtures and fittings	4% to 33.33% per annum
Office equipment	20% to 33.33% per annum
Computer equipment and software	10% per annum
Plant and machinery (Vertas Group)	20% per annum
Leased assets	over the lease term

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Profit or loss Statement.

Land and buildings are carried at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity, being at least every 5 years, to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Consolidated Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers. Revaluation gains and losses are recognised in Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies (continued)

3.10 Goodwill

Goodwill is recognised to the extent that it arises through a business combination and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired entity.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Negative goodwill (bargain purchase) is written back to the Consolidated Statement of Comprehensive Income in the period it is incurred.

3.11 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Software	10 years
Customer relationships	20 years

3.12 Impairment of non-financial assets including goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the Group that independent cash flows are monitored.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

At each Statement of Financial Position date the Directors review the carrying amounts of the Group's assets, other than goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate based on the carrying amount of each asset in the unit. An impairment loss is recognised as an expense immediately.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies (continued)

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

3.17 Financial assets

Financial assets include trade and other receivables and cash and cash equivalents.

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

Financial assets are measured at amortised cost.

The classification of financial asset depends on the Group's business model for managing the asset and the contractual cash flow characteristics associated with the asset.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Accounting policies (continued)

Trade receivables that do not contain a significant financing component are initially measured at transaction price. All other financial assets classified as financial assets are initially measured at fair value plus transaction costs directly attributable to the acquisition of the financial asset and subsequently at amortised cost.

Financial assets measured at amortised cost are subsequently measured using the effective interest method. The effects of discounting within the effective interest method are omitted if immaterial. Where the contractual cash flows of the financial asset are renegotiated or otherwise modified the financial asset is recalculated at the present value of the modified contractual cash flows discounted at the financial asset's original effective interest rate.

Expected credit loss impairments are recognised in respect of financial assets measured at amortised cost immediately on initial recognition of the respective financial asset being impaired. Expected credit losses are measured using an expected credit loss model. The expected credit loss model reflects a probability weighted amount derived from a range of possible outcomes that are discounted for the time value of money and based on reasonable and supportive information.

Where trade receivables contain a significant financing component the Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

3.18 Financial liabilities

Financial liabilities include loans in addition to trade and other payables. The Group carries financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost are subsequently measured using the effective interest method. The effects of discounting within the effective interest method are omitted if immaterial. Where the contractual cash flows of the financial liability are renegotiated or otherwise modified the financial liability is recalculated at the present value of the modified contractual cash flows discounted at the financial liability's original effective interest rate.

3.19 Defined contribution schemes and employee benefits

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate. The assets of the scheme are held separately from the Group in an independently administered fund. The Group does not provide any other post-retirement benefits.

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. This includes wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the period in which employees render service to the organisation. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the period-end which employees can carry forward in the next financial period.

3.20 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Judgements and key sources of estimation uncertainty

The preparation of the financial statements, in conformity with UK adopted International Accounting Standards requires management to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses during the period. These judgements, estimates and assumptions are continually evaluated by management and are based upon historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

Revenue recognition

Work in progress is reviewed at the year-end and income has been accrued and deferred so as to match income in the period to the costs and level of work completed at the period end.

Impairment of assets

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit. In the process of measuring expected future cash flows, management makes assumptions about future operating results, the discount rate applied, utilisation of taxation losses, the terminal value multiple based upon estimated profit before interest, tax, depreciation and amortisation. These assumptions relate to future events and circumstances.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

5. Revenue

100% (2022 - 100%) of revenue for the year related to the provision of goods and services which only arose in the UK.

Sales to Suffolk County Council, the Group's ultimate parent company, totalled £39,570k in the year (2022 - £35,343k). No other customer exceeds 10% of total annual turnover.

The following is an analysis of the Group's revenue for the year from continuing operations:

	2023	2022
	£000	£000
Catering	19,761	20,643
Cleaning	22,488	21,255
Facilities management	6,738	6,654
Services for schools	3,746	3,495
Security	6,828	7,666
Waste	1,605	920
Fleet	5,351	3,885
Grounds	4,023	4,001
Energy	3,430	2,223
Property management	12,180	11,358
Recruitment	62,454	50,576
Design and property consultancy services	22,226	21,203
	<u>170,830</u>	<u>153,879</u>

6. Other operating income

	2023	2022
	£000	£000
Government grants receivable	25	271
Other settlement	-	105
	<u>25</u>	<u>376</u>

Government grants in the current year primarily relate to incentives for apprentice related recruitment and projects.

