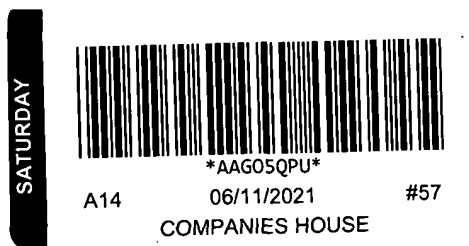


CORSERV LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



CORSERV LIMITED

COMPANY INFORMATION

DIRECTORS

P R Andrew
T A Jeans
R A Pears (resigned 10 May 2021)
J D Rand (resigned 10 May 2021)
C J Robinson
C L Pears (resigned 28 October 2020)
P J Mawston
A J Hoare (resigned 11 September 2020)
M L Evans (resigned 11 September 2020)
M W Hanrahan (appointed 29 October 2020)
J M Gregory (appointed 29 October 2020)
S J Smith (appointed 29 October 2020)

COMPANY SECRETARY

R C Zmuda
D E G Kinnair (appointed 24 March 2020)

REGISTERED NUMBER

09598549

REGISTERED OFFICE

Corserv Head Office
Higher Trenant Road
Wadebridge
Cornwall
PL27 6TW

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

BANKERS

NatWest
2/4 St Nicholas Street
Truro
Cornwall
TR1 2RN

CORSERV LIMITED

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CORSERV LIMITED

CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

20/21 has been like no other.

In the first quarter much of the business had temporarily ceased trading with the exception of the essential services we deliver such as care and essential maintenance. We had over 1,300 staff on the Job Retention Scheme and within 3 days had moved much of the non-frontline or office-based services to home working. Whilst the year started badly, by June most of the business had adapted to new ways of working and the majority of our services had returned to normal trading, working hard to recover lost output. Cornwall Airport faced a more difficult trading environment due to restriction in air travel. It would continue to be closed for the majority of the year.

As we progressed through the year the Group demonstrated its value and flexibility to the people of Cornwall.

- The care teams played a vital role in supporting Cornwall's Covid response.
- The H&S and Procurement teams helped co-ordinate and deliver PPE.
- Cornwall Housing worked in partnership with the Council during the pandemic crisis on additional sites and accommodation provided and managed as a result of the Government's 'everyone in' approach to rough sleepers.
- The Airport, Cormac Highways and Corserv teams helped deliver a flawless G7 putting Cornwall on the world stage.

I continue to be impressed by the dedication and commitment of our staff who worked through extremely difficult situations and continued to deliver great service to the people of Cornwall.

In particular, I would like to give a special thanks to all those staff who continued to work on the frontline throughout the pandemic.

I am proud that the organisation was able to support its employees who were furloughed by maintaining their full pay during this difficult period. This would have had a significant impact on so many families in Cornwall. Positively we were also able to offer a cost of living award for all staff across the Group and improve some benefits such as sick pay and life assurance.

Looking ahead, I hope certainty can be resumed to trading with the easing of restrictions.

The Group has now started to deliver year 1 of its business plan that was agreed in March 2021. This sets out ambitious growth and restructuring of the organisation to allow us to be fit for the future.

In October 2020 we restructured the Corserv and subsidiary boards, bringing into the Group some very experienced Non-Executive Directors with expertise in our core services. The board now operates across all the companies of the Group, with the exception of CHL, making decision making quicker and easier. The Group will continue this governance improvement as it implements a new Audit and Risk committee and Finance and Performance Committee across the Group.

During this year, I expect to see the new Care and Facilities Maintenance companies established with much of the work already progressed.

Cormac Highways will progress its development to support the Council in its major project scheme delivery and its ambitious external growth plans.

Cornwall Development Company, with Brexit, faces some uncertainty once EU funding reduces post 2023. I am pleased to say we have seen some real positives in the first quarter of 21/22 with new Non-EU revenue streams being successfully won.

Cornwall Airport reopened in April and has an improved UK route network which is no longer reliant on one airline. The airport still faces some challenges with changing restrictions and flyer apprehension, but it is hoped with Newquay being a tourist destination and supported by staycations the airport fairs better than most.

Cornwall Housing, in conjunction with Cornwall Council, decided to ask that an independent review of our services be undertaken. This was to give assurance that we were providing an efficient and effective housing service for the people of Cornwall. Altair Ltd were appointed and issued their report in February 2021.

CORSERV LIMITED

CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

This report identified a number of key weaknesses in our service delivery and governance and as such Cornwall Council self-reported these findings to the Regulator of Social Housing.

On the 28th July the Regulator of Social Housing issued a regulatory notice to Cornwall Council for breaching 1.2 of the Home Standard for failure to meet statutory health and safety requirements.

The business faces a significant task over the next 12 months putting in corrective action. There will be a new board in place by October to oversee these changes, working closely with the Corserv board, and will work closely with Cornwall Council to agree a future plan. There is now a new executive management in place to oversee the delivery. The team is already working on addressing these findings and are committed to ensuring the safety of our tenants.

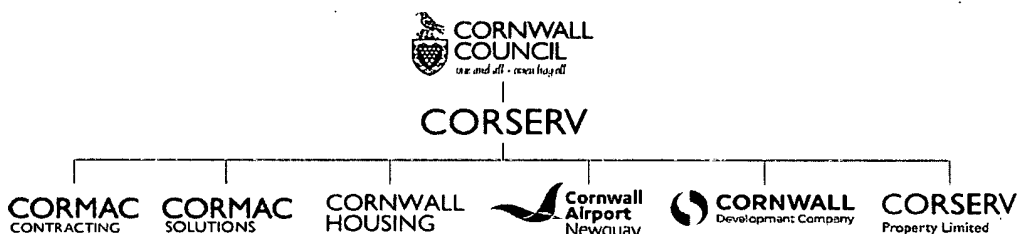
To conclude, I believe the business has responded well during the pandemic and worked hard to recover a difficult trading position during Covid. Now that normal trading is resuming the Group is 100% focused on delivering the business plan which will bring enhanced services to the people of Cornwall and greater returns through increased external works and address the issues identified at Cornwall Housing.

Peter Andrew MBE
Chairman

BUSINESS OVERVIEW

"Working together to improve the lives of Cornwall"

The Corserv Group is a diverse group of businesses, owned by Cornwall Council and established to improve the lives of people in Cornwall by generating growth and opportunity. Corserv Ltd is the parent company of the Corserv Group. We deliver high-quality services across all our businesses that provide infrastructure, engineering, housing, social care, facilities management, inward investment, transport and other essential services to Cornwall and beyond. Our companies are Cormac Solutions, Cormac Contracting, Cornwall Airport Newquay, Cornwall Housing, Cornwall Development Company and Cornwall Facilities. These are brought together with shared business support functions. Corserv Ltd is the parent company of the Corserv Group. This supports improvements to our service delivery and systems, giving greater value for money and economies of scale, while ensuring a consistent approach and maintaining corporate governance.



Note Corserv Property Limited became Corserv Facilities Limited on 2nd July 2021. Corserv Care limited was incorporated on 2nd December 2020 but is currently not transacting business.

WHAT WE DO

Across the Group our range of services include:

- Highways maintenance and management
- Environmental maintenance
- Highways, transport and environment infrastructure projects
- Social housing and private lettings
- Housing options
- Adult social care
- Property maintenance and cleaning services
- Economic development
- Transport
- Recruitment services
- Training services

Further details can be found in our Annual Share Report and Business Plan published on the Corserv website.

OUR VISION

Improving Cornish lives shapes our work ethic and our working practices. It is the reason that we exist and how we ultimately measure our success. Everything we do helps shape Cornwall and its economic growth. We aim to extend our reach by working on projects, or delivering services in Devon, Dorset, Somerset and beyond.

- Cormac to become the provider of choice for managing and maintaining our highways, environment and transport needs
- Cornwall Housing to become the number one social housing organisation in Cornwall
- Cornwall Airport to become the first-choice regional airport in the South West for airlines and passengers
- Cornwall Development Company to continue to attract development projects and inward investment across the region
- Jobline to be the recruitment agency of choice in its chosen industry sectors and location
- Facilities Management to become total facilities manager of choice in the region

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

- Community Care Services to grow and develop new services and invest in reablement, domiciliary care and residential care

OUR VALUES

Our values shape everything that we do across our Group. From construction to care services, from travel to transport and everything else in between. Our values guide the way we work with our business partners, within our communities and with each other.

Collaborative - working and supporting each other to serve our communities

Innovative - always looking to improve and modernise

Trusted - we are open and honest and do what we say we'll do

Positive - we are optimistic and believe in doing the right thing

FUTURE DEVELOPMENT

In March 2021 the Group agreed a new 4-year business plan with its shareholder Cornwall Council. This established an ambitious plan which looked to address some of the key issues which exist within the Group.

