VERTAS GROUP LIMITED

Registered number: 07728211

Annual report and financial statements

For the year ended 31 March 2021

VERTAS GROUP LIMITED

COMPANY INFORMATION

Directors	D S Johnson I Surtees M S Yarham (resigned 5 June 2020) K Buet GM Kassab (appointed 2 May 2020) J Smith (appointed 1 September 2020)
Company number	07728211
Registered office	Beacon House Landmark Business Park 53 - 65 Whitehouse Road Ipswich Suffolk IP1 5PB
Auditors	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY

VERTAS GROUP LIMITED

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VERTAS GROUP LIMITED
STRATEGIC REPORT
YEAR ENDED 31 MARCH 2021

Within this strategic report, we will be using the Wates Principles Framework to summarise and demonstrate robust and decisive governance within the Group. The six Wates Principles are:

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

Vertas Group Limited is a leading multi service provider to both the public and private sectors throughout the UK. We offer total facilities management services including catering, cleaning, energy management, facilities and property management, grounds maintenance, fleet services and security.

Our business is built on very strong public-sector pedigree, providing best value solutions using best in class process, knowledge, and supply chain.

The purpose of the Group is to grow sustainably, provide opportunity, increase profitability, and return a dividend to our shareholder. Our values; sustainable, consistent, integrity, partner and agility, these underpin our entire decision-making process.

The Board of Directors, Shadow Board (Strategic Working Group including Associate *Directors) and the Continuous Improvement Group are equipped to manage the daily* operational outputs, cascade information upward and throughout the organisation and have the strategic skills to provide clear and concise direction. The decision to create this new tier of management has demonstrated that our commitment to succession planning and integrated people strategy is working, through increasing the strength in depth of the management team. We restructured our Senior Leadership Team (SLT) and launched a Continuous Improvement Group (CIG) consisting of 36 colleagues brought together to ensure we continuously improve and achieve our growth ambitions.

All Board Directors and Senior Leaders have specific objectives that include site visits, audits, employee meetings and encourages proactive employee interaction.

The Chair of the Vertas Group Board of Directors also chairs the Holding company Board, Suffolk Group Holdings. The Chair takes responsibility for the Board and liaison between the individual Boards and the shareholder.

In terms of shareholder governance, the Vertas Group Board report into Suffolk Group Holdings on a quarterly basis and also present the company business plans, performance updates, strategic risks and opportunities to the Suffolk County Council shareholder group, on a quarterly basis.

Following a periodic review of our governance arrangements we have implemented a new board meeting cycle to ensure appropriate time is allocated to assurance and strategic planning. Following a governance review, we have a renewed focus on risk and risk appetite which we will use to evaluate new strategic opportunities. We have also taken the opportunity to enhance our sources of assurance with regards to key legislative and compliance risk through new assurance reporting and the roll out of the internal audit programme with an external partner.

We have used the year to strengthen our policies and procedures. The HSQE team undertook an external surveillance audit with SGS against ISO450001 Occupational Health and Safety. Training compliance was at 95% for the year against a target of 90%. We introduced a new internal audit programme supported by RSM to review the key risk areas we face as a business. We launched a new operational guide to ensure our teams understand and follow our core financial processes and procedures. We launched our Vertas Helpdesk project, under the wider development of best-in-class Customer Service. We launched our IT transformation programme that will see us investing in new IT infrastructure, support and systems to ensure we have fit for purpose IT that will allow us to deliver our strategic ambitions.

We also remain determined to be a responsible, sustainable business. We have launched our net zero 2030 strategy and are developing a Vertas Environmental, Social and Governance (ESG) report so we can demonstrate our achievements to our stakeholders.

The Group has had an enjoyable but challenging year. Like every other business our number one priority over the last year has been to manage the impact of Covid 19 and the subsequent three lockdowns on our business. We felt the impact of Covid 19 most keenly on our Churchill Catering, Educational Catering and Ambassador Theatre Group businesses with turnover for the Group being circa 15% lower than envisaged at budget time.

Throughout the year we worked hard to avoid making redundancies wherever possible and continued to pay our staff 100% of their basic pay whilst they were on furlough. We also ensured that our staff had a safe working environment and the PPE needed to carry out their roles. We worked effectively with our supply chain to source PPE, manage the impact of short notice lock downs and ensured that our suppliers were paid on time. We helped our customers with deep cleans, new ways of working, sourcing PPE, manage short notice closures and new processes as the pandemic developed.

We have already seen the benefits of this with colleague engagement at 79%, participation in the client survey quadrupling and winning the Customer Service Award as part of the Suffolk Business Awards. We are confident that we will continue to see the benefit of this investment in our stakeholders for many years to come.

We also introduced our new performance management system, Continuous Conversations, so it is ready to be used during the forthcoming year. Absence remained low throughout the year and our performance of 1.5% for the year was lower than our target of 3%. Our Gender Pay Gap (GPG) demonstrated a reduction in the mean and median Gender Pay gap for the fourth consecutive year. We have a negative median GPG of -3.3% (our median female pay rate is higher than a male's median pay rate) compared to the UK's GPG of 15.5%

The pre-tax profit for the period was £0.1m against a target of £0.1m. Turnover for the period was £61m against a target of £66m. The main issues affecting these results includes the impact of additional lock downs which were not forecast with additional disruption to services due to the COVID-19 pandemic in though out the year.

In spite of the impact of Covid 19 we have managed to enhance the business during the course of the year. From a business growth perspective, we successfully mobilised the joint venture with Derbyshire County Council and we are already starting to demonstrate the benefit to stakeholders in terms of reductions in absence rates, fewer vacancies, improved training and an enhanced quality of service delivered to our customers.

During the year we achieved new business and service density of £5.9m against a target of £6.0m with new contract awards and during the year we have seen profitable results from our strategic bolt-on acquisitions, Diamond View and Vertas Environmental, and significant growth in the Oakpark Security business. Our Churchill catering business suffered as a result of the three lock downs and various restrictions put in place on the hospitality sector. The business is, however, well placed to benefit from the opening up of hospitality expected in the forthcoming year with new products, processes and a growing presence in the B&I sector.

Key performance indicators

The group uses two main key performance indicators to monitor its financial performance.

The first KPI is turnover for the period. Against a target of £65.7m revenue, £60.9m was achieved with turnover being adversely affected by the impact of lockdowns associated with COVID- 19.

The second KPI is pre-tax profit for the period and against a target of £0.1m pre-tax profit, £0.1m is reported.

Non-financial data used to monitor performance includes the monitoring of quality management systems and other systems.

Other non-financial key performance indicators are:

Employee absence – target <3% - achieved 1.5%

Reportable incidents within 8 days timeframe – target 100% - achieved 100%

Director audits completed – target 30 – achieved 31

Future developments and outlook

As demonstrated over the previous year's pre Covid 19, growth has been substantial and it is envisaged that this growth will continue into the future once trading restrictions are lifted, through targeting the following areas: -

- Business and Industry (B&I) contracts in our core markets
- Service density with existing clients
- Acquisitions to strengthen our expertise and grow service capacity
- Develop and continue to establish Joint Venture Partnerships with local authorities and commercial partners.

