

Annual Report & Financial Statements Norfolk Capital Management Services Limited

For the Year Ended 31 December 2021



Company No. 08334056

Company Information

Company registration number	08334056
Registered office	25-27 Surrey Street Norwich England NR1 3NX
Directors	A C Turner P J Hollander
Secretary	A Richardson
Auditor	Lovewell Blake LLP Chartered Accountants & Statutory Auditors Bankside 300 Peachman Way Broadland Business Park Norwich NR7 0LB

Contents

Strategic report	3 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 10
Profit and loss account	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 24

Strategic report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is providing management services to companies within the Norfolk Capital Limited group ("the Group").

Business review and future developments

For the year ended 31 December 2021 the Company made a profit of £6,000 (2020: £65,000).

During this coming year the Company will continue to provide group services with the intention of breaking even or making a small profit for the year.

Financial key performance indicators

The key performance indicators ("KPIs") used to monitor and manage the Company's performance are set out below:

	2021	2020	Definition, method of calculation and analysis
Turnover	£1,526k	£1,602k	The Company's turnover consists of management charges and group overhead recharges to other group companies. Turnover has decreased from the prior year due to the decrease in management and other charges to the other group companies during 2021.
Pre-tax profit	£12k	£86k	The decrease in profit is as a result of the decreased level of turnover, as described above.

COVID-19

In common with every business in the UK and global economy, the Company has felt the effects of the COVID-19 pandemic in its operations during 2021. However, following the implementation of a virtualised IT infrastructure in the preceding years, the Company was well placed to switch the majority of its operations to home-based working and saw minimal operational disruption to the way in which it conducted its business.

Strategic report

Principal risks and uncertainties

The Company's objective is to manage appropriately all of the risks that arise from its activities. Risk management is a fundamental part of the Company business activity and is an essential component in its planning process. Risk oversight and ownership sits with the board of directors who regularly review the key risks.

The principal risks and uncertainties (including financial risks) impacting the Company are considered below:

Credit/counterparty risk

The Company's principal financial assets are bank balances, cash and trade and other receivables. Any exposure to credit risk arises primarily from the Company's intercompany account receivable with other group companies.

Economic risk

The wider Norfolk Capital Group, of which this company is a member, has an exposure to economic risk in respect of its trading performance, the recoverability of its loan assets and its ability to comply with the terms of its bank facilities with Natwest and Macquarie. There is the risk that a deterioration in the economy as a result of a number of factors, including the ongoing impact of COVID-19, will impact on the level of loans which the Group's broker businesses can place with its panel of lenders and the risk that increased unemployment and falls in house prices will impact on the level of arrears in the lending books, with a resulting impact on the Group's compliance with bank covenants. Management monitors the Group's exposure to economic risk through reviews of economic forecasts, regular meetings with panel lenders and careful monitoring of the arrears experience and trends in the loan books.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company actively monitors its cash flows and expected liabilities and ensures that it has the resources to meet its liabilities as they fall due at all times.

The directors will revisit the appropriateness of the above policies should the Company's operations change in size and nature.

By order of the board



A Richardson
Company secretary
30 March 2022

Directors' report

Results and dividends

The Company recorded a profit for the financial year of £6,000 (2020: £65,000).

The directors have not recommended the payment of a dividend.

Directors

Details of the directors who held office during the year and up to the date of signing of these financial statements are given below:

A C Turner
P J Hollander

Directors' qualifying third party indemnity provisions

During the year and up to the date of signing these financial statements, the Company had in force an indemnity provision in favour of the directors of Norfolk Capital Management Services Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Directors' report

Disclosure of information to auditor

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

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

By order of the board



A Richardson
Company secretary
30 March 2022

Independent Auditor's Report to the Member of Norfolk Capital Management Services Limited

Opinion

We have audited the financial statements of Norfolk Capital Management Services Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the balance sheet, the statement of changes in equity 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

Conclusions relating to going concern

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 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.

Independent Auditor's Report to the Member of Norfolk Capital Management Services Limited

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. 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. In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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.

Opinions 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.

Matters on which we are required to report by exception

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Member of Norfolk Capital Management Services Limited

Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge of the company and the sector in which it operates.
- we assessed the extent of compliance with laws and regulations through making enquiries of management and the directors.
- we reviewed minutes of director's meetings throughout the year for evidence of non-compliance with laws and regulations.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships.
- reviewed internal controls in respect of journal entries and tested journal entries considered large and/or unusual.
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias.