- That profit predominantly only comes from one division i.e. the Highways and Civil Engineering Business
- Multiple delivery points, complex structures with no clear brand for some services
- Poor management information from complex and out of date systems
- Complex governance

The business plan focuses our strategy on solving these issues through:

- Improving profitability across the Group by creating companies focused on delivering core services alongside our main profit stream of Highways. Corserv Facilities Limited and Corserv Care Limited will be established to focus on delivering Facilities maintenance and Care services alongside our well-established Highways company.
- Our Highways company (Cormac Solutions Limited) will focus on supporting Cornwall Council deliver £60m+ of major projects alongside establishing itself in the external market in the South West.
- Investment in new Financial and Workforce planning systems.
- A streamlined board structure which enables faster decisions to be made alongside the development of a new Audit and Risk Committee and Finance and Performance Committee.
- Maximise opportunities through the Airport estate and partnerships with other organisations.
- Tax efficient strategies within the Group model.

By delivering these successfully, we will deliver greater returns and benefits to the people of Cornwall and a return of £30m over 4 years

CORSERV LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL SUMMARY

| | |
|-------------------|-----------------------|
| Revenue | 20/21 £158.0m (+4.6%) |
| | 19/20 £151.0m |
| Operating Profit | 20/21 £6.2m (+70%) |
| | 19/20 £3.6m |
| Profit Before Tax | 20/21 £5.06m (+82%) |
| | 19/20 £2.78m |
| Net Assets | 20/21 £23.1m (+81%) |
| | 19/20 £12.7m |
| Cash | 20/21 £19.6m (+62%) |
| | 19/20 £12.1m |

The Group faced significant challenges in 20/21 with the impacts of Covid-19 having material impacts on operations, particularly in quarter 1 of the financial year when a large proportion of our services were closed. This had varying degrees of impact on our businesses units such as Cornwall Airport being closed for the majority of the year whilst others returned to normal but Covid safe trading by June.

The Group responded dynamically to all the challenges of trading throughout the year and utilised opportunities to mitigate the impacts of Covid where possible.

- Utilising the Job Retention Scheme to the value of £3.7m
- Accessing the AGOSS airport support scheme to the value of £0.5m
- Reduced annualised costs at Cornwall Airport by £1.3m
- Utilised the VAT deferral scheme to aid cash flow
- Provided significant operational support to the Covid response in Cornwall in Care and PPE distribution
- Adapted working practises which allowed the resumption of safe working practises in quarter 1.
- Support services in Corserv and subsidiaries transferred to home working over 3 days and saw little disruption in working patterns. It is with thanks to Cornwall Council IT support who facilitated this home working so promptly.

The Group managed to deliver a robust financial performance which given all the challenges faced during the year was a phenomenal result.

Cashflow

The impacts on trading had a direct effect on cashflow and by the end of quarter 1, cash balances had reduced below £5m. With continuing economic uncertainty, we requested the shareholder to extend our loan facility by £10m. The Group took a variety of actions to mitigate this cash position by utilising the VAT deferral scheme, accessing the job retention scheme, deferring capital spend and managing working capital. As a result, the loan was not utilised but remains in place until March 2023 to give flexibility as the Group now embarks on its ambitious growth plan.

At the end of the financial year cash balance was £19.6m vs £12.1m at the close of the previous year (start of pandemic).

Revenue

Revenue was up 4.6% versus prior year despite the difficult trading conditions. This was driven primarily by stronger trading in Cormac Solutions Limited due to additional Care and Highways services delivered to Cornwall Council, the full year benefit of having Cormac Consulting Limited within the group (part year results in 19/20

CORSERV LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

following transfer into the Group in July 2019) and additional services delivered by Cornwall Housing supporting the Covid response.

These results offset Cornwall Airport which saw its revenues drop by 69.2% due to reduced passenger numbers and Cornwall Development Company which saw its distribution of grants delayed.

Overall, this was a strong recovery by the Group with considerable effort delivered in Q2-4 to recover programmes of work delayed in Q1.

| Subsidiary | 20/21 | 19/20 | +/- |
|---|----------------|----------------|-------------|
| Corserv | 575 | 1,973 | -70.9% |
| Cormac Solutions | 97,430 | 87,545 | 11.3% |
| Cornwall Airport | 2,351 | 7,626 | -69.2% |
| Cornwall Housing | 41,948 | 38,674 | 8.5% |
| Corserv Property Limited (Now Facilities) | 105 | 0 | |
| Cornwall Development Company | 10,328 | 11,573 | -10.8% |
| Rural Economic Partnership | 54 | 47 | 14.9% |
| Cormac Contracting | 5,215 | 3,592 | 45.2% |
| Corserv Group | 158,006 | 151,030 | 4.6% |

The Group also received £11m of other income, primarily from grants relating to the Job Retention Scheme (£3.7m) and a Grant of £5.8m for the Private Rented Accommodation project.

Profit Before Tax

Profit before tax across the Group was £5.1m however this includes £5.7m in relation to the PRA project. Excluding this the Group made a loss of £0.6m.

However, there are some key elements which need to be considered in the results:

- Cornwall Airport (CAL) made a loss of £3.4m before Group loss relief. As agreed in the 20/21 business plan, CAL surrendered £2.457m of losses to Cormac Solutions Limited (CSL) to offset against CSL profits. This reduced CAL loss to £890k which will be carried forward and utilised in future years to offset against future group profits.
- All other entities showed an improvement in performance year on year despite very difficult trading conditions.
- Cormac Contracting was brought into the group in 2019/20. The company had net liabilities at the time it was acquired resulting in a goodwill impairment charge of £939k.

CORSERV LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

| Company (£000's) | 20/21 | 19/20 | +/- |
|---|--------------|---------------|--------------|
| Corserv | 12 | 6 | 100.0% |
| Cormac Solutions (post Group relief transfer) | 402 | 1,438 | -72.0% |
| Cornwall Airport | -890 | 0 | |
| Cornwall Housing | -329 | -1,768 | -81.4% |
| Corserv Property (Now Facilities) | 5,668 | 3,934 | 44.1% |
| Cornwall Development Company | 52 | 13 | 300.0% |
| Rural Economic Partnership | 38 | 94 | -59.6% |
| Cormac Contracting | 111 | -932 | -112.1% |
| Corserv Group | 5,064 | 2,785 | 81.8% |
| Exc. Corserv Property Limited | -603 | -1,154 | |

Other significant Financial Events

Job Retention scheme

The Group utilised the Job Retention Scheme during the year to the value of £3.7m. The Group initiated an internal audit of the process to ensure that the Group was compliant with the scheme rules. It also completed a review with Cornwall Council to ensure that the Group did not receive any duplicate public funds.

AGOSS Scheme

Cornwall Airport received £457k under the Airport and Ground Operations Support Scheme for support during Covid-19.

Private Rented Accommodation Project (PRA) (Part of Corserv Property Limited)

The accounts include the first full year of the Private Rented Accommodation (PRA) project.

The project has a target to acquire 200 housing units to alleviate accommodation shortages in Cornwall. During the period of acquisition, the company has faced significant challenges in delivering its objectives due to external factors outside of its control. The first being the Covid-19 epidemic which significantly impacted the local property market limiting access to properties, closing the market for a period of time and creating uncertainty which further limited the availability of properties to the market. An additional unexpected consequence came from increased demand in the South West from home working opportunities which pushed prices up in Cornwall by 10% in a short period of time. The business has done exceptionally well to reach a point where 86% of properties were in pipeline at financial year end and were managing to deliver this within the capital budget constraints.

During the period of these financial statements, 97 of these units were fully purchased. Of these, 34 units were let by year end. The remainder were undergoing refurbishment works to modernise and upgrade ready for rental. A further 75 units had had offers accepted and were subject to conveyancing prior to completion and legal acquisition by the company. The company has funding available to acquire the remaining target 28 units and is actively searching the local market for suitable property.

This will be funded by a £36m investment in a portfolio of properties across Cornwall.

The PRA project had a material impact on the balance sheet and profits of the Group in this accounting period. This is primarily due to the accounting treatment of £10m of grant income received as part of the £36m funding of the project and the £7.5m equity investment from Cornwall Council which substantially strengthened the

CORSERV LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

balance sheet.

Under the accounting approach taken by the Group the £10m Grant is recognised as income at the same point that properties are purchased using those funds. The net impact in the Group was:

| | |
|--------------------|---|
| Profits before tax | £5.7m (proportion relating to 20/21 accounts) |
| Net assets | £15.2m (+£11.2m vs prior year) |
| Deferred tax | £1.899m (realised on sale of assets; it is expected these will be held for the long term) |

Group Relief

As part of the 20/21 business planning process it was agreed that, subject to the planned recovery, Cornwall Airport (CAL) losses would be funded by profits generated in other parts of the Group, primarily Cormac Solutions Limited (CSL). These losses will be surrendered by CAL to those profitable entities.

In 20/21 CAL surrendered £2.5m in losses against taxable profits of CSL. The remaining loss of £0.9m in CAL will be carried forward to future years. In order to fund the loss, a loan of £1.5m has been agreed between Corserv and CAL which will be reduced over future years as the losses are surrendered.

Cornwall Housing Limited

In February 2021, Cornwall Housing (CHL) commissioned a report by Altair Ltd to gain assurance on its services. Unfortunately, this identified a number of issues around Health and Safety and governance within the organisation.

On the 28 July the Regulator of Social Housing issued a regulatory notice to Cornwall Council for breaching 1.2 of the Home Standard for failure to meet statutory health and safety requirements.