Over the next financial year, we will continue to invest in building a strong platform for growth so we can deliver on the ambition set out in our business plan. The next year will see the first phase of our IT transformation programme being delivered and investments being made in systems. We will also work with our sister companies OPUS and Concertus to explore possible synergies from a closer working relationship as part of Suffolk Group Holdings.

VERTAS GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
YEAR ENDED 31 MARCH 2021

Our underlying philosophy remains to create sustainable value for shareholders by ensuring retention of the current customer base, increasing service density, organic growth and by exiting loss making contracts that we could not turn around. The last year has been challenging, however, we remain confident that we have the right plans in place and the right people to deliver those plans for the benefit of all our stakeholders.

Principal risks and uncertainties

The management of the business and the delivery of the group's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the group are considered to relate to the current pandemic situation and downturn, Brexit, competition from national and independent facilities management and service specific providers, a reduction in public sector budgets and legislative and taxation changes.

The Directors regularly review all risks to the business and strategies in reducing these risks. The Directors review forecasts and cashflows on a regular basis which anticipate changes in the market and external events which may affect the operations of the Group. At the time of signing the accounts, the COVID-19 pandemic has had a significant impact on both the UK and the world economy. The Group has responded well to this ensuring the safety of our colleagues is our priority at all times.

Going Concern Assessment

Whilst estimating the financial impact of the COVID-19 pandemic on the business has its challenges, the Directors have prepared a number of scenarios which model the short- and medium-term effects of the pandemic on the business results and assess cashflow. The scenario planning considers the potential impact and as a result of these assessments, the Directors do not foresee any significant adverse effects on cashflow.

This report was approved by the board on 7th July 2021 and signed on its behalf.

Duncan Johnson

D Johnson
Chairman

I Surtees
Chief Executive Officer

VERTAS GROUP LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2021

The directors present their combined directors' report and strategic report together with the audited financial statements for the year to 31 March 2021.

Principal activities

The principal activities of the group are the provision of catering; grounds maintenance and design; printing; procurement; facilities management; energy management; property services and health and safety services.

Results and dividends

The total comprehensive profit for the year after tax is £365k (2020: £663k).

As at 31st March 2021, a final dividend of £Nil (2020: £1,150k) had been declared payable to Suffolk Group Holdings Limited, the only shareholder.

Financial risk management policies

The group's activities expose it to a variety of financial risks: market risk; credit risk; and liquidity risk. The group's overall risk management strategy is to minimise the potential adverse effect of these risks on the group's performance.

Market risk

The group's main sources of revenue and cash flows are substantially independent of changes in market interest rates. The group has significant cash deposits that it seeks to obtain a commercial rate of return from, whilst not impacting liquidity. The group has a fixed interest loan repayable to the shareholder thereby mitigating cash-flow interest rate risk.

Credit risk

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

Liquidity risk

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

Directors

The directors who served during the period were:

D S Johnson
I Surtees
M S Yarham (resigned 5 June 2020)
K Buet
GM Kassab (appointed 2 May 2020)
J Smith (appointed 1 September 2020)

Disabled employees

It is the group's policy to give employment to disabled persons wherever practical. At present, we have one member of staff registered as disabled.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the group and company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the group and company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group and company's auditor is aware of that information

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

Directors' responsibilities statement (continued)

To the best of my knowledge:

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

Auditors

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

This report was approved by the board on 7th July 2021 and signed on its behalf by:

Duncan Johnson

D Johnson
Chairman

I Surtees
Chief Executive Officer

Independent auditor's report to the members of Vertas Group Limited

Opinion

We have audited the financial statements of Vertas Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Total Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. HPoawgeev8er, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Independent auditor's report to the members of Vertas Group Limited (continued)

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Independent auditor's report to the members of Vertas Group Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

Independent auditor's report to the members of Vertas Group Limited (continued)

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent company and group. We concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements including those laws and regulations relating to the Companies Act 2006 and taxation laws;
- We understood how the parent company and the group is complying with those legal and regulatory frameworks by making enquiries of management and the legal department. We corroborated our enquiries through our review of board minutes;
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. No matters relating to fraud were identified from our discussions;
- We made specific inquiries from key personnel outside the finance department to determine whether there were fraud risk factors arising from the parent company and the group's day to day operations;
- We assessed the susceptibility of the parent company and the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed included:
    - Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
    - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
    - challenging assumptions and judgements made by management in its significant accounting estimates; and
    - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- We completed audit procedures to conclude on the compliance of disclosures in the accounts with applicable financial reporting requirements. These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

Independent auditor's report to the members of Vertas Group Limited (continued)

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the group including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulations. We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the group's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
  - the applicable regulatory framework

Use of our report

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

Grant Thornton UK LLP

James Brown LLB ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: 15/7/2021

VERTAS GROUP LIMITED
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Revenue	5	**60,900**	**71,511**
Cost of sales			
Raw materials and consumables used		(10,020)	(17,934)
Sub-contractor costs		(11,337)	(10,782)
Employee salaries & benefit expenses	7	(31,446)	(27,437)
Gross profit		**8,097**	**15,358**
Administrative expenses		(6,809)	(8,076)
Employee salaries & benefit expenses	7	(5,777)	(5,961)
Other income		5,355	-
Impairment charge		(188)	(233)
Exceptional item	4	(353)	(144)
Operating profit		**325**	**944**
Finance income	8	-	5
Finance expense	9	(177)	(283)
Profit before tax		**148**	**666**
Tax (expense)	11	217	(3)
Profit for the year		**365**	**663**
Profit for the financial period attributable to:			
Owners of the parent		249	643
Non-controlling interest		116	20

There are no amounts in respect of other comprehensive income in the year or the prior year.

This presentation aggregates expenditure according to their nature.

The accompanying accounting policies and notes are an integral part of these financial statements.

VERTAS GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 MARCH 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	12	950	1,127
Right of use asset	13	2,841	2,591
Goodwill	14	2,719	2,894
Intangible assets	15	758	802
Deferred tax asset		387	130
		7,655	7,544
Current assets			
Inventory	16	562	703
Trade and other receivables	17	9,431	10,164
Amounts owed by group		782	949
Current tax		94	214
Loans receivable		22	25
Cash and cash equivalents		6,520	8,360
		17,411	20,415
Total assets		**25,066**	**27,959**
Current liabilities			
Trade payables	18	1,617	2,740
Amounts owed to group		480	2,424
Social security		4,350	3,256
Other payables	18	9,193	8,273
Current tax *liability*		*103*	-
Operating lease liabilities	13	903	617
Finance lease obligation	23	9	24
Employee benefit obligations		1,614	1,473
Loan from related party	19	1,130	-
Loan from bank	19	763	-
Dividends	10	-	1,150
		20,162	19,957
Non-current liabilities			
Operating lease liabilities	13	1,863	1,899
Finance lease obligation	23	-	9
Loan from related party	19	-	1,930
Loan from bank	19	-	1,452
Deferred tax liability	21	169	204
		2,032	**5,495**
Total liabilities		**22,194**	**25,452**
Net assets		**2,872**	**2,508**
Equity			
Share capital	25	1	1
Retained earnings	24	2,772	2,523
Attributable to the owners of the parent		**2,773**	**2,524**
Non-controlling interests		99	(16)
Total equity		**2,872**	**2,508**

VERTAS GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
YEAR ENDED 31 MARCH 2021

Registered number: 07728211

The accompanying accounting policies and notes are an integral part of these financial statements.