Government grants in the prior year represented income receivable from central government under the Coronavirus Job Retention Scheme to cover some of the costs of employing certain members of staff placed on furlough leave in response to the COVID-19 pandemic.

In the prior year, £584k of marketing support rebates have been reclassified from other operating income to cost of sales.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Expenses by nature

	2023	2022
	£000	£000
Depreciation of property, plant and equipment	736	670
Depreciation of right of use asset	1,431	1,288
Amortisation of intangible assets	146	136
Interest on lease liability	274	62
Employee benefit expenses (see note 8)	56,647	54,742
Fees payable to the group's auditor for audit of the company's financial statements	24	27
Fees payable to the group's auditor for audit of the subsidiaries' financial statements	124	105
Fees payable to the group's auditor for the preparation of financial statements	35	30
Exceptional redundancy and settlement costs	16	37
Exceptional impairment to goodwill and intangibles	2,629	-

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Employee benefit expenses**Group**

	2023	2022
	£000	£000
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	49,738	47,393
Social security costs	3,584	3,432
Defined contribution pension cost	3,325	3,917
	<u>56,647</u>	<u>54,742</u>

The monthly average number of persons, including the Directors, employed by the Group during the year was as follows:

	2023	2022
	No.	No.
Catering	841	785
Facilities management incl. cleaning	1,814	2,140
Fleet	69	97
Energy	5	5
Grounds	166	49
Services to schools	103	101
Recruitment	44	45
Property design	235	145
Admin	133	182
Total	<u>3,410</u>	<u>3,549</u>

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Directors' and key management remuneration

The Directors are considered the key management personnel of the Group.

Remuneration paid to Directors of the Company during the period was as follows:

	2023 £000	2022 £000
Salaries including bonuses	787	573
Company car allowance	2	6
Long term incentive plans	-	65
Defined contribution pension plans	29	28
	<u>818</u>	<u>672</u>

Included within employee benefit obligations liabilities at year end is £182k (2022 - £134k) payable to Directors under Long Term Incentive Plans.

In addition, £70k (2022 - £59k) was paid to Directors in the year via fees to related companies.

Total remuneration paid to Directors of the Company and to directors of subsidiary companies was £2,064k (2022 - £1,717k). This consists of salaries including bonuses of £1,819k (2022 - £1,460k), company car allowance of £28k (2022 - £21k), long term incentive plans of £155k (2022 - £120k) and defined contribution pension plans of £62k (2022 - £116k).

In the prior year, Directors' remuneration reduced from £1,717k to £672k to exclude Directors of subsidiaries who are not also Directors of Suffolk Group Holdings Limited.

During the year, retirement benefits were accruing to the following number of Directors in respect of qualifying services:

	2023	2022
Defined contribution schemes	<u>4</u>	<u>4</u>

The highest paid Director's emoluments were as follows:

	2023 £000	2022 £000
Emoluments for qualifying services	203	189
Other bonuses	50	77
Pension costs	20	30
	<u>273</u>	<u>296</u>

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Finance income and expense

Recognised in profit or loss

	2023	2022
	£000	£000
Finance income		
Interest on:		
Bank deposits	80	1
Total finance income	80	1
Finance expense		
Bank interest payable	8	4
Interest on lease liabilities	274	62
Interest on loan from parent company	57	120
Total finance expense	339	186
Net finance expense recognised in profit or loss	(259)	(185)

11. Dividends

The Company paid interim dividends of £Nil (2022 - £150k) to Suffolk County Council in the year.

The Directors have proposed a final dividend of £15,000 per share, totalling £1,500k for the year ended 31 March 2023 (2022 - £14,200 per share, totalling £1,420k).

Dividends of £1,420k were paid to Suffolk County Council in the year in relation to dividends declared in the prior year (2022 - £625k).

Dividends of £217,000 (2022 - £158,000) were paid in the year by subsidiary companies to non-controlling interests declared in the prior year.