The business has initiated a programme of remedial actions and put in place a new Executive management structure. It is also in the process of restructuring its board.

It is clear that the business requires significant investment in remedial actions and will need to undergo structural change to deliver services more effectively. The full cost required to bring this service up to standard is not yet known.

The business is currently working with Cornwall Council to develop a plan to determine the cost of this programme which is expected to be concluded by Autumn 2021. In the meantime, the business is investing heavily in remedial compliance activity which will be financially supported by Cornwall Council.

There is no financial provision reported in the 20/21 accounts in relation to these activities as it is unclear the cost and funding impact on CHL.

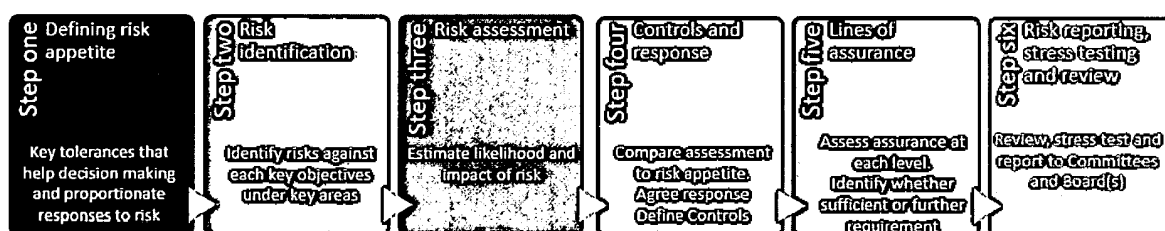
GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

RISK AND ASSURANCE

As part of the new governance structure for the Group, the Audit, Risk and Assurance Committee (ARAC) are working with the Corserv board and management team to introduce a robust risk assurance framework to ensure risks are identified, assessed, managed and monitored appropriately.

As part of this process the company will adopt the well regarded Three Lines of Defence model, to ensure that adequate controls are in place and working effectively.

This framework, as outlined below, is currently in development within the company and will be rolled out in the next financial year.



GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Principal Risks

| | | |
|---|------------|---|
| 1 | Risk | Health and Safety of Employees |
| | Definition | <p>The company operates across range of complex and hazardous areas. If our approach to H&S lacks sufficient control and oversight, this could result in: -</p> <ul style="list-style-type: none"> • Death, harm or injury to colleagues, tenants, customers or the public • Reduced ability to bid for and win work • Reputational damage • Financial penalties arising from fines, claims or legal action • Personal liability |
| | Mitigation | <ul style="list-style-type: none"> • H & S Plan and system in place • Mandatory training programme • Near miss reporting driving improvements • H&S procedures and policies • H&S reporting reviewed, and improvements made on performance data • Onsite risk assessments undertaken • Supervision • System support (e.g. FMS, Lone working devices) • Detailed stock quality and asset compliance registers |
| 2 | Risk | Regulatory / Compliance Breach |
| | Definition | <p>The company operates in a regulated environment, subject to the oversight by a range of regulators. Failure to adhere to, or respond to changes in regulatory requirements, laws or standards results in: -</p> <ul style="list-style-type: none"> • Litigation and/or prosecution • Fines and Penalties • Business disruption • Reputational damage • Lost contracts/customer confidence |
| | Mitigation | <ul style="list-style-type: none"> • Implementation of compliance framework that outlines requirements and updates the business as changes occur • Mandatory staff training • Appropriate and responsive policies and procedures aligned to compliance requirements • Risk and assurance framework which highlights control weaknesses |
| 3 | Risk | Data Security (including Cyber resilience and GDPR) |

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

| | |
|------------|--|
| Definition | <p>Local government is increasingly targeted by sophisticated cyber security attacks.</p> <p>As a business we are increasing use of mobile and online technology. A failure to protect key confidential data could result in: -</p> <ul style="list-style-type: none"> • Litigation and/or prosecution with associated fines • Business disruption • Loss of Intellectual Property • Reputational damage • Lost contracts/customer confidence |
| Mitigation | <ul style="list-style-type: none"> • Data governance framework (GDPR compliance) • Staff training • Regular system testing • Mandatory password changes with password strength controls • Detailed security assessments of new systems pre implementation |
| 4 Risk | Access to Labour |
| Definition | <p>Inability to attract and retain the required levels of skilled and competent staff could result in: -</p> <ul style="list-style-type: none"> • Stress and pressure on remaining workforce • Risk performance against contract terms • Restrict business growth • Ability to deliver business plan targets |
| Mitigation | <ul style="list-style-type: none"> • Benchmark pay and benefits against local market • Employee brand building strategy promoting EDI and non-pay related benefits • Staff training, development and engagement • PRP schemes |

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

| | | |
|---|------------|--|
| 5 | Risk | Revenue Concentration (dependency on single Client) |
| | Definition | <p>Within Teckel rules, the company is highly dependent on revenue from our main client.</p> <p>Company performance is highly influenced by availability and allocation of budgets within Cornwall council, which are in part subject to external political and economic pressures. Reduced Client funding could result in: -</p> <ul style="list-style-type: none"> • Reduced sales and delivery of services for Cornwall • Risk of employee redundancy to save costs • Underinvestment in the business reducing performance • Trading losses and additional borrowing with associated interest charges |
| | Mitigation | <ul style="list-style-type: none"> • Regular communications with main client • Undertake Value for money benchmark assessments • Monitor Teckel compliance ratio • Monitor service delivery and client satisfaction metrics |
| 6 | Risk | Supply Chain inflation |
| | Definition | <p>With the economy recovering from Covid lockdowns and a buoyant construction sector, risk of demand exceeding supply in the supply chain resulting in: -</p> <ul style="list-style-type: none"> • Inflationary increases in material costs • Pressure on operational margins • Knock on pressure on Client budgets • Material shortages and increased lead times • Pressure on service delivery timetables |
| | Mitigation | <ul style="list-style-type: none"> • Use of Cost-plus contracts to protect margins • Regular communication with suppliers • Multiple sources of supply for materials where possible • Review stock replenishment levels and policies |

**STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN
ACCORDANCE WITH S172 (1) OF THE COMPANIES ACT 2006**

The Board of Directors of Corserv Limited consider, both individually and together, that they have acted in the way they consider, in good faith would be most likely to promote the success of the Company for the benefit of its member (i.e. Cornwall Council) (having regard to the matters as set out within section 172 (1) (a) – (f) of the Companies Act 2006); in respect of this decisions taken during the year-ended 31 March 2021.

In particular, by reference to the approval of the Group's 4 and 1-year Business Plans ('Business Plans') for the period 2021/22-2024/25. The Business Plans were approved via a decision of the Leader of Cornwall Council (implementation date 08/04/21). The Plans set out the Group's and the Company's priorities for the next four years. The Business Plans have been designed to have a long-term beneficial commercial impact on the Group and the Company in general; and to contribute to the Group and the Company's success in delivering enhanced returns to its Shareholder and better-quality services to its customers.

Our employees are fundamental to the delivery of our Business Plan. We aim to be a responsible employer in respect to our approach to employee benefits. The health, safety and well-being of our employees are one of our primary considerations in the way we carry out business.

The Group engages and works on a collaborative basis with its customers and suppliers on a regular basis; providing excellent customer service to our Clients, delivering work on time and within budget to ensure customer satisfaction is high. The Groups supply chain is fundamental to our ability to undertake our contractual commitments and therefore building new and maintaining existing supply chain relationships is key to our success. We are a highly respected Client whom our supply chain competes to work for. We adopt a partnering approach, through collaborative working, market engagement, operating honestly, fairly and openly with our supply chain.

Throughout our Business Plan, there is commitment to increase the utilisation of local supply chain partners and to enhance the social value benefit that our supply chain expenditure brings to the economy of Cornwall.

The Board recognises the impact of the Group's and Company's operations on the community and environment and our wider societal responsibilities within the South West region.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the businesses in a responsible manner, operating with high standards of business conduct and good governance as would be expected of a Group/businesses of our scale.

As the Board of Directors, our intention is to behave responsibly towards our Shareholder, to treat our Shareholder fairly so that they may benefit from the successful delivery of our Business Plans.

Response to the global COVID-19 pandemic

The Board of Directors has exercised their duty under section 172 in response to the circumstances that affected its businesses as a result of the COVID-19 pandemic.

At the outbreak of the Covid-19 virus (in March 2020) a number of the Group's non-essential service were temporarily suspended, impacting upon the Group's and the Company's projected revenues. As a result of Government advice and directions from its Shareholder, the Company/Group streamlined its operations to provide only essential services during the first period of lock down.

Financial support has been sought from our Shareholder to ensure that the Company/Group has sufficient working capital throughout this challenging period, including emergency funding for Cornwall Airport Limited; which has been severely impacted by its main carrier Flybe entering Administration (in March 2020) and by the COVID-19 pandemic.