During the year, the company earned a loss of £318k.

The financial statements were authorised and approved for issue by the board of directors on 7th July 2021 and were signed on its behalf by:

Duncan Johnson

D Johnson
Chairman

VERTAS GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2021

All figures in £'000

	Note	Share capital	Retained Earnings	Capital Contribution Reserve	Non-Controlling Interest	Total
Balance as at 1 April 2019		1	3,030	-	34	3,065
Total comprehensive income for the year		-	643	-	20	663
Transactions with owners						
Dividend payable	10	-	(1,150)	-	(70)	(1,220)
Balance as at 31 March 2020		**1**	**2,523**	**-**	**(16)**	**2,508**
Total comprehensive income for the year		-	249	-	116	365
Transactions with owners						
Dividend	10	-	-	-	(1)	(1)
Balance as at 31 March 2021		**1**	**2,772**	**-**	**99**	**2,872**

The accompanying accounting policies and notes are an integral part of these financial statements.

VERTAS GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Net cash flows from operating activities	27	2,278	6,270
Net cash flows from operating activities		**2,278**	**6,270**
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(198)	(280)
Proceeds from sale of equipment		16	11
Acquisition of subsidiaries (net of cash acquired)		-	(145)
Interest received	8	-	5
Net cash used in investing activities		**(182)**	**(409)**
Financing activities			
Interest paid	9	(117)	(283)
Repayment of loan to bank and related party		(1,489)	(623)
Loan received from Bank		-	2,075
Repayments of finance leases		(24)	(72)
Dividend paid		(1,151)	(1,100)
Operating lease liabilities payments		(1,155)	(852)
Net cash used in financing activities		**(3,936)**	**(855)**
Net increase / (decrease) in cash and cash equivalents		**(1,840)**	**5,006**
Cash and cash equivalents brought forward		8,360	3,354
Cash and cash equivalents carried forward		6,520	8,360
Net (decrease) / increase in cash and cash equivalents		**1,840**	**5,006**

The accompanying accounting policies and notes are an integral part of these financial statements.

Accounting policies

1.1 General information

Vertas Group Limited (the company) is a private limited company incorporated in the United Kingdom.

These financial statements are presented in British Pounds Sterling (GBP) because that is the currency of the primary economic environment in which the group operates.

1.2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies. Acquisitions are accounted for under the acquisition method from the date control passes to the Group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

Non-controlling interests are measured initially at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The subsidiaries Verse Facilities Management Limited (company number 09720915), I E M Caterquip Limited (company number 02222842), Oakpark Security Systems Limited (company number 03076175), Vertas Environmental Ltd (company number 07058155), Churchill Catering Limited (company number 03233257), Vertas (Derbyshire) Traded Limited (company number 12490008) and Diamond View Cleaning Solutions Limited (company number 10599310) have claimed exemption from audit under the provisions of section 479A of the Companies Act 2006. Vertas Group Limited has provided a guarantee over each subsidiary's liabilities under section 479C of the Act.

UK company law allows the directors to elect to prepare the financial statements of the company in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Accordingly, the directors have elected to prepare these financial statements in accordance with international accounting standards such that the financial statements are prepared on a consistent basis with the company's ultimate parent undertaking, Suffolk County Council.

The following principal accounting policies have been applied consistently in the preparation of these financial statements.

Accounting policies (continued)

1.3 Changes in accounting policies

New standards, interpretations and amendments effective from 1 June 2020
New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 March 2021, and which have given rise to changes in the Group's accounting policies are:

- IFRS 16 Leases (IFRS 16) in relation to Covid-19 related rent concessions.
  Details of the impact of this standard has had are given in note 1.10 below.
- IFRS 3 Business Combinations (Amendment – Definition of Business)
  Details of the impact of this standard has had are given in note 1.11 below.
- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment – Definition of Material)
- Revised Conceptual Framework for Financial Reporting

New standards, interpretations and amendments not yet effective
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

- IFRS 16 Leases – amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1, IFRS 9 nor IFRS 16 will have a significant impact on the classification of its liabilities.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group. The following is a new and amended standards which, at the time of writing, had been issued by the IASB but which is effective in future periods.

- IFRS 17 Insurance Contracts (effective 1 January 2021) - In June 2019, the IASB issued an exposure draft to amend IFRS 17, including a deferral of its effective date to 1 January 2022.
- IAS 16 Property, Plant and Equipment: Proceeds before intended use (effective 1 January 2022)
- IFRS 3 Business Combinations (effective 1 January 2022)
- IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (Amendment of IAS 37) (effective date 1 January 2022)

1.4 Revenue recognition

In accordance with IFRS15 'Revenue from Contracts with Customers', revenue is measured by reference to the fair value of consideration received or receivable by the Group, excluding value added tax in exchange for transferring the promised goods or services to the customer. The consideration is allocated to each separate performance obligation that is identified in a sales contract based upon stand-alone selling prices.

Revenue is recognised when the Group satisfies the identified performance obligations. As the majority of the revenue is from service delivery, this revenue is recognised when the service is performed.

For sales of directly consumed goods (such as catering), the performance obligation is satisfied at a point in time in which the item is consumed or goods are supplied and the transfer of ownership to the customer has taken place, such as point of delivery.

For any contracts raised as an annual invoice to the customer and the period of time between payment and performance is less than one year, the Group does not adjust revenue for the effects of financing.

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

Cleaning, Services for Schools, security and fleet
Revenue is recognised when the service is performed for the customer.

Facilities Management, Waste revenue, Grounds
Revenue is recognised when the service is performed for the customer or goods are supplied to the customer.

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

Energy
Revenue is recognised according to the consumption of energy by the customer and the associated commission regarding the supply is recognised for the corresponding time period.

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

Marketing
Revenue is recognised in line with the contract and is satisfied over time. Revenue is recognised accordingly to the period of time invoiced.

1.5 Going concern

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

As part of the regular exercise the Directors have assessed the Group's working capital requirements in light of the current COVID 19 restrictions which continue until 21 June 2021 and then forecast the future using two scenarios; the first being, the impact on the business if these same COVID 19 restrictions were to continue further until August 2022 and the second, to forecast the working capital requirements if the restrictions are lifted on 21 June 2021 with no further restrictions occurring on the business. Under these conditions the Directors are confident that based upon future forecasts, the Group has adequate resources to continue operational existence for the foreseeable future being a period of no less than 12 months from the date of approval of these financial statements.