In addition, interim dividends of £67k (2022 - £19k) were paid in the year by subsidiary companies to non-controlling interests. Final dividends of £158k (2022 - £217k) have been proposed to non-controlling interests for the year ended 31 March 2023.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Tax expense**12.1 Income tax recognised in profit or loss**

	2023	2022
	£000	£000
Current tax		
Current tax on profits for the year	237	173
Adjustments in respect of prior years	(9)	(385)
Total current tax charge/(credit)	228	(212)
Deferred tax expense		
Origination and reversal of timing differences	(415)	(285)
Adjustments in respect of prior years	(16)	434
Total deferred tax (credit)/charge	(431)	149
Total tax credit	(203)	(63)

The reasons for the difference between the actual tax charge/(credit) for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2023	2022
	£000	£000
(Loss)/profit for the year	(421)	2,982
Income tax credit	(203)	(63)
(Loss)/profit before income taxes	(624)	2,919
Tax using the Company's domestic tax rate of 19% (2022:19%)	(119)	555
Net income not taxable for tax purposes	(488)	(569)
Expenses not deductible for tax purposes	519	167
Adjustments to tax charge in respect of prior periods	(9)	(385)
Capital gains	(12)	(10)
Deferred tax not recognised	-	(48)
Fixed asset differences	(54)	(100)
Amounts in respect to prior year (deferred tax)	(16)	434
Other differences	-	(18)
Adjustment for change of rates of deferred tax	(124)	(89)
Deferred tax not recognised	100	-
Total tax credit	(203)	(63)

SUFFOLK GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Tax expense (continued)

12.1 Income tax recognised in profit or loss (continued)

Factors that may affect future tax charges

Future tax charges may be affected by the increase in the rate of corporation tax from 19% to 25% with effect from 1 April 2023. This has already been reflected in the deferred tax balances.

12.2 Deferred tax balances

Below is an analysis of deferred tax presented in the consolidated statement of financial position:

	2023 £000	2022 £000
Deferred tax assets	531	100
	<u>531</u>	<u>100</u>

	Opening balance £000	Recognised in profit or loss £000	Closing balance £000
2023			
Fixed assets	(594)	(273)	(867)
Short term timing differences	166	4	170
Losses and other deductions	804	684	1,488
Capital gains	(56)	16	(40)
Other items	(220)	-	(220)
	<u>100</u>	<u>431</u>	<u>531</u>

	Opening balance £000	Recognised in profit or loss £000	Closing balance £000
2022			
Fixed assets	(53)	(541)	(594)
Short term timing differences	219	(53)	166
Losses and other deductions	423	381	804
Capital gains	-	(56)	(56)
Other items	(340)	120	(220)
	<u>249</u>	<u>(149)</u>	<u>100</u>

SUFFOLK GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Property, plant and equipment

Group

	Land and buildings £000	Right of use assets - leasehold property £000	Plant, machinery, vehicles and equipment £000	Right of use assets - other £000	Total £000
Cost or valuation					
At 1 April 2021	3,570	3,856	4,166	1,241	12,833
Additions	-	189	1,618	1,126	2,933
Lease recalculations	-	(397)	-	22	(375)
Disposals	-	-	(253)	-	(253)
Reclassifications	417	-	-	-	417
Impairment	-	-	(20)	-	(20)
At 31 March 2022	3,987	3,648	5,511	2,389	15,535
Additions	-	376	772	4,540	5,688
Reclassifications	-	(287)	900	223	836
Disposals	(88)	-	(708)	(22)	(818)
At 31 March 2023	3,899	3,737	6,475	7,130	21,241

SUFFOLK GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Property, plant and equipment (continued)

	Land and buildings £000	Right of use assets - leasehold property £000	Plant, machinery, vehicles and equipment £000	Right of use assets - other £000	Total £000
Accumulated depreciation and impairment					
At 1 April 2021	344	1,309	2,884	521	5,058
Charge for the year	75	-	595	-	670
Charge for right-of-use assets	-	531	-	757	1,288
Lease recalculations	-	(11)	-	7	(4)
Disposals	-	-	(223)	-	(223)
Reclassifications	17	-	-	-	17
Impairment charge	-	-	(12)	-	(12)
At 31 March 2022	436	1,829	3,244	1,285	6,794
Charge for the year	76	-	660	-	736
Charge for right-of-use assets	-	421	-	1,010	1,431
Reclassifications	-	(85)	900	22	837
Disposals	(98)	-	(510)	(18)	(626)
At 31 March 2023	414	2,165	4,294	2,299	9,172
Net book value					
At 1 April 2021	3,226	2,547	1,282	720	7,775
At 31 March 2022	3,551	1,819	2,267	1,104	8,741
At 31 March 2023	3,485	1,572	2,181	4,831	12,069

13.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated Statement of Financial Position is as follows:

	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment owned	5,666	5,818
Right-of-use assets	6,403	2,923
	12,069	8,741

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Property, plant and equipment (continued)

13.1 Assets held under leases (continued)

Information about right-of-use assets is summarised below:

Net book value

	31 March 2023 £000	<i>31 March 2022 £000</i>
Property	1,572	1,819
Other	4,831	1,104
	<u>6,403</u>	<u>2,923</u>

Depreciation charge for the year ended

	31 March 2023 £000	<i>31 March 2022 £000</i>
Property	421	531
Other	1,010	757
	<u>1,431</u>	<u>1,288</u>

13.2 Impairment losses recognised in the year

During the year, the Group recognised an impairment of vehicles and equipment of £Nil (2022 - £8,000).

The Company held no property, plant and equipment in the current or prior year.

13.3 Assets at valuation

Land and buildings are held at valuation and revalued at least every 5 years. Properties were last revalued in the year ended 31 March 2019 resulting in a revaluation reserve of £439k.

SUFFOLK GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Intangible assets

Group

	Software £000	Customer relationships £000	Total £000
Cost			
At 1 April 2021	97	889	986
Additions	750	-	750
At 31 March 2022	847	889	1,736
Additions	1,004	50	1,054
Disposals	(1)	-	(1)
Reclassification	(56)	(4)	(60)
At 31 March 2023	1,794	935	2,729
	Software £000	Customer relationships £000	Total £000
Accumulated amortisation			
At 1 April 2021	16	131	147
Charge for the year	92	44	136
At 31 March 2022	108	175	283
Charge for the year	102	44	146
Reclassification	(56)	(4)	(60)
Impairment charge	-	611	611
At 31 March 2023	154	826	980
Net book value			
At 1 April 2021	81	758	839
At 31 March 2022	739	714	1,453
At 31 March 2023	1,640	109	1,749

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Intangible assets (continued)

A review was carried out in the year which has resulted in an impairment of the customer relationships intangible asset relating to Churchill Catering Limited resulting in an exceptional charge to the Profit or loss Statement of £611k.

As at 31 March 2023, the Group were committed to software development costs totalling £Nil (2022 - £800k as part of a three year ERP project).

The Company held no intangible assets in the current or prior year.

15. Goodwill

Group

	2023	2022
	£000	£000
Cost	2,894	2,894
Accumulated impairment	(2,193)	(175)
	701	2,719
	2023	2022
	£000	£000
Cost		
At 1 April	2,894	2,894
At 31 March	2,894	2,894
Accumulated impairment		
At 1 April	175	175
Impairment charge	2,018	-
At 31 March	2,193	175

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Goodwill (continued)

15.1 Allocation of goodwill to cash generating units

Goodwill is allocated to the Group's cash generating units as follows:

	2023	2022
	£000	£000
Oakpark Security Systems Limited	701	701
Churchill Catering Limited	-	2,018
	<u>701</u>	<u>2,719</u>

The Group's goodwill is considered to have an indefinite useful life and is not amortised. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purposes of impairment testing the Directors consider each acquired business as separate cash generating units (CGUs). The recoverable amount for each CGU was determined using a value in use calculation based upon management forecasts for the trading results for those entities for the future financial periods. The key assumptions utilised within the forecast models relate to the level of future sales and costs. These assumptions are based upon the Directors' expectations, current trading and recent actual trading performance.

This review has resulted in the full impairment of the goodwill relating to Churchill Catering Limited resulting in an exceptional charge to the Income Statement of £2,018k. The impairment is as a result of recent significant food cost inflation and exit costs associated with loss making contracts. The forecast model evaluated performance over a three-year period with assumptions of no new contracts, a terminal value based on a multiple of 5 times final year EBITDA and a discount rate of 6.79%.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Subsidiaries

Directly held subsidiaries:

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)	
			2023	2022
1) Vertas Group Limited	A Group engaged in the catering, cleaning and ground services and ancillary facilities management and printing services	England	100	100
2) Concertus Design and Property Consultants Limited	Building development consultants and architects	England	100	100
3) Opus People Solutions Group Limited	Temporary employment agency	England	100	100

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Subsidiaries (continued)**16.1 Composition of the Group**