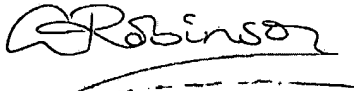
The Group's revenues were significantly impacted by the impact of the Covid-19 lock-down in the first Quarter of the financial year 2020/21. The second lock down (during 2020) did not materially affect the Group's operations; other than Cornwall Airport, where the terminal was closed for a period due to a 95% fall in passenger numbers. However, the Group's businesses are now in the process of returning to a more normal level of trading as the

CORSERV LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

UK economy begins to recover from the impact of the Covid-19 pandemic.

This report was approved by the Board on 12 October 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'C J Robinson', with a long horizontal flourish extending to the right.

C J Robinson
Director

CORSERV LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The provision of head office services and the supply of highway services, facilities management, specialist consultancy, housing and airport management services.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,981,000 (2020: £2,398,000).

Dividends of £Nil (2020: £Nil) were declared by the group during the year.

DIRECTORS

The directors who served during the year were:

P R Andrew
T A Jeans
R A Pears (resigned 10 May 2021)
J D Rand (resigned 10 May 2021)
C J Robinson
C L Pears (resigned 28 October 2020)
P J Mawston
A J Hoare (resigned 11 September 2020)
M L Evans (resigned 11 September 2020)
M W Hanrahan (appointed 29 October 2020)
J M Gregory (appointed 29 October 2020)
S J Smith (appointed 29 October 2020)

ENGAGEMENT WITH EMPLOYEES

The group is committed to its policy of training and developing its workforce to ensure its clients' needs and expectations are met. The company is committed to communicating and engaging with its employees in matters relating to their work and encourages employees to express their views in helping the company achieve long term success.

We conduct an Annual All Staff Engagement survey. In addition, the company uses other targeted surveys and focus groups to gain further feedback from employees.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Supplier Engagement

The company takes supplier engagement very seriously. As a major Cornish based company, we recognise the importance of supporting our local economy which is why the significant majority of our supply chain is based in the county. Many of our suppliers are local SME's and sole traders.

Customer Engagement

Delivering high customer satisfaction is key to our future success. We report to our main client on several performance indicators relating to service delivery and quality, and focus efforts on improving customer service and value for money. We also engage with the residents of Cornwall, requesting feedback on the services we deliver and understanding how we can improve the provision of our services.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

STREAMLINED ENERGY AND CARBON REPORTING

The Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon) Regulations 2018, implements the government's policy on Streamlined Energy and Carbon Reporting (SECR).

Under these regulations, Corserv Limited, Cormac Solutions Limited and Cornwall Housing Limited are required to disclose their UK energy use, associated greenhouse gas (GHG) emissions and related information.

This report covers the 2020/21 financial year (1st April 2020 to 31st March 2021).

Cornwall Airport Limited and Cornwall Development Company Limited figures have been voluntarily included for the first time, so that figures within this and subsequent reports are inclusive of the entire Corserv Group of Companies. We have therefore re-calculated and adjusted our 2019/20 baseline year figures.

The intensity ratios will remain the same; 'emissions per full time employee' and 'emissions per £1million of turnover'. These are judged to be the most appropriate measures by which to demonstrate energy efficiency and emission reduction over time.

Energy Efficiency Action

We recognise that many of our business activities have environmental risks associated with them and that we have an obligation to manage these in a responsible manner, minimising adverse impacts.

During 2019, Cornwall Council declared a 'Climate Emergency', recognising the need for urgent action to address the climate crisis. The Corserv Group has been closely working with the Council to identify and pursue key opportunities for energy efficiency and emission reduction.

During the 2020/21 financial year, the Corserv Group undertook a number of initiatives, including:

- **Expanded bio-methane trials**
Following last year's successful pilot of bio-methane powered road surfacing equipment, we have expanded our trials further by purchasing and testing our first bio-methane highway maintenance vehicle. Bio-methane is a renewable and zero carbon fuel captured and refined from dairy farm slurry. Our innovative trial is believed to be the first of its kind and is helping to demonstrate that there are viable sustainable energy options for large construction vehicles and equipment that are traditionally powered by fossil fuels.
- **Low temperature asphalt**
Cormac's asphalt plant has been successfully converted to consume less energy whilst producing the materials used to build and repair Cornwall's roads. Warm Mix Asphalt (WMA) is produced and applied at a temperature up to 50 °C lower than an equivalent traditional Hot Mix Asphalt, therefore consuming less energy to manufacture and significantly reducing greenhouse gas emissions.
- **Increased home working**
We have been reflecting how our recent way of working due the Covid-19 pandemic has significantly reduced office and commuting emissions. A recent survey revealed that the majority of our staff wish to continue to make the most of the benefits that home and flexible working can bring. We aim to capitalise on the homeworking benefits through our new estates strategy and flexible working policies.
- **Climate change training**
Cornwall Council's 'climate change and carbon literacy' online training course has been made available to all of our staff, ensuring everyone has the knowledge and skills required to help tackle the climate crisis by reducing emissions at home and during work.
- **New sustainability strategy**
We are currently finalising our new group 'Climate Change & Sustainability Strategy' and associated action plan. The draft version has already been presented to Council leaders, receiving excellent feedback and giving assurance that we are fully committed to the 'Carbon Neutral Cornwall' priority.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

We are committed to continually improving our energy efficiency and look forward to updating you on our progress along the way.

Calculation Methodology

To ensure we achieve the transparency required and deliver effective emissions management, we have implemented and utilised robust and accepted methods when calculating our disclosures.

Energy use and associated emissions data was collected and assessed in accordance with the Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance' and the 2020 version of 'Greenhouse Gas Reporting: Conversion Factors'.

This report covers for the following elements:

Direct emissions (Scope 1):

- Combustion of gas from stationary or mobile activities
- Combustion of fuel for transport purposes
- Combustion of fuel for non-road mobile machinery*
- Combustion of fuel for heating purposes*

Indirect emissions (Scope 2):

- Purchased electricity by the company for its own use, including for the purposes of transport.

Other indirect emissions (Scope 3):

- Business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel (grey fleet).

* voluntarily included within this report.

Verifiable data was used where available. Where verifiable data was unavailable, reasonable estimations derived through calculations were applied in line with government guidance. It is not thought that any estimations used have materially impacted the accuracy of the results disclosed within this report. Where possible, data collection systems will be continually refined to improve the accuracy of future energy and emissions reporting.

CORSERV LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Results for the Corserv Group

Energy use and associated emissions for the Corserv Group between the 1st April 2020 and 31st March 2021 along with figures from the previous financial year (2019/20) for comparison purposes:

| Element | 2019/20 Energy Use (kWh) | 2019/20 GHG Emissions (t CO ₂ e) | 2020/21 Energy Use (kWh) | 2020/21 GHG Emissions (t CO ₂ e) |
|---|--------------------------------|---|--------------------------------|---|
| Direct emissions (Scope 1): | | | | |
| Combustion of gas from stationary or mobile activities | 8,354,335.2 | 1,760.9 | 4,359,087.6 | 899.2 |
| Combustion of fuel for transport purposes | 17,884,926.2 | 4,387.5 | 16,743,626.9 | 4,044.9 |
| Combustion of fuel for non-road mobile machinery | 6,509,538.6 | 1,664.5 | 5,967,681.8 | 1,525.7 |
| Combustion of fuel for heating purposes | 1,969,648.4 | 503.5 | 3,360,290.0 | 861.0 |
| Indirect emissions (Scope 2): | | | | |
| Purchased electricity by the company for its own use, including for the purposes of transport. | 4,948,394.5 | 1,264.8 | 3,891,234.2 | 907.2 |
| Other indirect emissions (Scope 3): | | | | |
| Business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel. | 2,228,347.9 | 567.7 | 2,229,471.6 | 568.1 |
| Gross Total (Scope 1, 2 & 3): | 41,895,191 | 10,149 | 36,551,392 | 8,806 |

Gross total emissions in the format of intensity ratios for performance comparison over time:

| Intensity Ratio | 2019/20 | 2020/21 |
|--|---------|---------|
| Emissions (t CO ₂ e) per full-time employee: | 3.7 | 3.4 |
| Emissions (t CO ₂ e) per £1million of turnover: | 67.2 | 55.7 |

CORSERV LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

DISCLOSURE OF INFORMATION TO AUDITORS

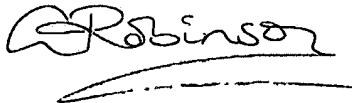
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

AUDITORS

The auditors, Bishop Fleming 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.

A handwritten signature in black ink, appearing to read 'C J Robinson', with a long horizontal flourish underneath.

C J Robinson
Director

Date: 12 October 2021

Corserv Head Office
Higher Trenant Road
Wadebridge
Cornwall
PL27 6TW

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group'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 Group will continue in business.

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

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 financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

CORSERV LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORSERV LIMITED

OPINION

We have audited the financial statements of Corserv Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Income statement, the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or 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 Auditors' 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 course of 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 this gives rise to 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.