The Group parent, Suffolk County Council, continues to offer support and assurance that services supplied to the parent will be paid on time, through the Government Prompt Payment Policy. This in turn, supports the Group with supply chain management.
Thus, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Intangible assets

Goodwill

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

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

Customer lists

These are intangible assets which are separately identifiable at business combination. They are initially measured at fair value and subsequently measured at cost less accumulated impairment losses and amortisation. They are amortised over 20 years.

1.7 Impairment of non-financial assets including goodwill

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

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

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

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

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

An impairment loss is recognised as an expense immediately.

1.8 Property, plant and equipment

Property, plant and equipment are stated at original historical cost net of depreciation and any provision for impairment.

Depreciation is charged to write off the cost of assets over their useful economic lives, using the straight-line method, on the following bases:

Computer equipment and software	10% p.a.
Office Equipment	20% p.a.
Motor vehicles	20% p.a
Fixtures and fittings	4 to 20% p.a.
Land and buildings	Lease term

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

1.9 Inventory

Inventory is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

1.10 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 April 2019 without restatement of comparative figures.

The following policies apply subsequent to the date of initial application, 1 April 2019.

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

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

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset

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

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

Leases continued

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications.

Churchill Catering Limited, a subsidiary of Vertas Group Limited has benefitted from both rent payment holidays and deferral of lease payments. In terms of IFRS 16, the rent concessions have not been treated as a lease modification.

The cost of rent has been fully recognised as an expense in the accounts for any deferred payment periods. In terms of rent concessions, the benefit to Churchill Catering in the period was £184k.

1.11 Business Combinations

The Group entered into a joint venture arrangement with Derbyshire County Council, commencing on the 1 September 2020. The accounting treatment has been applied to recognise the true nature of the control on the joint venture, with management making an assessment on the underlying operating activities which generates a return for its shareholders. As the contractual arrangement does not require voting rights to make decisions regarding the relevant activities, Vertas Group controls the daily operations and decision-making process through its management structure. All rights and obligations regarding assets and liabilities are held within the legal entity and shareholders only have a right to the net assets upon closure of the entity. At Board level, there are more Suffolk Group Holdings Limited representatives than the associated party. In terms of shareholding, the majority shareholder is Vertas Ipswich Limited, a subsidiary of Vertas Group Limited. As such the underlying nature of the relationship has been treated as a subsidiary with minority interests within the financial statements.

1.12 Taxation

Current tax is the tax currently payable based on taxable profit for the year. Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset. The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

1.13 Government grants

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

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

1.14 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the period to which they relate. The assets of the scheme are held separately from the group in an independently administered fund. The group does not provide any other post-retirement benefits.
Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. This includes wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e g cars) for current employees and are recognised as an expense for services in the period in which employees render service to the organisation. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the period-end, which employees can carry forward into the next financial period.

1.15 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

1.16 Financial instruments

Financial instruments are comprised of financial assets and financial liabilities, which recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets

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

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

The Group's financial assets are classified as measured at amortised cost.

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

Financial instruments continued

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

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

Expected credit loss impairments are recognised in respect of financial assets measured at amortised cost immediately on initial recognition of the respective financial asset being impaired.

Expected credit losses are measured using an expected credit loss model. The expected credit loss model reflects a probability weighted amount derived from a range of possible outcomes that are discounted for the time value of money and based on reasonable and supportive information.

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

Financial liabilities

Financial liabilities include trade and other payables. The Group carries financial liabilities measured at amortised cost.

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

1.17 Cash and cash equivalents

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

2. Critical accounting estimates and judgements

The group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 period are discussed below.

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

Business combinations
On the acquisition of subsidiary entities, the carrying amounts of all the assets and liabilities of the acquirees are assessed to determine whether they accurately reflect fair value.

The Group entered into a joint venture arrangement with Derbyshire County Council, commencing on the 1 September 2020. The accounting treatment has been applied to recognise the true nature of the control on the joint venture and as such given the underlying nature of the relationship, the joint venture has been treated as a subsidiary with minority interests within the financial statements.

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

3. Financial risks

3.1 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
The capital employed by the company is composed of the total equity disclosed in the statement of financial position.

3.2 Fair value estimation

The net carrying amount of trade and other payables and trade and other receivables (net of provision for impairment) approximate to their fair values. These assets and liabilities are not traded in active markets. However, the directors consider that given the short-term nature of these assets and liabilities It Is reasonable to assume that a significant difference does not exist between the net carrying amount and fair value.

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4. Expenses by nature

	2021 £'000	2020 £'000
Depreciation of property, plant and equipment	343	405
Amortisation of right of use asset	1,095	721
Interest on lease liability	60	56
Operating lease expense	2	5
Employee benefit expenses (see note 7)	37,223	33,398
Loss on disposal of assets	-	6
Auditor's remuneration:		
- Audit service in relation to the Company	18	17
- Audit services in relation to the subsidiaries	20	52
- Financial statement preparation services	20	24
- Tax compliance services	20	19
- Other	-	3

Exceptional items of £353k (2020: £144k) relate to redundancies and settlement costs.

5. Revenue

100% (2020: 100%) of revenue for the year related to the provision of goods and services which only arose in the UK.

Disaggregation of Revenue

The Group has disaggregated revenue into various categories in the following table:

	2021 £'000	2020 £'000
Catering	12,508	25,079
Cleaning	14,011	10,014
Facilities Management	5,932	5,464
Services for Schools	3,504	5,674
Security	5,305	4,374
Waste	1,006	950
Commercial Equipment	61	415
Fleet	1,640	1,332
Grounds	3,105	2,601
Energy	2,238	2,240
Property Management	11,590	13,164
Management Fees	-	203
	60,900	**71,511**

6. Other income

Other income relates to gains on disposal of fixed assets, marketing support, apprenticeship grants and Job Retention Scheme government grant support.

	2021	2020
	£'000	£'000
Job Retention Scheme Grant	4,828	-
Marketing Support	306	-
Hospitality Grant	162	-
Other Settlement	59	-
	5,355	-

7. Employee benefit expenses

Employee benefit expenses (including directors) comprise:

	2021	2020
	£'000	£'000
Wages and salaries	32,667	29,905
Social security costs	2,015	1,756
Defined contribution pension costs	2,540	1,738
	37,222	33,398

Average number of employees:

Catering	903	1,450
Cleaning and facilities management	2,019	906
Administration	228	157
Grounds	85	48
Design and print	-	8
Procurement	3	3
Engineers	3	8
	3,241	2,523

Directors' remuneration

Remuneration paid to directors and other members of key management during the period was as follows:

	2021 £'000	2020 £'000
Short-term employee benefits:		
Salaries including bonuses	502	788
Company car allowance	13	21
	515	809
Post-employment benefits:		
Defined contribution pension plans	80	36
	595	845

4 (2020: 4) directors were members in the year of the defined contribution scheme.