Details of the Group's other material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting power held by Group (%)	
		2023	2022
4) Opus People Solutions Limited	Temporary employment agency	100	100
5) Opus People Solutions (East) Limited	Providing workers for temporary employment	52	52
6) Opus Teach Limited	Providing workers for temporary employment	100	100
7) Vertas (Derbyshire) Traded Limited	Facilities management services	51	51
8) Verse Facilities Management Limited	Facilities management services	60	60
9) Oakpark Security Systems Limited	Security services	100	100
10) Vertas Environmental Ltd	Remediation activities and waste management	51	51
11) Churchill Catering Limited	Event catering	100	100
12) Diamond View Cleaning Solutions Limited	Cleaning services	85	85
13) Vertas (Ipswich) Limited	Combined facilities support activities	100	100
14) Vertas (Derbyshire) Limited	Facilities management services	51	51
15) Combat2Coffee Commercial Limited	Wholesale of coffee, tea, cocoa and spices	70	-
16) Concertus Suffolk Limited	Development and construction of commercial buildings	100	100
17) The Energy Practice Limited	Energy and building service consultants	100	100
18) Carbon Chain Limited	Supply of products and services to reduce carbon emissions	100	100
19) Concertus Derbyshire Limited	Development of building projects and quantity surveying activities	51	51
20) Concertus Derbyshire Traded Limited	Development of building projects and quantity surveying activities	51	51

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Subsidiaries (continued)**16.1 Composition of the Group (continued)**

The registered office of all subsidiary companies is 2 Friars Bridge Road, Ipswich, Suffolk, IP1 1RR.

In addition, there were a number of dormant companies held in the period which are immaterial to the Group.

The following subsidiary companies were exempt from producing audited financial statements under S479A of the Companies Act 2006: Opus People Solutions Group Limited, Opus Teach Limited, Opus People Solutions Limited, Churchill Catering Limited, Vertas Environmental Ltd, Oakpark Security Systems Limited, Diamond View Cleaning Solutions Limited, Verse Facilities Management Limited, Vertas (Derbyshire) Traded Limited, Concertus Derbyshire Traded Limited, The Energy Practice Limited, Carbon Chain Limited and Combat2Coffee Commercial Limited.

Suffolk Group Holdings Limited has given a guarantee under S479C of the Companies Act 2006 in respect of these subsidiaries for the year ended 31 March 2023.

Company

	2023	2022
	£000	£000
Investments in subsidiary companies	1	1
	1	1

17. Inventories**Group**

	2023	2022
	£000	£000
Raw materials	92	64
Finished goods and goods for resale	608	597
	700	661

There was no impairment loss recognised within cost of sales as an expense in the current year (2022 - £Nil).

The amount of inventories recognised as an expense during 2023 was £26,479k (2022 - £24,063k).

The Company did not hold any inventories in either the current or prior year.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

18. Trade and other receivables**Group**

	2023	2022
	£000	£000
Current		
Trade receivables	10,538	9,094
Less: provision for impairment of trade receivables	(36)	(115)
Trade receivables - net	10,502	8,979
Receivables from related parties	2,351	2,955
Prepayments and accrued income	9,478	7,243
Tax recoverable	48	688
Other receivables	321	206
Total current trade and other receivables	22,700	20,071

All of the above amounts are financial assets of the Group except certain prepayments and tax recoverable.

The Directors consider the carrying value of Group trade and other receivables is approximate to its fair value, after incorporating an impairment provision of £36k (2022 - £115k).

Trade receivables comprise amounts due from customers for goods and services sold. The Group's normal trade credit terms range from 30 to 60 days and therefore all are classified as current. There are a limited number of customers who are granted extended credit terms but these are not considered material to the financial statements. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

At 31 March 2023, the Group had the following trade receivable balances which were past due but not impaired as they relate to customers with no default history:

	2023	2022
	£000	£000
1 to 6 months	2,728	1,858
6 to 12 months	69	70
	2,797	1,928

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

18. Trade and other receivables (continued)

The expected credit loss allowance is calculated using a weighted probability of loss based on age of the receivable with all balances over 90 days provided in full:

	2023	<i>ECL</i>
	£000	<i>£000</i>
Net debtors over 90 days	354	354
Adjustment for known recoverable balances	(318)	(318)
	<u>36</u>	<u>36</u>

The debtors balance to which the ECL has been applied has been adjusted where there are specific payment plans in place.