Independent Auditor's Report to the Member of Norfolk Capital Management Services Limited

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing material financial statement disclosures to supporting documentation to assess compliance with applicable laws and regulations.
- reading the minutes of meetings of those charged with governance.
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Lovewell Blake LLP

Stephen Eagling BSc ACA (Senior Statutory Auditor)
For and on behalf of
Lovewell Blake LLP
Chartered Accountants & Statutory Auditors
Norwich
30 March 2022

Profit and Loss Account

	Note	2021 £'000	2020 £'000
Turnover	5	1,526	1,602
Administrative expenses		(1,514)	(1,516)
Operating profit and profit on ordinary activities before taxation	6	12	86
Tax on profit on ordinary activities	8	(6)	(21)
Profit for the financial year		6	65

The results for the current and comparative year relate entirely to continuing activities.

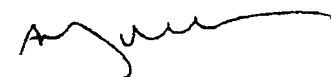
The Company has no recognised gains and losses other than the profit above and therefore no separate statement of other comprehensive income has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Balance sheet

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	9	<u>213</u>	<u>367</u>
Current assets			
Debtors	10	212	214
Cash at bank and in hand		503	571
		<u>715</u>	<u>785</u>
Creditors: amounts falling due within one year	11	<u>(627)</u>	<u>(555)</u>
Net current assets		<u>88</u>	<u>230</u>
Total assets less current liabilities		301	597
Creditors: amounts falling due after more than one year	12	(54)	(153)
Provisions for liabilities			
Deferred taxation	14	(13)	(16)
Net assets		<u>234</u>	<u>428</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	234	428
Total shareholders' funds		<u>234</u>	<u>428</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



A C Turner
Director
30 March 2022

Norfolk Capital Management Services Limited
Registration number: 08334056

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

Statement of changes in equity

	Called up share capital £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2020	-	363	363
Profit for the year	-	65	65
Balance as at 31 December 2020	-	428	428
Balance as at 1 January 2021	-	428	428
Profit for the year	-	6	6
Dividends paid	-	(200)	(200)
Balance as at 31 December 2021	-	234	234

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

Notes to the financial statements

1. Company information

Norfolk Capital Management Services Limited ("the Company") provides management services to companies within the Norfolk Capital Limited group.

The Company is incorporated and domiciled in the UK. The address of its registered office is 25-27 Surrey Street, Norwich, Norfolk, NR1 3NX.

2. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom and with the Companies Act 2006. The principal accounting policies, which have been consistently applied to all the years presented, unless otherwise stated, are set out below.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Going concern

The directors of Norfolk Capital Limited, the Company's ultimate parent undertaking, have prepared projections in respect of the Group's cash requirements, which include the Company, and ongoing compliance with the terms of the Group's bank funding facilities. These projections have been assessed to determine the level of cash headroom available such as to enable the non-loan lending businesses to pay their debts as they fall due and to allow the Group to continue to operate within the financial and non-financial covenants contained in the Group's banking facility agreements, taking account of the mitigating courses of action available to the Group to enhance the level of such headroom.

The Directors are required to make an assessment of the company's ability to continue to trade as a going concern. The Directors have given this matter careful consideration, including the impact of COVID-19 and, in light of the above matters, have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Notes to the financial statements

Accounting policies (continued)

3.3 Exceptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cashflows, on the basis that it is a qualifying entity and its ultimate parent undertaking, Norfolk Capital Limited, includes the Company's cashflows in its own consolidated financial statements. The Company has also taken advantage of exemptions from disclosing key management personnel compensation in total.

3.4 Revenue recognition

The Company recognises revenue as follows:

Group management charges and other recharges are recognised on a monthly basis, as they are earned.

3.5 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees, through the Norfolk Capital group scheme, which is administered by the Company. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3.6 Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements

3.6 Taxation (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except that unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.7 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Computer equipment – 4 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

3.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Notes to the financial statements

3.9 Provisions and contingencies

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

3.10 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows, discounted at the asset's original effective interest rate, where applicable. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements

3.10 Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

3.13 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

3.14 Finance leases and HP agreements

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Notes to the financial statements

4. Critical accounting estimates and estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment, and note 3.7 for the useful economic lives for each class of assets.

5. Turnover

Turnover represents fees charged for management services provided to the group companies in the United Kingdom.