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2021 £'000	2020 £'000
Emoluments for qualifying services	160	141
Long term incentive plan	-	110
Other bonus	36	52
Post-Retirement Benefits	17	14
	213	**317**

8. Finance income	**2021**	**2020**
	£'000	**£'000**
Interest received on bank deposits	**-**	**5**

9. Finance expense	**2021**	**2020**
	£'000	**£'000**
Interest payable on loan from ultimate parent	99	192
Bank interest	16	30
Finance lease liability interest	2	5
Lease liability interest	60	56
	177	**283**

10. Dividends

	2021	2020
	£'000	£'000
Final proposed dividend payable	-	1,150
Dividend paid	1	-

The directors have proposed a final dividend of £Nil (2020: £1,100) per share.

The dividend paid in the year of £1k was to the Diamond View Cleaning Solutions Limited minority shareholder.

11. Tax

	2021	2020
UK Corporation tax expense	£'000	£'000
Current tax on profits for the year	70	18
Amounts in respect to prior year	5	(115)
Total current tax	**75**	**(97)**
Deferred tax expense		
Origination and reversal of temporary differences	(276)	(132)
Adjustments in respect of prior periods	(16)	227
Effect of tax rate change on opening balance	-	5
Total deferred tax	**(292)**	**100**
	(217)	**3**

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

	2021	2020
	£'000	£'000
Profit for the year	148	654
Tax using the company's domestic tax rate of 19% (2019: 19%)	28	124
Net (income) not taxable for tax purposes	(3,157)	(280)
Expenses not deductible for tax purposes	2,915	-
Fixed assets timing differences	3	4
Other	(5)	5
Losses carried back	-	38
Adjustments in respect of prior periods	5	(115)
Amounts in respect to prior year (deferred tax)	(16)	227
Total tax expense	(217)	3

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12. Property, plant and equipment

	Land & Buildings £'000	Vehicles & Equipment £'000	Plant & Machinery £'000	Total £'000
Cost				
At 1 April 2019	114	2,695	299	3,108
Additions	-	280	-	280
Disposals	-	(269)	-	(269)
Impairment	-	(162)	-	(162)
At 31 March 2020	**114**	**2,544**	**299**	**2,957**
At 1 April 2020	114	2,544	299	2,957
Additions	-	198	-	198
Disposals	-	(95)	-	(95)
Impairment	-	(17)	-	(17)
At 31 March 2021	**114**	**2,630**	**299**	**3,043**
Depreciation				
At 1 April 2019	114	1,433	259	1,806
Charge for the year	-	395	10	405
Written off		(129)	-	(129)
Disposals	-	(252)	-	(252)
At 31 March 2020	**114**	**1,447**	**269**	**1,830**
At 1 April 2020	114	1,447	269	1,830
Charge for the year	-	333	10	343
Written off	-	(4)	-	(4)
Disposals	-	(76)	-	(76)
At 31 March 2021	**114**	**1,700**	**279**	**2,093**
Net book value				
At 31 March 2021	**-**	**930**	**20**	**950**
At 31 March 2020	-	**1,097**	**30**	**1,127**

The carrying value of assets held under finance leases was £42k (2020: £100k). Depreciation charged during the period on such assets was £58k (2020: £58k).

13. Right-of-Use asset

Asset

	Land & buildings	Plant, machinery & motor vehicles	Total
At 1 April 2019			
Additions	3,173	138	3,312
Amortisation	(611)	(109)	(721)
At 31 March 2020	2,562	29	**2,591**
At 1 April 2020	2,562	29	2,591
Additions	282	1,063	1,345
Amortisation	(683)	(412)	(1,095)
At 31 March 2021	2,161	680	**2,841**

Lease liabilities

	Land & buildings	Plant, machinery & motor vehicles	Total
At 1 April 2019			
Additions	3,173	138	3,312
Interest expense	55	2	57
Lease payments	(739)	(113)	(852)
At 31 March 2020	**2,489**	**27**	**2,516**
At 1 April 2020	2,489	27	2,516
Additions	282	1,063	1,345
Interest expense	48	12	60
Lease payments	(728)	(428)	(1,156)
At 31 March 2021	**2,091**	**674**	**2,765**

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

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

At 31 March 2021	**Up to 3 Months**	**Between 3 and 12 Months**	**Between 1 and 2 Years**	**Between 2 and 5 Years**	**Over 5 Years**	**Total**
Lease liabilities	**226**	**677**	**576**	**941**	**345**	**2,765**

14. Goodwill

	Goodwill
	£'000
At 1 April 2020	2,894
Impairment	(175)
At 31 March 2021	**2,719**

The Group's goodwill is considered to have an indefinite useful life and is not amortised. The Group tests goodwill annually or, additionally, if there are indications that it may be impaired.

For the purposes of impairment testing the Directors consider each acquired business as separate cash generating units (CGUs). The carrying amount of goodwill acquired was allocated to Oakpark Security Systems Limited £701k and Churchill Catering Limited as £2,018k. The recoverable amount for each CGU was determined using a value in use calculation based upon management forecasts for the trading results for those entities for the next financial period. The key assumptions utilised within the forecast models relate to the level of future sales and costs. These assumptions are based upon the Directors' expectations, current trading and recent actual trading performance.

Vertas Group Limited has provided parental company guarantees to certain of its subsidiaries. As a result of this the following companies have taken advantage of the audit exemption under Section 479A of the Companies Act 2006: I E M Caterquip Limited (company number 02222842), Verse Facilities Management Limited (company number 09720915), Oakpark Security Systems Limited (company number 03076175), Vertas Environmental Ltd (company number 07058155), Churchill Catering Limited (company number 03233257) and Vertas Derbyshire Traded Limited (company number 12490008).

Goodwill (continued)

Subsidiary undertakings at 31 March 2021 are:

Name	Place of Incorporation	Class of Share	Percentage Held	Nature of Business
I E M Caterquip Limited	England	Ordinary	100%	Supply, installation and maintenance of all catering equipment
Verse Facilities Management Limited	England	Ordinary	60%	Facility management services
Oakpark Security Systems Limited	England	Ordinary	100%	Security Services
Vertas Environmental Ltd	England	Ordinary	51%	Remediation activities and waste management services
Churchill Catering Limited	England	Ordinary	100%	Event catering
Diamond View Cleaning Solutions Limited	England	Ordinary	85%	Cleaning services
Vertas Ipswich Limited	England	Ordinary	100%	Combined facilities management and support services
Vertas Derbyshire Limited	England	Ordinary	51%	Facilities management services
Vertas Derbyshire Traded Limited	England	Ordinary	100%	Facilities management services

15. Intangibles

	Customer Relationships £'000	Total £'000
Cost		
At 31 March 2020	889	889
Impairment	-	-
At 31 March 2021	**889**	**889**
Amortisation		
At 31 March 2020	87	87
Charge for year	44	44
At 31 March 2021	**131**	**131**
Net book value		
At 31 March 2021	**758**	**758**
At 31 March 2020	802	802

16. Inventory

	2021 £'000	2020 £'000
Raw materials	84	103
Work in progress	3	7
Finished goods	475	593
	562	**703**

There was no impairment loss recognised within cost of sales an expense in the current year (2020: £nil).