Movements in the impairment allowance for trade receivables are as follows:

Current

At 1 April	115	76
Movements in the year of debtors over 90 days	99	103
Movement on adjustment to ECL for known recoverable balances	(178)	(64)
	<u>36</u>	<u>115</u>

Company

	2023	<i>2022</i>
	£000	<i>£000</i>
Current		
Receivables from related parties	1,500	1,420
Total current trade and other receivables	<u>1,500</u>	<u>1,420</u>

All of the above amounts are financial assets of the Parent Company.

The Directors consider the carrying value of trade and other receivables is approximate to its fair value, after incorporating an impairment provision of £Nil (2022 - £Nil).

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

19. Cash and cash equivalents

	Group 2023 £000	<i>Group 2022 £000</i>
Cash at bank and in hand	11,023	13,247
Overdrafts	(379)	-
	10,644	13,247

The Company did not hold any cash and cash equivalents in either the current or prior year.

20. Trade and other payables**Group**

	2023 £000	<i>2022 £000</i>
Current		
Trade payables	9,235	9,149
Payables to related parties	368	399
Other payables	997	3,846
Accruals and deferred income	16,630	11,145
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	27,230	24,539
Other payables - tax and social security payments	4,439	4,747
Dividends	1,658	1,487
Total current trade and other payables	33,327	30,773

Trade payables and accruals principally comprise amounts outstanding in relation to trade purchases and ongoing costs. Trade payables are unsecured and the Group has financial risk management procedures in place to ensure that all payables are paid within pre-agreed credit terms.

Other payables includes £216k (2022 - £566k) payable to Suffolk County Council under a rent collection agency agreement.

The Directors consider the carrying value of trade and other payables is approximate to its fair value due to their short term nature. All of the above amounts are financial liabilities of the Group except accruals, social security and other taxes.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

20. Trade and other payables (continued)

Company

	2023	<i>2022</i>
	£000	<i>£000</i>
Current		
Payables to related parties	1	1
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>1</u>	<u>1</u>
Dividends	1,500	1,420
Total current trade and other payables	<u><u>1,501</u></u>	<u><u>1,421</u></u>

The Directors consider the carrying value of trade and other payables is approximate to its fair value due to their short term nature.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21. Loans and borrowings**Group**

	2023	2022
	£000	£000
Non-current		
Bank loans (see note 21.2)	1,841	-
Loan for the purchase of the building (see note 21.1)	-	1,738
Lease liabilities (see note 22)	5,088	1,868
	6,929	3,606
Current		
Overdrafts	379	-
Bank loans (see note 21.2)	53	59
Loan for the purchase of the building (see note 21.1)	-	149
Lease liabilities (see note 22)	1,324	1,012
	1,756	1,220
Total loans and borrowings	8,685	4,826

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

21.1 Loan for the purchase of the building

The above loan was from the Group's ultimate parent company, Suffolk County Council and interest was payable at 5%. This loan was repaid by the Group in full in February 2023.

21.2 Loan from bank

The bank loan held in the prior year was repaid in full on 1 April 2022.

A new bank loan was taken out in the current year to allow the repayment of the loan with Suffolk County Council (as noted in 21.1 above). This loan is repayable over 5 years and interest is payable at a variable rate of 1.49% above base rate. The loan is secured by a legal charge over the property at 2 Friars Bridge Road and by a cross guarantee from companies within the Group.

The Company had no loans or borrowings in either the current or prior year.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

22. Leases**Group****(i) Leases as a lessee**

The Group has lease contracts for various items of property rental, IT equipment, motor vehicles and other equipment used in its operations. Leases of property generally have lease terms between 1 and 5 years, whilst plant, machinery and motor vehicles generally have a lease term of 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of operational machinery with lease terms of 12 months or less with a low value. The Group applies the 'short terms lease' and 'lease of low value assets' recognition exemptions for these leases.

Lease liabilities are due as follows:

	2023	2022
	£000	£000
Contractual undiscounted cash flows due		
Not later than one year	1,579	1,190
Between one year and five years	3,215	1,948
Later than five years	3,877	1,577
	8,671	4,715
 Lease liabilities included in the Consolidated Statement of Financial Position at 31 March	 6,412	 2,880
Non-current	5,088	1,868
Current	1,324	1,012

The following amounts in respect of leases have been recognised in profit or loss:

	2023	2022
	£000	£000
Interest expense on lease liabilities	274	62
Expenses relating to short-term / low value leases	319	199
Depreciation on lease liabilities	1,431	1,288

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Provisions

Group

	Provisions £000
At 1 April 2022	1,744
Charged to profit or loss	259
Utilised during the year	(1,013)
Released during the year	(27)
At 31 March 2023	963
	<hr/>
Due within one year or less	963
	<hr/>
	963
	<hr/>

Provisions

Provisions at year end consisted of: provisions for holiday pay of £522k (2022 - £829k); restructuring provisions of £Nil (2022 - £648k); warranty provisions of £275k (2022 - £237k); dilapidations provisions of £38k (2022 - £17k); and other provisions of £128k (2022 - £13k).