CORSERV LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORSERV LIMITED (CONTINUED)

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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 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

As explained more fully in the Directors' responsibilities statement set out on page 20, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORSERV LIMITED (CONTINUED)

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 Auditors' 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 Group 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:

- We have considered the nature of the industry and sector, control environment and financial performance;
- We have considered the results of enquiries with management and the directors in relation to their own identification and assessment of the risk of irregularities within the entity;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation; and
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As Group and component auditors our assessment of matters relating to non-compliance with laws and regulations and fraud encompassed all entities within the Group for the period that they were part of the Group, at both component and Group level.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the Group and Company for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Group and Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group or Company's ability to operate or avoid a material penalty. These include highways legislation, data protection legislation, health and safety regulations, environmental regulations, employment law, landlord health and safety laws and regulations, the regulatory standards set by the Civil Aviation Authority and Department for Transport, regulations relating to European and UK grant funding awarded and health and social care regulations.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Reviewing the reports commissioned by Cornwall Housing that assess compliance with laws and regulations, in particular those in relation to landlord health and safety;
- Reviewing the Regulatory Notice issued by the Regulator for Social Housing issued on 28 July 2021 and considering the impact of its conclusions;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around the year-end cut off including the agreement of year end balances with Cornwall Council and other Corserv group companies; and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORSERV LIMITED (CONTINUED)

- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries, and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of the business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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 Auditors' 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 Auditors' 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.



Robert Davey FCA (Senior statutory auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

28 October 2021

CORSERV LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

| | Note | 2021 £000 | 2020 £000 |
|---|------|---------------|---------------|
| Turnover | | 158,006 | 151,030 |
| Cost of sales | | (144,731) | (132,101) |
| GROSS PROFIT | | 13,275 | 18,929 |
| Administrative expenses | | (18,525) | (20,113) |
| Exceptional administrative expenses | 13 | - | (938) |
| Other operating income | 5 | 11,449 | 5,785 |
| OPERATING PROFIT | 6 | 6,199 | 3,663 |
| Income from shares in group undertakings | | 189 | 151 |
| Interest receivable and similar income | 10 | 10 | 37 |
| Interest payable and similar expenses | 11 | (1,334) | (1,066) |
| PROFIT BEFORE TAX | | 5,064 | 2,785 |
| Tax on profit | 12 | (2,083) | (387) |
| PROFIT FOR THE FINANCIAL YEAR | | 2,981 | 2,398 |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO: | | | |
| Owners of the ultimate parent | | 2,981 | 2,398 |
| | | 2,981 | 2,398 |

The notes on pages 38 to 61 form part of these financial statements.

CORSERV LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

| | 2021 £000 | 2020 £000 |
|--|----------------------|----------------------|
| Profit for the financial year | 2,981 | 2,398 |
| OTHER COMPREHENSIVE INCOME | | |
| Remeasurement of defined benefit pension scheme obligation | - | 10,328 |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | - | 10,328 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 2,981 | 12,726 |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO: | | |
| Owners of the ultimate parent Company | 2,981 | 2,398 |
| | 2,981 | 2,398 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | |
| Owners of the ultimate parent Company | 2,981 | 12,726 |
| | 2,981 | 12,726 |

The notes on pages 38 to 61 form part of these financial statements.

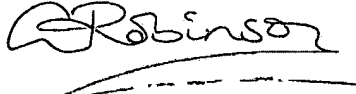
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

| | Note | 2021 £000 | 2021 £000 | 2020 £000 | 2020 £000 |
|---|------|---------------|----------------|---------------|----------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 15 | | 1,001 | | 1,581 |
| Tangible assets | 16 | | 34,244 | | 23,024 |
| | | | <u>35,245</u> | | <u>24,605</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 18 | 2,687 | | 2,862 | |
| Debtors: amounts falling due within one year | 19 | 33,339 | | 28,624 | |
| Cash at bank and in hand | 20 | 19,556 | | 12,088 | |
| | | <u>55,582</u> | | <u>43,574</u> | |
| Creditors: amounts falling due within one year | 21 | (38,500) | | (32,420) | |
| NET CURRENT ASSETS | | | <u>17,082</u> | | <u>11,154</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>52,327</u> | | <u>35,759</u> |
| Creditors: amounts falling due after more than one year | 22 | | (25,214) | | (21,541) |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred taxation | 23 | (2,459) | | (390) | |
| Other provisions | 24 | (1,505) | | (1,160) | |
| | | | <u>(3,964)</u> | | <u>(1,550)</u> |
| NET ASSETS EXCLUDING PENSION ASSET | | | <u>23,149</u> | | <u>12,668</u> |
| NET ASSETS | | | <u>23,149</u> | | <u>12,668</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 25 | | 8,000 | | 500 |
| Profit and loss account | 26 | | 15,149 | | 12,168 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE ULTIMATE PARENT COMPANY | | | <u>23,149</u> | | <u>12,668</u> |
| | | | <u>23,149</u> | | <u>12,668</u> |

CORSERV LIMITED
REGISTERED NUMBER:09598549

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

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

A handwritten signature in black ink, appearing to read 'C J Robinson', with a long horizontal flourish extending to the right.

C J Robinson
Director

Date: 12 October 2021

The notes on pages 38 to 61 form part of these financial statements.

CORSERV LIMITED
REGISTERED NUMBER:09598549

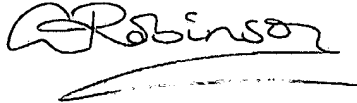
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

| | Note | 2021 £000 | 2021 £000 | 2020 £000 | 2020 £000 |
|---|------|---------------|---------------|---------------|---------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 15 | | 881 | | 1,057 |
| Tangible assets | 16 | | 143 | | 163 |
| Investments | 17 | | 7,500 | | 500 |
| | | | <u>8,524</u> | | <u>1,720</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 18 | 116 | | 126 | |
| Debtors: amounts falling due after more than one year | 19 | 6,050 | | 10,350 | |
| Debtors: amounts falling due within one year | 19 | 8,493 | | 11,159 | |
| Cash at bank and in hand | 20 | 5,838 | | 800 | |
| | | <u>20,497</u> | | <u>22,435</u> | |
| Creditors: amounts falling due within one year | 21 | (3,863) | | (10,153) | |
| NET CURRENT ASSETS | | | <u>16,634</u> | | <u>12,282</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>25,158</u> | | <u>14,002</u> |
| Creditors: amounts falling due after more than one year | 22 | | (14,250) | | (10,250) |
| PROVISIONS FOR LIABILITIES | | | | | |
| Other provisions | 24 | (159) | | (2) | |
| | | | <u>(159)</u> | | <u>(2)</u> |
| NET ASSETS | | | <u>10,749</u> | | <u>3,750</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 25 | | 8,000 | | 500 |
| Profit and loss account brought forward | | 3,250 | | 607 | |
| Profit/(loss) for the year | | (501) | | 2,643 | |
| Profit and loss account carried forward | | | 2,749 | | 3,250 |
| | | | <u>10,749</u> | | <u>3,750</u> |

CORSERV LIMITED
REGISTERED NUMBER:09598549

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

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

A handwritten signature in black ink, appearing to read 'C J Robinson', with a long horizontal flourish underneath.

C J Robinson
Director

Date: 12 October 2021

The notes on pages 38 to 61 form part of these financial statements.

CORSERV LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

| | Called up share capital | Profit and loss account | Equity attributable to owners of the ultimate parent Company | Total equity |
|--|----------------------------|----------------------------|---|---------------|
| | £000 | £000 | £000 | £000 |
| At 1 April 2020 | 500 | 12,168 | 12,668 | 12,668 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | | |
| Profit for the year | - | 2,981 | 2,981 | 2,981 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | - | 2,981 | 2,981 | 2,981 |
| Shares issued during the year | 7,500 | - | 7,500 | 7,500 |
| AT 31 MARCH 2021 | 8,000 | 15,149 | 23,149 | 23,149 |

The notes on pages 38 to 61 form part of these financial statements.

CORSERV LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

| | Called up share capital | Profit and loss account | Equity attributable to owners of the ultimate parent Company | Total equity |
|--|----------------------------|----------------------------|---|---------------|
| | £000 | £000 | £000 | £000 |
| At 1 April 2019 | 500 | (558) | (58) | (58) |
| COMPREHENSIVE INCOME FOR THE YEAR | | | | |
| Profit for the year | - | 2,398 | 2,398 | 2,398 |
| Actuarial gains on pension scheme | - | 10,328 | 10,328 | 10,328 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | - | 12,726 | 12,726 | 12,726 |
| AT 31 MARCH 2020 | 500 | 12,168 | 12,668 | 12,668 |

The notes on pages 38 to 61 form part of these financial statements.

CORSERV LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

| | Called up share capital | Profit and loss account | Total equity |
|--|------------------------------------|------------------------------------|---------------------|
| | £000 | £000 | £000 |
| At 1 April 2020 | 500 | 3,250 | 3,750 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | |
| Loss for the year | - | (501) | (501) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | - | (501) | (501) |
| Shares issued during the year | 7,500 | - | 7,500 |
| AT 31 MARCH 2021 | 8,000 | 2,749 | 10,749 |

The notes on pages 38 to 61 form part of these financial statements.

CORSERV LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

| | Called up share capital | Profit and loss account | Total equity |
|--|------------------------------------|------------------------------------|---------------------|
| | £000 | £000 | £000 |
| At 1 April 2019 | 500 | 607 | 1,107 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | |
| Profit for the year | - | 2,643 | 2,643 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | - | 2,643 | 2,643 |
| AT 31 MARCH 2020 | 500 | 3,250 | 3,750 |

The notes on pages 38 to 61 form part of these financial statements.