Inventory recognised in cost of sales during the year as an expense was £7,220k (2020: £15,955k)

17. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	6,070	5,681
Prepayments and accrued income	3,056	4,353
Other debtors	305	130
	9,431	**10,164**

The carrying value of trade and other receivables approximates to fair value.

At 31 March 2021 trade receivables of £2,581k (2020: £1,007k) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2021 £'000	2020 £'000
1 to 6 months	2,421	281
6 to 12 months	160	726
	2,581	**1,007**

At 31 March 2021, the group had a £76k (2020: £65k) provision for impairment of trade and other receivables.

18. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	1,617	2,740
Accruals and deferred income	8,149	7,421
Other creditors	1,045	852
	10,810	**11,013**

The carrying value of trade and other payables approximates to fair value.

19. Loans and borrowings

	2021 £'000	2020 £'000
Current Liability		
Unsecured loan from parent	**1,130**	**1,930**
Loan from Bank	**763**	**1,452**

The first loan above is from the group's ultimate parent undertaking, Suffolk County Council. Interest is payable at 3.26% per annum with repayments of £100k per month. At 31 March 2021 the balance is repayable in full by 1 April 2022 and is shown as a short-term debtor in the financial statements of Suffolk County Council for the year ended 31 March 2021. The carrying value of loans and borrowings are considered to materially approximate fair value. The bank loan is unsecured and repayable in full by 1 April 2022.

20. Financial assets and liabilities

	2021 £'000	2020 £'000
Financial assets		
Financial assets measured at amortised cost	**15,625**	19,498
Financial liabilities		
Financial liabilities measured at amortised cost	**13,549**	21,991

Financial assets measured at amortised cost comprise trade & other receivables, amounts owed by group undertakings, loans receivable and cash & cash equivalents.

Financial liabilities measured at amortised cost comprise trade payables, other payables and amounts owed to group undertakings and finance leases.

Financial risk exposure and capital management

The Group's operations expose it to degrees of financial risk that include liquidity risk and credit risk. This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them.

Capital management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide long-term returns to shareholders.

The Group defines and monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Statement of Financial Position.

	2021 £'000	**2020 £'000**
Equity	2,872	2,512
Cash and cash equivalents	6,520	8,360
	(3,648)	(5,848)

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares. The Group is not subject to any externally imposed capital requirements. The Directors believe that they have been able to meet their objectives in managing the capital of the group.

Credit risk

The Group's credit risk is primarily attributable to its cash balances and trade receivables. The Group does not have a significant concentration of credit risk, with exposure spread over a number of third parties.

The credit risk on liquid funds is limited because the third party is a large bank with a credit rating of at least A.

The Group's total credit risk relates to financial assets. At the 2021 year end, this amounts to £6,928k (2020: £6,696k).

Interest rate risk

The Group's only exposure to interest rate risk if the interest charged on loans and borrowings. At the 2021 year end, this amounts to £115k (2020: £224k).

Liquidity risk

In managing liquidity risk, the main objective of the Group is to ensure that it has the ability to pay all of its liabilities as they fall due. The table below shows the undiscounted cash flows on the Group's financial liabilities, excluding tax balances as at 31 March 2021 and 2020, on the basis of their earliest possible contractual maturity.

	Total £'000	Within 2 months £'000	Greater than 2 months £'000
At 31 March 2021			
Trade and other payables	11,656	9,041	2,615
Loans and borrowings	1,893	314	1,579
	13,549	9,429	1,579

	Total £'000	Within 2 months £'000	Greater than 2 months £'000
At 31 March 2020			
Trade and other payables	18,609	16,196	2,413
Loans and borrowings	3,382	114	3,268
	21,991	16,340	5,681

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020: 19%).

	2021 £'000	2020 £'000
At 1 April 2020	74	34
Tax expense recognised in the profit and loss	(292)	40
Net deferred tax liability/(asset) at 31 March 2021	(218)	74

Details of the deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	244	82
Short term timing difference	(58)	(32)
Losses and other deductions	(404)	(168)
Other	-	192
	(218)	74

22. Finance Leases

An analysis of the ageing of the finance lease liability is as follows:

	2021 £'000	2020 £'000
Due in less than one year	10	27
Due in more than one year but within five years	-	9
	10	**36**
Less: finance charges	(1)	(3)
Present value of minimum lease payments	**9**	**33**
Current liability	9	24
Non-current liability	-	9
	9	**33**

23. Reserves

Retained earnings

All gains and losses and transactions with owners (e.g. dividends).

24. Share capital

	2021 £'000	2020 £'000
Authorised, issued and fully paid:		
1,000 Ordinary shares of £1 each	**1**	**1**

25. Net cash flows from operating activities

	Note	2021 £'000	2020 £'000
Profit for the year		365	663
Depreciation of property, plant and equipment	12	343	405
Impairment losses		17	233
Amortisation of right of use asset	13	1,095	721
Amortisation of intangibles	15	44	44
Impairment of intangibles	15	-	-
Impairments of goodwill	14	175	-
Profit/loss on disposal of plant and equipment		(2)	6
Finance Income	8	-	(5)
Finance expense	9	177	283
Taxation		(217)	3
		1,997	2,353
(Increase)/decrease in inventories	16	141	41
Decrease/(increase) in trade and other receivables		903	1,614
Increase/(decrease) in trade and other payables		(911)	2,542
		2,130	**6,550**
Tax paid		148	(280)
Net cash flows from operating activities		**2,278**	**6,270**

28. Related party transactions

The group is a wholly owned subsidiary of Suffolk Group Holdings Limited. The ultimate controlling party is Suffolk County Council.

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

During the year the group made sales of £15,575k (2020: £26,618k) to its ultimate parent undertaking. At the year-end the group was due £764k (2020: £941k) from Suffolk County Council.

During the year the group made purchases of £2,033k (2020: £3,446k) to its ultimate parent undertaking. At the year-end the group owed £480k (2020: £1,739k) to Suffolk County Council.

During the year the group was charged interest of £99k (2020: £192k) against loan provided by Suffolk County Council. £1,130k (2020: £1,930k) was outstanding to Suffolk County Council at the year-end.

During the year the group made sales of £1k (2020: £18k) to Concertus Design and Property Consultants Limited, a fellow subsidiary of Suffolk County Council. £1k (2020: £6k) was outstanding at the year-end.

During the year the group made purchases of £24k (2020: £47k) from Concertus Design and Property Consultants Limited, a fellow subsidiary of Suffolk Group Holdings Limited. £Ni (2020: £3k) was outstanding at the year-end.

During the year the group made sales of £13k (2020: £Nil) to Concertus Derbyshire Limited, a fellow subsidiary of Concertus Design and Property Consultants Limited. £Nil (2020: £Nil) was outstanding at the year-end.

During the year the group made sales of £51k (2020: £48k) to Opus People Solutions Limited, a fellow subsidiary of Suffolk Group Holdings Limited. £17k (2020: £2k) was outstanding at the year-end.