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

24. Share capital

Authorised, issued and fully paid

	2023 Number	2023 £	<i>2022 Number</i>	<i>2022 £</i>
100 Ordinary shares of £1 each	100	100	<i>100</i>	<i>100</i>
	<u>100</u>	<u>100</u>	<u><i>100</i></u>	<u><i>100</i></u>

25. Reserves

Share capital

This represents the nominal value of shares that have been issued.

Revaluation reserve

This is used to record movements in the fair value of property and decreases to the extent that the decrease relates to a previous increase on the same asset. The revaluation reserve is a non-distributable reserve.

Retained earnings

This includes all current and prior period gains and losses.

SUFFOLK GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

26. Analysis of amounts recognised in other comprehensive income

	Revaluation reserve £000
Year to 31 March 2022	
Revaluation of property	(158)
	<u>(158)</u>

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

27. Retirement plans**Defined contribution scheme**

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in an independently administered fund. Contributions made by the Group to the scheme during the year amounted to £3,325k (2022 - £3,917k). The amount outstanding at the reporting date in respect of contributions to the scheme was £823k (2022 - £704k).

28. Financial instruments

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

All of the financial assets and liabilities carrying values are approximate to their fair values, as at each reporting date disclosed.

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Financial assets at amortised cost				
Trade receivables	10,502	8,979	-	-
Amounts owed by group undertakings	2,351	2,955	1,500	1,420
Other receivables	321	206	-	-
Accrued income	7,385	4,041	-	-
Cash and cash equivalents	10,644	13,247	-	-
	31,203	<i>29,428</i>	1,500	<i>1,420</i>
			Group 2023 £000	<i>Group 2022 £000</i>
Non current financial liabilities at amortised cost				
Loan for the purchase of a building			-	1,738
Loan from bank			1,841	-
Lease liabilities			5,088	1,868
			6,929	<i>3,606</i>

SUFFOLK GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

28. Financial instruments (continued)

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Current financial liabilities at amortised cost				
Trade payables	9,235	9,149	-	-
Amounts owed to group undertakings	368	249	1	1
Other payables	997	3,846	-	-
Lease liabilities	1,324	1,012	-	-
Employee benefit obligations	1,073	2,078	-	-
Dividends payable	1,658	1,637	1,500	1,420
Provisions	963	1,744	-	-
Loan from bank	53	59	-	-
Loan for the purchase of a building	-	149	-	-
	15,671	19,923	1,501	1,421

29. Financial instruments - fair values and risk management

29.1 Financial risk management objectives

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk and interest rate risk. This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in the notes above.

29.2 Interest rate risk

The Group has a bank loan repayable over 5 years with interest payable at a variable rate of 1.49% above base rate.

The Group's only other exposure to interest rate risk is the interest received on the cash held, which is immaterial.

29.3 Credit risk

The Group's credit risk is primarily attributable to its cash balances and trade receivables.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2023 reporting date this amounts to £31,203k (2022 - £29,428k).

SUFFOLK GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

29. Financial instruments - fair values and risk management (continued)

29.4 Liquidity risk management

Liquidity risk tables

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due, and ensuring adequate working capital. In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The tables below show the undiscounted cash flows on the Group's liabilities on the basis of their earliest possible contractual maturity.

31 March 2023	Carrying amount £000	Total £000	1 - 3 months £000	3 - 12 months £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
Trade payables	9,235	9,235	9,235	-	-	-	-
Other taxation and social security	4,439	4,439	4,439	-	-	-	-
Other payables	997	997	962	35	-	-	-
Accruals and deferred income	16,630	16,630	16,630	-	-	-	-
Dividends	1,658	1,658	-	1,658	-	-	-
Lease liabilities	6,412	8,671	392	1,187	1,086	2,129	3,877
Employee benefit obligations	1,073	1,073	1,073	-	-	-	-
Provisions	963	963	963	-	-	-	-
Loans	1,894	2,362	39	117	157	2,049	-
Payables to related parties	368	368	14	354	-	-	-
	43,669	46,396	33,747	3,351	1,243	4,178	3,877