CORSERV LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

| | 2021 £000 | 2020 £000 |
|---|-----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year | 2,981 | 2,398 |
| ADJUSTMENTS FOR: | | |
| Amortisation of intangible assets | 409 | 322 |
| Depreciation of tangible assets | 2,542 | 2,554 |
| Reversal of impairments | (189) | (151) |
| Loss on disposal of tangible assets | 87 | (244) |
| Capital grants received | (5,844) | (4,156) |
| Interest paid | 1,334 | 1,066 |
| Interest received | (10) | (37) |
| Taxation charge | 2,083 | 387 |
| Decrease/(increase) in stocks | 174 | (487) |
| (Increase)/decrease in debtors | (4,115) | 6,468 |
| Increase/(decrease) in creditors | 7,366 | (17,311) |
| Increase in provisions | 346 | 191 |
| Corporation tax paid | (499) | (340) |
| Impairment of intangible fixed assets | - | 938 |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 6,665 | (8,402) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of intangible fixed assets | (94) | (1,996) |
| Purchase of tangible fixed assets | (13,971) | (9,856) |
| Sale of tangible fixed assets | 382 | 1,333 |
| Interest received | 10 | 37 |
| Net cash inflow from acquisition of subsidiaries | - | 722 |
| NET CASH FROM INVESTING ACTIVITIES | (13,673) | (9,760) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issue of ordinary shares | 7,500 | - |
| Repayment of/new loans | 2,466 | 21,316 |
| Repayment of finance leases | - | (10,125) |
| Interest paid | (1,334) | (1,066) |
| Capital grants received | 5,844 | 4,156 |
| NET CASH USED IN FINANCING ACTIVITIES | 14,476 | 14,281 |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 7,468 | (3,881) |
| Cash and cash equivalents at beginning of year | 12,088 | 15,969 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR | 19,556 | 12,088 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE: | | |

CORSERV LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

| | 2021 | 2020 |
|--------------------------|---------------|-------------|
| | £000 | £000 |
| Cash at bank and in hand | 19,556 | 12,088 |
| | <hr/> | <hr/> |
| | 19,556 | 12,088 |
| | <hr/> | <hr/> |

The notes on pages 38 to 61 form part of these financial statements.

CORSERV LIMITED**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2021**

| | At 1 April 2020 £000 | Cash flows £000 | At 31 March 2021 £000 |
|--------------------------|----------------------------|--------------------|-----------------------------|
| Cash at bank and in hand | 12,088 | 7,468 | 19,556 |
| Debt due after 1 year | (21,527) | (3,666) | (25,193) |
| Debt due within 1 year | (1,776) | 1,315 | (461) |
| | <u>(11,215)</u> | <u>5,117</u> | <u>(6,098)</u> |

The notes on pages 38 to 61 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. GENERAL INFORMATION

The company (registered number 09598549) is a private company, limited by shares and registered in England and Wales. The registered office address is Corserv Head Office, Higher Trenant Road, Wadebridge, Cornwall, PL27 6TW.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 GOING CONCERN

As at 31 March 2021 the group has net current assets of £17,087,000 (2020: £11,154,000). The group has net assets of £23,325,000 (2020: £12,668,000). The directors consider the going concern basis of preparation to be appropriate given the position of the Group and based on the forecasted results and the continued support from its parent organisation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Long-term contracts

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the reporting date. Turnover is calculated using a valuation of the work performed during the year, along with an assessment of the stage of completion of the contract.

Where the outcome of a long-term contract cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred if it is considered probable that these will be recovered.

Full provision is made for losses on contracts in the year in which they are first foreseen.

Provision of airport and affiliated operations

Revenue in respect of airport operations is recognised when the service is provided. Where services have not been invoiced in the year then the relevant amount is provided for within accrued income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.5 OPERATING LEASES: THE GROUP AS LESSEE

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 GOVERNMENT GRANTS

Grants payable

Grants payable to third parties are accounted for in the period to relating to the date of formal approval.

Grants receivable

Government grants are recognised at fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants that are capital in nature are recognised by either the performance or accruals method depending on the purpose of the grant.

Under the accruals method, grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Under the performance method, a grant is recognised in income when the specified performance conditions of the grant are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2.7 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.8 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES (continued)

2.10 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds

DEFINED BENEFIT PENSION PLAN

The Group participates in the local government pension scheme for certain employees, a defined benefit scheme managed by Cornwall Council. The assets of the scheme are invested independently of the finances of the group. Contributions are made to the scheme in accordance with recommendations of an independent actuary in respect of current and future service.

There is a Deed of Guarantee from Cornwall Council that confirms that Cornwall Council remains liable for any deficit in the local government pension scheme. The contributions payable to the scheme are agreed with the Council. Therefore, the scheme is accounted for by the Group as if it were a defined contribution scheme.

2.11 CURRENT AND DEFERRED TAXATION

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.12 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | |
|----------------------|---|---------------|
| Capitalised software | - | 3 to 10 years |
|----------------------|---|---------------|

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES (continued)

2.13 TANGIBLE FIXED ASSETS

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

| | |
|---|---|
| Freehold property | - see below |
| Long-term leasehold property improvements | - 10% per annum or over the life of the lease |
| Plant and machinery | - 3% to 33% per annum |
| Fixtures and fittings | - 8% to 12.5% per annum |
| Computer equipment | - 20% to 33.3% per annum |
| Assets under construction | - No depreciation charged |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Depreciation of freehold property

Freehold property includes social housing property at valuation (existing use value for social housing) and office buildings at valuation (open market valuation).

Freehold land is not depreciated. Depreciation of social housing properties is charged on a component basis, so as to write down the net book value of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

The housing property components are depreciated at the following annual rates:

| | |
|---------------------------|------------------|
| • Structure: | 2.00% per annum |
| • Roofs: | 3.33% per annum |
| • Heating systems: | 5.00 % per annum |
| • Kitchens and bathrooms: | 6.66% per annum |
| • Windows: | 10.00% per annum |

Office buildings are depreciated at 2% per annum.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.14 IMPAIRMENT OF FIXED ASSETS

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 STOCKS

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

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

2.17 DEBTORS

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

2.18 CASH AND CASH EQUIVALENTS

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 CREDITORS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES (continued)

2.20 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.21 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

2.22 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

Preparation of the financial statements requires management to make judgements and estimates. 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.

Critical accounting estimates and assumptions:

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. 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 discussed below.

- Provisions for remedial works are recognised by the Group using judgement based on past experience and the company's record of requiring remedial action.

- Valuation of incomplete contracts at the year-end: contracts are valued (both in terms of cost and revenue) by the in house team based on their experience in the industry and their knowledge of the contract in question.

4. TURNOVER

An analysis of turnover by class of business is as follows:

| | 2021 | 2020 |
|-------------------------------|----------------|-------------|
| | £000 | £000 |
| Highways service | 102,751 | 91,135 |
| Operation of airport | 2,803 | 7,626 |
| Housing services | 42,053 | 38,677 |
| Economic development services | 10,328 | 11,573 |
| Other services | 585 | 2,019 |
| | 158,520 | 151,030 |

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. OTHER OPERATING INCOME

| | 2021 £000 | 2020 £000 |
|------------------------------|---------------|--------------|
| Other operating income | 15 | 81 |
| Net rents receivable | 1,027 | 963 |
| Government grants receivable | 10,041 | 4,156 |
| Sundry income | 366 | 585 |
| | <u>11,449</u> | <u>5,785</u> |

Government grants receivable includes £3,744,000 claimed under the Coronavirus Job Retention Scheme and £5,844,000 (2020: £4,156,000) from Cornwall Council as part of a Private Rented Acquisitions project.

6. OPERATING PROFIT

The operating profit is stated after charging:

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Amortisation on intangible fixed assets | 409 | 322 |
| Depreciation on tangible fixed assets | 2,592 | 2,554 |
| (Profit)/loss on disposal of tangible fixed assets | 87 | (247) |
| Other operating lease rentals | 992 | 1,311 |
| Defined contribution pension cost | 8,889 | 9,132 |
| Impairment of intangible fixed assets | - | 938 |
| | <u>-</u> | <u>-</u> |

7. AUDITORS' REMUNERATION

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | 111 | 95 |
| | <u>111</u> | <u>95</u> |

**FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN
RESPECT OF:**

| | 2021 | 2020 |
|-------------------------------------|-----------|-----------|
| Taxation compliance services | 12 | 10 |
| Other services relating to taxation | 14 | 13 |
| All other services | - | 3 |
| | <u>26</u> | <u>26</u> |

CORSERV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****8. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Wages and salaries | 64,157 | 62,101 | 5,468 | 5,076 |
| Social security costs | 5,373 | 5,241 | 521 | 363 |
| Cost of defined contribution scheme | 8,933 | 9,132 | 559 | 479 |
| | 78,463 | 76,474 | 6,548 | 5,918 |

The average monthly number of employees, including the directors, during the year was as follows:

| | Group 2021 No. | Group 2020 No. | Company 2021 No. | Company 2020 No. |
|----------------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Executive | 21 | 14 | 11 | 5 |
| Management | 313 | 311 | 31 | 18 |
| Operations | 1,979 | 2,073 | - | - |
| Administration | 285 | 224 | 135 | 98 |
| | 2,598 | 2,622 | 177 | 121 |

The 2020 group operations employee numbers have been restated due to an update to Cormac Solutions numbers which decreased staff numbers previously reported for 2020 by 144.