During the year the group made purchases of £28k (2020: £46k) from Opus People Solutions Limited, a fellow subsidiary of Suffolk Group Holdings Limited. £Nil (2020: £13k) was outstanding at the year-end.

During the year the group made sales of £6,271k (2020: £Nil) to Derbyshire County Council, its joint venture undertaking in Vertas Derbyshire Limited. At the year-end the group was due £1k (2020: £Nil) from Derbyshire County Council.

During the year the group made purchases of £171k (2020: £Nil) to Derbyshire County Council, its joint venture undertaking in Vertas Derbyshire Limited. At the year-end the group owed £66k (2020: £Nil) to Derbyshire County Council.

During the year the group made purchases of £104k (2020: £57k) from Creldan Limited, a company related to D.S Johnson, a director of the group.

During the year the group made sales of £147k (2020: £184k) to Verse Facilities Management Limited, a subsidiary of the group. £21k (2020: £180k) was outstanding at the year-end.

During the year the group made purchases of £30k (2020: £686k) from Verse Facilities Management Limited, a subsidiary of the group. £5k (2020: £Nil) was outstanding at the year-end.

At the year-end £88k (2020: £180k) was owed from the group to Verse Facilities Management Limited.

During the year the group made sales of £100k (2020: £70k) to Diamond View Cleaning Solutions Limited, a subsidiary of the group. £1k (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £569k (2020: £287k) from Diamond View Cleaning Solutions Limited, a subsidiary of the group. £23k (2020: £79k) was outstanding at the year-end.

VERTAS GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

At the year-end £27k (2020: -£79k) was owed from the group to Diamond View Cleaning Solutions Limited, a subsidiary of the group.

During the year the group made sales of £60k (2020: £62k) to Vertas Environmental Limited, a subsidiary of the group. £13k (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £418k (2020: £686k) from Vertas Environmental Limited, a subsidiary of the group. £14k (2020: £212k) was outstanding at the year-end.

At the year-end £372k (2020: £212k) was owed to the group from Vertas Environmental Limited, a subsidiary of the group.

During the year the group made sales of £49k (2020: £169k) to I E M Caterquip Limited, a subsidiary of the group. £Nil (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £265k (2020: £376k) from I E M Caterquip Limited, a subsidiary of the group. £Nil (2020: £Nil) was outstanding at the year-end.

At the year-end £Nil (2020: £734k) was owed from the group to I E M Caterquip Limited.

During the year the group made sales of £13k (2020: £96k) to Snackpax Distribution Limited, a subsidiary of the group. £Nil (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £4k (2020: £462k) from Snackpax Distribution Limited, a subsidiary of the group. £Nil (2020: £Nil) was outstanding at the year-end.

At the year-end £Nil (2020: £14k) was owed to the group by Snackpax Distribution Limited.

During the year the group made sales of £12,984k (2020: £7,608k) to Vertas Ipswich Limited, a subsidiary of the group. £720k (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £444k (2020: £783k) from Vertas Ipswich Limited, a subsidiary of the group. £Nil (2020: £Nil) was outstanding at the year-end.

At the year-end £2,308k (2020: £687k) was owed from the group to Vertas Ipswich Limited, a subsidiary of the group.

During the year the group made sales of £359k (2020: £381k) to Oakpark Security Systems Limited, a subsidiary of the group. £81k (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £944k (2020: £985k) from Oakpark Security Systems Limited, a subsidiary of the group. £21k (2020: £Nil) was outstanding at the year-end.

At the year-end £53k (2020: £162k) was owed to the group from Oakpark Security Systems Limited, a subsidiary of the group.

During the year the group made sales of £260k (2020: £225k) to Churchill Catering Limited, a subsidiary of the group. £65k (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £8k (2020: £33k) from Churchill Catering Limited, a subsidiary of the group. £2k (2020: £Nil) was outstanding at the year-end.

At the year-end £2,015k (2020: £884k) was owed to the group from Churchill Catering Limited, a subsidiary of the group.

During the year the group made sales of £1,929k (2020: £99k) to Vertas Derbyshire Traded Limited, a subsidiary of the group. £313k (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £1,321k (2020: £Nil) from Vertas Derbyshire Traded Limited, a subsidiary of the group. £Nil (2020: £Nil) was outstanding at the year-end.

At the year-end £313k (2020: £107k) was owed to the group from Vertas Derbyshire Traded Limited, a subsidiary of the group.

During the year the group made sales of £1,310k (2020: £Nil) to Vertas Derbyshire Limited, a subsidiary of the group. £Nil (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £1,324k (2020: £Nil) from Vertas Derbyshire Limited, a subsidiary of the group. £Nil (2020: £Nil) was outstanding at the year-end.

During the year the group made sales of £1,755k (2020: £2,234k) to Vertas Group Limited, a subsidiary of the group. £54k (2020: £Nil) was outstanding at the year-end.

During the year the group made purchases of £13,640k (2020: £7,514k) from Vertas Group Limited, a subsidiary of the group. £1,201k (2020: £Nil) was outstanding at the year-end.

At the year-end £327k (2020: £142k) was owed from the group to Vertas Group Limited.

29. Remuneration of key management personnel

	2021 £'000	2020 £'000
Remuneration	595	845

VERTAS GROUP LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 MARCH 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	3	507	576
Investments	5	3,636	3,979
Right of use asset	4	1,079	874
Deferred tax asset	11	162	26
		5,384	5,455
Current assets			
Inventory	6	353	344
Trade and other receivables	7	5,792	6,425
Amounts owed by related party	7	34	29
Amounts owed by group	7	2,008	3,637
Current loans receivable		22	25
Current tax asset		40	138
Cash and cash equivalents		1,807	1,510
		10,056	12,108
Total assets		**15,440**	**17,563**
Current liabilities			
Trade payables	8	1,133	1,586
Amounts owed to related party	8	1,400	2,885
Amounts owed to group	8	2,222	1,351
Loan from related party	10	1,130	-
Loan from bank	10	764	-
Social security		2,425	1,244
Other payables	8	4,059	3,472
Obligations under finance leases	9	-	12
Operating lease liability	4	289	124
Employee Benefits		1,119	1,168
Dividends		-	1,150
		14,541	**12,992**
Non-current liabilities			
Operating lease liability	4	798	755
Deferred tax		-	15
Provision for long term incentive plan		-	-
Loan from related party	10	-	1,930
Loan from bank	10		1,452
		798	**4,152**
Total liabilities		**15,339**	**17,144**
Net liabilities/ assets		**101**	**419**
Equity			
Share capital	13	1	1
Retained earnings		100	418
Total equity		**101**	**419**

Registered number: 07728211

The financial statements were authorised and approved for issue by the board of directors on 7th July 2021and were signed on its behalf by:

I Surtees
Chief Executive Officer

VERTAS GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2021

All figures in £'000

	Note	Share capital	Retained Earnings	Total
Balance as at 1 April 2019		**1**	**15**	**16**
Total comprehensive income for the year			1,553	1,553
Transactions with owners				
Dividend payable			(1,150)	(1,150)
Balance as at 31 March 2020		**1**	**418**	**419**
Total comprehensive income for the year			(318)	(318)
Transactions with owners				
Dividend			-	-
Balance as at 31 March 2021		**1**	**100**	**101**

The accompanying accounting policies and notes are an integral part of these financial statements.