SUFFOLK GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

29. Financial instruments - fair values and risk management (continued)

29.4 Liquidity risk management (continued)

31 March 2022	Carrying amount £000	Total £000	1 - 3 months £000	3 - 12 months £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
Trade payables	9,149	9,149	9,149	-	-	-	-
Other taxation and social security	4,747	4,747	4,747	-	-	-	-
Other payables	3,846	3,846	3,846	-	-	-	-
Accruals and deferred income	11,145	11,145	11,145	-	-	-	-
Dividends	1,637	1,637	1,637	-	-	-	-
Lease liabilities	2,880	4,715	298	893	974	973	1,577
Employee benefit obligations	2,078	2,078	2,078	-	-	-	-
Provisions	1,744	1,744	1,744	-	-	-	-
Loans	1,946	2,487	59	243	243	728	1,214
Payables to related parties	249	249	249	-	-	-	-
	39,421	41,797	34,952	1,136	1,217	1,701	2,791

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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30. Related party transactions

The Group is a wholly owned subsidiary of Suffolk County Council. The Group's ultimate controlling party is Suffolk County Council and the address of the registered office is Endeavour House, 8 Russell Road, Ipswich, Suffolk, IP1 2BX.

During the year the Group entered into the following transactions with related parties who are not members of the Group.

During the year the Group made sales of £39,570k (2022 - £35,343k) to Suffolk County Council, its immediate parent undertaking. £2,351k (2022 - £2,976k) was outstanding at the year-end.

During the year the Group made purchases of £1,167k (2022 - £1,246k) from Suffolk County Council its immediate parent undertaking. £33k (2022 - £220k) was outstanding at the year-end.

During the year the Group was charged interest of £57k (2022 - £120k) against loan provided by Suffolk County Council. £Nil (2022 - £1,887k) was outstanding to Suffolk County Council at the year-end in relation to these loans.

During the year the Group made purchases of £70k (2022 - £58k) from Credan Limited, a Company related to D.S Johnson, a Director of the Group. £Nil (2022 - £Nil) was outstanding at the year-end.

During the year the Group made sales of £Nil (2022 - sales credits of £296k) to Northamptonshire County Council a related council with common interests, £Nil (2022 - £Nil) was outstanding at the year-end. In addition, the Group made sales of £9,157k (2022 - £9,225k) to Northamptonshire Children's Trust, £11,008k (2022 - £7,766k) to West Northamptonshire County Council and £10,999k (2022 - £7,396k) to North Northamptonshire County Council (these formerly fell within Northamptonshire County Council). £1,386k (2022 - £Nil) was outstanding at the year end.

During the year the Group also made purchases of £6k (2022 - £6k) from West Northamptonshire County Council. £Nil (2022 - £1k) was outstanding at the year-end.

During the year the Group made sales of £11,667k (2022 - £12,178k) to Cambridgeshire County Council, a related council with common interests. £475k (2022 - £Nil) was outstanding at the year-end.

During the year the Group made sales of £6,575k (2022 - £5,160k) to Milton Keynes Council, a related council with common interests. £171k (2022 - £132k) was outstanding at the year-end.

During the year the Group made sales of £6,002k (2022 - £8,488k) to Derbyshire County Council a related council with common interests, £282k (2022 - £103k) was outstanding at the year-end.

During the year the Group also made purchases of £81k (2022 - £407k) from Derbyshire County Council. £5k (2022 - £77k) was outstanding at the year-end.

SUFFOLK GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

31. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital employed by the Group is composed of the total equity disclosed in the Consolidated Statement of Financial Position.

32. Contingent liabilities

On the 20th of July 2022, the Supreme Court issued its judgement in the Harpur Trust vs Brazel case concerning the calculation of annual leave and holiday pay entitlements for workers who work for varying hours during only certain weeks of the year but have a contract throughout that year. The Court concluded that the amount of leave to which a part-year worker is entitled under a permanent contract is not required to be, and under domestic law must not be, pro-rated to be proportional to that of a full-time worker. The Board are considering the implications of this judgement for the Group's activities as the Group has part-time workers. At the date of approval of these financial statements there is a significant degree of uncertainty with regards to the financial impact on the Group because it is not clear whether there will be a change of legislation following this decision, how the decision will be applied in practice, and it is likely that further litigation will result from the various 'unknowns' arising from this judgement.