9. DIRECTORS' REMUNERATION

| | 2021 £000 | 2020 £000 |
|--|----------------------|----------------------|
| Directors' emoluments | 450 | 391 |
| Group contributions to pension schemes | 59 | 38 |
| | 509 | 429 |

During the year retirement benefits were accruing to 4 directors (2020: 5) in respect of pension schemes.

The highest paid director received remuneration of £149,000 (2020: £149,000).

The value of the group's contributions paid to a pension scheme in respect of the highest paid director amounted to £31,000 (2020: £29,000).

CORSERV LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. INTEREST RECEIVABLE

| | 2021 £000 | 2020 £000 |
|---------------------------|----------------------|----------------------|
| Other interest receivable | 10 | 37 |

11. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2021 £000 | 2020 £000 |
|-----------------------------|----------------------|----------------------|
| Bank interest payable | 63 | - |
| Other loan interest payable | 1,271 | 1,066 |
| | 1,334 | 1,066 |

12. TAXATION

| | 2021 £000 | 2020 £000 |
|--|----------------------|----------------------|
| CORPORATION TAX | | |
| Current tax on profits for the year | 25 | 84 |
| Adjustments in respect of previous periods | (11) | (1) |
| TOTAL CURRENT TAX | 14 | 83 |
| DEFERRED TAX | | |
| Origination and reversal of timing differences | 2,069 | 293 |
| Effect of tax rate change on opening balance | - | 10 |
| Adjustments in respect of prior periods | - | 1 |
| TOTAL DEFERRED TAX | 2,069 | 304 |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | 2,083 | 387 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2020: lower than) the standard 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 tax | 5,064 | 2,785 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | 962 | 529 |
| EFFECTS OF: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 336 | 815 |
| Capital allowances for year in excess of depreciation | 98 | 27 |
| Adjustments to tax charge in respect of prior periods | - | 4 |
| Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment | (1,512) | (1,130) |
| Capital gains | 1,899 | 12 |
| Adjustments in respect of prior periods | (14) | - |
| Adjust opening deferred tax rate to average rate | (3) | 4 |
| Deferred tax not recognised | 317 | 126 |
| TOTAL TAX CHARGE FOR THE YEAR | 2,083 | 387 |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

13. EXCEPTIONAL ITEMS

| | 2021 £000 | 2020 £000 |
|---------------------------------------|----------------------|----------------------|
| Impairment of goodwill on acquisition | - | 938 |

14. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements. The loss after tax of the parent Company for the year was £501,000 (2020: profit £2,643,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. INTANGIBLE ASSETS

Group

| | Software under development £000 | Computer software £000 | Goodwill £000 | Total £000 |
|-------------------------------------|--|------------------------------|------------------|---------------|
| COST | | | | |
| At 1 April 2020 | 984 | 1,961 | 938 | 3,883 |
| Additions | 18 | 48 | - | 66 |
| Disposals | - | (798) | - | (798) |
| Transfers between classes | (974) | 974 | - | - |
| At 31 March 2021 | 28 | 2,185 | 938 | 3,151 |
| AMORTISATION | | | | |
| At 1 April 2020 | - | 1,364 | 938 | 2,302 |
| Charge for the year on owned assets | - | 409 | - | 409 |
| On disposals | - | (566) | - | (566) |
| At 31 March 2021 | - | 1,207 | 938 | 2,145 |
| NET BOOK VALUE | | | | |
| At 31 March 2021 | 28 | 978 | - | 1,006 |
| At 31 March 2020 | 984 | 598 | - | 1,582 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. INTANGIBLE ASSETS (CONTINUED)

Company

| | Software under development £000 | Computer software £000 | Total £000 |
|---------------------------|--|------------------------------|---------------|
| COST | | | |
| At 1 April 2020 | 984 | 172 | 1,156 |
| Additions | 18 | 48 | 66 |
| Transfers between classes | (974) | 974 | - |
| At 31 March 2021 | 28 | 1,194 | 1,222 |
| AMORTISATION | | | |
| At 1 April 2020 | - | 99 | 99 |
| Charge for the year | - | 241 | 241 |
| At 31 March 2021 | - | 340 | 340 |
| NET BOOK VALUE | | | |
| At 31 March 2021 | 28 | 854 | 882 |
| At 31 March 2020 | 984 | 73 | 1,057 |

CORSERV LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

16. TANGIBLE FIXED ASSETS

Group

| | Freehold property £000 | Long-term leasehold property £000 | Plant and machinery £000 | Fixtures and fittings £000 | Computer equipment £000 | Assets under construction £000 | Total £000 |
|-------------------------------------|------------------------------|---|--------------------------------|----------------------------------|-------------------------------|--------------------------------------|---------------|
| COST OR VALUATION | | | | | | | |
| At 1 April 2020 | 8,341 | 1,265 | 24,576 | 524 | 111 | 259 | 35,076 |
| Additions | 2,088 | 538 | 1,778 | 3 | 19 | 9,406 | 13,832 |
| Disposals | - | (2) | (336) | (4) | (4) | - | (346) |
| Transfers between classes | - | 200 | - | - | - | (200) | - |
| Revaluations | 139 | - | - | - | - | - | 139 |
| At 31 March 2021 | 10,568 | 2,001 | 26,018 | 523 | 126 | 9,465 | 48,701 |
| DEPRECIATION | | | | | | | |
| At 1 April 2020 | 50 | 215 | 11,471 | 224 | 92 | - | 12,052 |
| Charge for the year on owned assets | 59 | 179 | 2,307 | 30 | 17 | - | 2,592 |
| Disposals | - | (2) | (127) | (4) | (4) | - | (137) |
| On revalued assets | (50) | - | - | - | - | - | (50) |
| At 31 March 2021 | 59 | 392 | 13,651 | 250 | 105 | - | 14,457 |
| NET BOOK VALUE | | | | | | | |
| At 31 March 2021 | 10,509 | 1,609 | 12,367 | 273 | 21 | 9,465 | 34,244 |
| At 31 March 2020 | 8,291 | 1,050 | 13,105 | 301 | 19 | 259 | 23,025 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. TANGIBLE FIXED ASSETS (CONTINUED)

Included within freehold property, are the Group's 56 housing properties which have been valued by Cornwall Council Property Services, professional valuers amounting to £3,710,000. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

Company

| | Leasehold improvements £000 | Plant and machinery £000 | Total £000 |
|-------------------------------------|--|---|-----------------------|
| COST | | | |
| At 1 April 2020 | 171 | 10 | 181 |
| At 31 March 2021 | 171 | 10 | 181 |
| DEPRECIATION | | | |
| At 1 April 2020 | 17 | 1 | 18 |
| Charge for the year on owned assets | 17 | 3 | 20 |
| At 31 March 2021 | 34 | 4 | 38 |
| NET BOOK VALUE | | | |
| At 31 March 2021 | 137 | 6 | 143 |
| At 31 March 2020 | 153 | 9 | 162 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

17. FIXED ASSET INVESTMENTS

Company

| | Investments in subsidiary companies £000 |
|--------------------------|--|
| COST OR VALUATION | |
| At 1 April 2020 | 500 |
| Additions | 7,500 |
| Amounts written off | (500) |
| At 31 March 2021 | 7,500 |

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

| Name | Registered office | Class of shares | Holding |
|--------------------------------------|--|--------------------|---------|
| Cormac Solutions Limited | Higher Trenant Road, Wadebridge, Cornwall, PL27 6TW | Ordinary | 100% |
| Cornwall Housing Limited | Chy Trevail, Beacon Technology Park, Bodmin, PL31 2FR | Voting rights | NA% |
| Cornwall Airport Limited | St Mawgan House Cornwall Airport Newquay, Carloggas, St Mawgan, Newquay, Cornwall, TR8 4RQ | Ordinary | 100% |
| Cornwall Development Company Limited | Bickford House Station Road, Pool, Redruth, Cornwall, TR15 3QG | Voting rights | NA% |
| Rural Economic Partnership Limited | Bickford House Station Road, Pool, Redruth, Cornwall, TR15 3QG | Ordinary | 100% |
| Cormac Contracting Limited | Higher Trenant Road, Wadebridge, Cornwall, PL27 6TW | Ordinary | 100% |
| Corserv Facilities Limited | Higher Trenant Road, Wadebridge, Cornwall, PL27 6TW | Ordinary | 100% |

CORSERV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****17. FIXED ASSET INVESTMENTS (CONTINUED)****SUBSIDIARY UNDERTAKINGS (CONTINUED)**