6. Operating profit

Operating profit is stated after charging:

	2021 £'000	2020 £'000
Services provided by the Company's auditors:		
Fees payable for the audit	5	6
Fees payable for other services – tax compliance	2	2
Depreciation in respect of owned assets	17	27
Depreciation in respect of assets held under finance leases	149	149
Loss on fixed asset disposal	-	1

Notes to the financial statements

7. Employees and directors

Employees

Staff costs, including director's remuneration, were as follows:

	2021 £'000	2020 £'000
Wages and salaries	440	415
Social security costs	54	50
Other pension costs	40	39
	<u>534</u>	<u>504</u>

The average monthly number of employees employed by the Company during the year was as follows:

	2021 Number	2020 Number
Administration staff	<u>7</u>	<u>6</u>

Directors

The directors' emoluments were as follows:

	2021 £'000	2020 £'000
Fees and emoluments	96	94
Company pension contributions to money purchase schemes	10	10
	<u>106</u>	<u>104</u>

During the year one Director (2020: one Director) accrued benefits under a money purchase pension scheme.

8. Income tax

(a) Tax charge included in profit or loss

	2021 £'000	2020 £'000
Current tax		
Corporation tax charge for the year	13	42
Adjustment in respect of prior year	(4)	-
	<u>9</u>	<u>42</u>
Deferred tax		
Origination and reversal of timing differences	(3)	(21)
	<u>(3)</u>	<u>(21)</u>
Total tax on profit on ordinary activities	<u>6</u>	<u>21</u>

Notes to the financial statements

8. Income tax (continued)

(b) Reconciliation of tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation	<u>12</u>	<u>86</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	2	16
Change in tax rates	<u>4</u>	<u>5</u>
	<u>6</u>	<u>21</u>

9. Tangible assets

	Computer equipment £'000
Cost	
At 1 January 2021	1,054
Additions	<u>12</u>
At 31 December 2021	<u>1,066</u>
Accumulated depreciation	
At 1 January 2021	687
Charge for the year	<u>166</u>
At 31 December 2021	<u>853</u>
Net book amount	
At 31 December 2021	<u>213</u>
At 31 December 2020	<u>367</u>

The net book value of fixed assets includes an amount of £185,000 (2020: £333,000) in respect of assets held under finance leases.

Notes to the financial statements

10. Debtors

	2021 £'000	2020 £'000
Amounts owed by group undertakings	28	7
Other debtors	22	18
Prepayments and accrued income	162	189
	<u>212</u>	<u>214</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	10	22
Obligations under finance leases	148	132
Amounts owed to group undertakings	102	24
Other tax and social security	328	297
Other creditors	-	17
Corporation tax	13	42
Accruals and deferred income	26	21
	<u>627</u>	<u>555</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Obligations under finance leases are secured by the assets concerned.

12. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Obligations under finance leases	<u>54</u>	<u>153</u>

Obligations under finance leases are secured by the assets concerned.

Notes to the financial statements

13. Financial instruments

The Company has the following financial instruments:

	Note	2021 £'000	2020 £'000
Financial assets that are debt instruments measured at amortised cost:			
- Amounts owed by group undertakings	10	28	7
- Other debtors	10	22	18
		<u>50</u>	<u>25</u>
Financial liabilities measured at amortised cost:			
- Trade creditors	11	10	22
- Amount owed to group undertakings	11	102	24
- Other creditors	11	-	17
- Obligations under finance lease	11 & 12	202	285
		<u>314</u>	<u>348</u>

14. Deferred tax

The movement in deferred taxation during the year is as follows:

	2021 £'000	2020 £'000
Provision brought forward	(16)	(37)
Credited to the profit and loss account (note 8a)	3	21
Provision carried forward	<u>(13)</u>	<u>(16)</u>
<u>Analysis of deferred tax</u>		
	2021 £'000	2020 £'000
Accelerated capital allowances	(13)	(16)
Provision carried forward	<u>(13)</u>	<u>(16)</u>

15. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid ordinary shares of £1 each	<u>2</u>	<u>2</u>

There is a single class of share and all shares rank pari passu.

Notes to the financial statements

16. Reserves

Profit and loss account

The profit and loss reserve includes all current and prior year retained profits and losses.

17. Controlling parties

The immediate and ultimate parent undertaking is Norfolk Capital Limited, which is registered in the United Kingdom. The smallest and largest group for which consolidated financial statements are prepared is Norfolk Capital Limited. Copies of the Norfolk Capital Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Norfolk Capital Limited and its subsidiary companies are controlled by A C Turner, who is both a director of all Group companies and also the majority shareholder of Norfolk Capital Limited.