The aggregate of the share capital and reserves as at 31 March 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| Name | Aggregate of share capital and reserves | Profit/(Loss) |
|--------------------------------------|--|---------------|
| | £000 | £000 |
| Cormac Solutions Limited | 2,328 | 243 |
| Cornwall Housing Limited | 2,462 | (329) |
| Cornwall Airport Limited | (310) | (890) |
| Cornwall Development Company Limited | 433 | 45 |
| Rural Economic Partnership Limited | 612 | 31 |
| Cormac Contracting Limited | (823) | 113 |
| Corserv Facilities Limited | 15,203 | 7,703 |

18. STOCKS

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Finished goods and goods for resale | 2,687 | 2,862 | 116 | 126 |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

CORSERV LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. DEBTORS

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Amounts owed by group undertakings | - | - | 6,050 | 10,350 |
| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
| Trade debtors | 5,735 | 6,258 | 153 | 191 |
| Amounts owed by group undertakings | 20,351 | 17,664 | 7,496 | 10,968 |
| Other debtors | 4,935 | 2,276 | 655 | - |
| Prepayments and accrued income | 2,318 | 2,372 | 189 | - |
| Tax recoverable | - | 54 | - | - |
| | 33,339 | 28,624 | 8,493 | 11,159 |

20. CASH AND CASH EQUIVALENTS

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Bank and cash balances | 19,556 | 12,088 | 5,838 | 800 |
| | 19,556 | 12,088 | 5,838 | 800 |

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Other loans | 34 | 1,234 | - | - |
| Trade creditors | 5,648 | 3,936 | 273 | 201 |
| Amounts owed to group undertakings | 12,752 | 12,967 | 2,956 | 9,228 |
| Corporation tax | - | 65 | - | 16 |
| Other taxation and social security | 6,940 | 3,810 | 129 | 59 |
| Other creditors | 1,293 | 1,144 | 62 | 32 |
| Accruals and deferred income | 11,833 | 9,264 | 443 | 617 |
| | 38,500 | 32,420 | 3,863 | 10,153 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group 2021 £000 | Group 2020 £000 | Company 2021 £000 | Company 2020 £000 |
|------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Other loans | 25,193 | 21,527 | 14,250 | 10,250 |
| Accruals and deferred income | 21 | 14 | - | - |
| | 25,214 | 21,541 | 14,250 | 10,250 |

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

| | Group 2021 £000 | Group 2020 £000 |
|--------------------------|--------------------------------|--------------------------------|
| Repayable by instalments | 4,807 | 6,341 |
| | 4,807 | 6,341 |

The Group has a funding arrangement with Cornwall Council. Interest is fixed at 5.7% (2020: 5.7%) and the amount is repayable in March 2023. At the year end, the amount outstanding under this arrangement was £14,250,000 (2019: £10,250,000) of which all is included in other loans due in more than one year.

In addition, the Group has a funding arrangement as part of an asset transfer agreement with Cornwall Council. Interest is fixed at 4.5% (2020: 4.5%) and the amount is repayable in March 2029. At the year end the amount outstanding under this arrangement was £10,800,000 (2020: £11,100,000) of which, £1,200,000 is included in other loans due in less than one year, and £9,600,000 is included in other loans due in more than one year.

The Group has a long term loan to fund housing development from Cornwall Council, secured by fixed charges on individual properties. The total amount received was £1,700,000 and is repayable over 50 years in half yearly installments. Interest is fixed at 4.5% for the term. At the year end, Cornwall Housing Limited had an outstanding loan of £1,377,000 (2020: £1,411,000) of which £34,000 is due in less than one year and £1,343,000 is due in more than one year.

23. DEFERRED TAXATION

Group

| | 2021 £000 |
|---------------------------|----------------------|
| At beginning of year | (390) |
| Charged to profit or loss | (2,069) |
| AT END OF YEAR | (2,459) |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

23. DEFERRED TAXATION (CONTINUED)

The provision for deferred taxation is made up as follows:

| | Group 2021 £000 | Group 2020 £000 |
|--------------------------------|--------------------------------|--------------------------------|
| Fixed asset timing differences | (560) | (375) |
| Short term timing differences | - | 94 |
| Capital gains | (1,899) | (109) |
| | <u>(2,459)</u> | <u>(390)</u> |

Capital gains have been created as a result of the grant received from Cornwall Council towards the purchase of properties under the PRA project. The grant has been recognised in full under the performance method of accounting for government grants. The grant reduces the cost base of the asset for calculating any capital gains when it is disposed of. No tax will be payable until an asset is sold.

24. PROVISIONS

Group

| | Provision for staff costs £000 | Provision for remedial works £000 | Provision for insurance £000 | Total £000 |
|--------------------------------------|---|--|---|-----------------------|
| At 1 April 2020 | 731 | 429 | - | 1,160 |
| Charged/(credited) to profit or loss | 243 | 29 | 73 | 345 |
| AT 31 MARCH 2021 | <u>974</u> | <u>458</u> | <u>73</u> | <u>1,505</u> |

25. SHARE CAPITAL

| | 2021 £000 | 2020 £000 |
|---|----------------------|----------------------|
| ALLOTTED, CALLED UP AND FULLY PAID | | |
| 8,000,002 (2020: 500,002) ordinary shares of £1.00 each | <u>8,000</u> | <u>500</u> |

7,500,000 ordinary shares were issued at par value of £1 during the year.

26. RESERVES

Profit and loss account

Profit and loss account comprises of all current and prior period accumulated profits and losses after dividends paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

27. PENSION COMMITMENTS

Defined contribution pension scheme

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £1,451,000 (2020: £1,570,000). Contributions totalling £213,000 (2020: £192,000) were payable to the fund at the reporting date and are included in creditors.

Some employees of the Group are members of the Cornwall Council LGPS, a multi-employer scheme administered by Cornwall Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. A pension pass through arrangement is in place with Cornwall Council whereby the council is liable to the pension fund for the historic and future liabilities and assets of the scheme in respect of these employees with contribution rates set by the actuary of the Cornwall Council LGPS. In line with guidance issued under FRS 102, the scheme is therefore accounted for as if it were a defined contribution pension scheme. The pension cost charge represents contributions payable by the Group to the fund. The total contributions made were £8,395,000 (2020: £8,742,000), of which employer contributions were £6,702,000 (2020: £7,562,000) and employee contributions were £1,693,000 (2020: £1,181,000). Contributions totalling £721,000 (2020: £783,000) were payable to the fund at the reporting date and are included in creditors.

28. TRANSFER OF DEFINED BENEFIT PENSION SCHEME LIABILITY

In the prior year, a deed of variation to the partnership agreement between Cornwall Council and entities within the Corserv Group was signed. This took effect from 1 April 2019 and provided for a pension pass-through arrangement. This transferred the existing defined benefit pension scheme liability for the group, and all future assets and liabilities, of the defined benefit pension scheme to Cornwall Council. Though the Group will no longer be liable for the historic pension scheme liability or any future liabilities, the Group will be required to pay contributions as calculated by the scheme actuary going forward and therefore have accounted for the scheme as if it were a defined contribution pension scheme from 1 April 2019.

In line with guidance under FRS 102, the gain on transfer of the defined pension scheme liability of £10,328,000 as at 1 April 2019 to Cornwall Council has been recognised in other comprehensive income.

29. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2021 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2021 £000 | Group 2020 £000 |
|--|--------------------------------|--------------------------------|
| Not later than 1 year | 1,139,000 | 1,120,000 |
| Later than 1 year and not later than 5 years | 185,000 | 1,245,000 |
| | <u>1,324,000</u> | <u>2,365,000</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,147,000 (2020: £1,311,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

30. OTHER FINANCIAL COMMITMENTS

As at 31 March 2021, the Group was committed to making £7,684,000 (2020: £3,133,000) of grant payments, funded under various grant funding agreements.

31. RELATED PARTY TRANSACTIONS

There are no key management outside of the Directors. Details of Directors' remuneration can be seen in Note 9 to the financial statements.

The consolidated financial statements of Corserv Limited have taken advantage of the exemption in Financial Reporting Standard 102 Section 33.1A in not disclosing intra group transactions where 100% of the voting rights are controlled within the group.

The group purchased services totalling £15,443,000 (2020: £13,914,000) from the ultimate parent undertaking, Cornwall Council. The group paid loan interest to Cornwall Council of £1,270,000 (2020: £1,030,000). Income during the period from Cornwall Council totalled £132,230,000 (2020: £129,182,000). Additionally grant income amounting to £5,844,000 was awarded to the group by Cornwall Council.

During the year, the group paid dividends of £Nil (2020: £Nil) to Cornwall Council.

At the year end the group companies owed Cornwall Council £34,104,000 (2020: £22,761,000), a further £4,291,000 (2020: £4,291,000) of deferred income from Cornwall Council is also included within creditors. Cornwall Council owed group companies £13,484,000 (2020: £17,524,000), a further £42,000 (2020: £42,000) of accrued income from Cornwall Council is also included within debtors at 31 March 2020.

The group purchased services totalling £Nil (2020: £Nil) from companies controlled by directors of Corserv Limited.

32. CONTROLLING PARTY

Cornwall Council, the direct parent undertaking, is considered the ultimate controlling party due to its 100% shareholding of the company.