VERTAS GROUP LIMITED
COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Net cash flows from operating activities	15	2,654	(1,648)
Net cash flows from operating activities		**2,654**	**(1,648)**
Cash flows from investing activities			
Purchases of property, plant and equipment	3	(147)	(266)
Proceeds from sale of equipment		12	11
Dividends received		796	1,100
Interest received		-	5
Net cash used in investing activities		**661**	**850**
Financing activities			
Interest paid		(115)	(224)
Repayment of loan to related party and bank		(1,489)	(624)
Loans acquired on hive up		-	1,000
Cash acquired on hive up		73	-
Repayments of finance leases		(12)	(53)
Operating lease liabilities payments	4	(325)	(151)
Loan received		-	2,075
Dividend paid		(1,150)	(1,100)
Net cash used in financing activities		**(3,018)**	**923**
Net increase / (decrease) in cash and cash equivalents		**(297)**	**125**
Cash and cash equivalents brought forward		1,510	1,385
Cash and cash equivalents carried forward		1,807	1,510
Net decrease in cash and cash equivalents		**(297)**	**125**

The accompanying accounting policies and notes are an integral part of these financial statements.

VERTAS GROUP LIMITED
COMPANY NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

Accounting policies

1.1 General information

Vertas Group Limited (the company) is a private limited company incorporated in the United Kingdom.

These financial statements are presented in British Pounds Sterling (GBP) because that is the currency of the primary economic environment in which the company operates.

1.2 Basis of preparation

UK company law allows the directors to elect to prepare the financial statements of the company in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Accordingly, the directors have elected to prepare these financial statements in accordance with international accounting standards such that the financial statements are prepared on a consistent basis with the company's ultimate parent undertaking, Suffolk County Council.

The following principal accounting policies have been applied consistently in the preparation of these financial statements.

1.3 Property, plant and equipment

Property, plant and equipment are stated at original historical cost net of depreciation and any provision for impairment.

Depreciation is charged to write off the cost of assets over their useful economic lives, using the straight-line method, on the following bases:

Computer equipment and software	10% p.a.
Office Equipment	20% p.a.
Motor vehicles	20% p.a.
Fixtures and fittings	4 to 20% p.a.
Land and buildings	Lease term

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

1.4 Impairment of property, plant and equipment

At each balance sheet date, the company reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

1.5 Investments in subsidiaries

Investments in subsidiaries are included at cost less provision for impairment.

1.6 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 April 2019. On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to *dismantle, remove or restore the leased asset*

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

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

1.8 Taxation

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

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

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

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

1.9 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

1.10 Cash and cash equivalents

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

2. Profit for the financial year

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The loss for the company for the year was £318k (2020: profit £1,553k).

3. Property, plant and equipment

	Land & Buildings £'000	Vehicles & Equipment £'000	Plant & Machinery £'000	Total £'000
Cost				
At 1 April 2019	114	1,843	238	2,195
Additions	-	137	131	267
Disposal	-	-	(216)	(216)
At 31 March 2020	**114**	**1,980**	**153**	**2,247**
At 1 April 2020	114	1,980	153	2,247
Additions	-	147	-	147
Acquired	-	5	-	5
Impaired	-	(5)	-	(5)
Disposal	-	(14)	-	(14)
At 31 March 2021	**114**	**2,113**	**153**	**2,380**
Depreciation				
At 1 April 2019	114	1,261	238	1,613
Charge for the year	-	143	131	274
Disposal	-	-	(216)	(216)
At 31 March 2020	**114**	**1,404**	**153**	**1,671**
At 1 April 2020	114	1,404	153	1,671
Charge for the year	-	215	-	215
Disposal	-	(13)	-	(13)
At 31 March 2021	**114**	**1,606**	**153**	**1,873**
Net book value				
At 31 March 2021	-	**507**	-	**507**
At 31 March 2020	-	576	-	576

The net book value of assets held under hire purchase and finance leases amounts to £42k (2020: £100k). Depreciation charged during the period on such assets was £58k (2020: £58k).

4. Right-of-Use asset

Asset

	Land & buildings	Plant, machinery & motor vehicles	Total
At 1 April 2019	-	-	-
Additions	975	24	999
Amortisation	(118)	(8)	(126)
At 31 March 2020	857	16	**874**
At 1 April 2020	857	16	874
Additions	-	500	500
Amortisation	(118)	(176)	(294)
At 31 March 2021	739	341	**1,080**

Lease liabilities

	Land & buildings	Plant, machinery & motor vehicles	Total
At 1 April 2019	-	-	-
Additions	975	24	999
Interest expense	31	-	31
Lease payments	(142)	(9)	(151)
At 31 March 2020	**864**	**15**	**879**
At 1 April 2020	864	15	879
Additions	-	500	500
Interest expense	27	6	33
Lease payments	(142)	(183)	(325)
At 31 March 2021	**749**	**338**	**1,087**

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

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

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Right-of-Use asset continued

At 31 March 2021	Up to 3 Months	Between 3 and 12 Months	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years	Total
Lease liabilities	71	218	234	44	117	1,087

5. Investments

	2021	2020
Investments in subsidiary companies:	**£'000**	**£'000**
Brought forward	**3,979**	**3,979**
Impairment	(343)	-
Total investments	**3,636**	**3,979**

Vertas Group Limited has provided parental company guarantee to certain of its subsidiaries. As a result of this the following companies have taken advantage of the audit exemption under Section 479A of the Companies Act 2006: I E M Caterquip Limited (company number 02222842), Verse Facilities Management Limited (company number 09720915), Diamond View Cleaning Solutions Limited (company number 10599310), Oakpark Security Systems Limited (company number 03076175), Vertas Environmental Ltd (company number 07058155), Churchill Catering Limited (company number 03233257 and Vertas Derbyshire Traded (company number 12490008).

6. Inventory

	2021 £'000	2020 £'000
Raw materials	72	74
Work in progress	3	7
Finished goods	278	263
	353	**344**

VERTAS GROUP LIMITED
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7. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	3,531	4,160
Amounts owed by related parties	34	29
Amounts owed by group	2,008	3,637
Prepayments and accrued income	2,103	2,265
Other debtors	158	-
	7,834	**10,091**

The carrying value of trade and other receivables approximates fair value.

At 31 March 2021 trade receivables of £753k (2020: £391k) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	2021 £'000	2020 £'000
1 to 6 months	660	11
6 to 12 months	93	380
	753	**391**

8. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	1,133	1,586
Amounts owed to related parties	1,400	2,885
Amounts owed to group	2,222	1,351
Accruals, deferred income and other liabilities	4,058	3,472
	8,813	**9,294**

The carrying value of trade and other payables approximates fair value.

VERTAS GROUP LIMITED
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9. Finance Leases

An analysis of the ageing of the finance lease liability is as follows:

	2021 £'000	2020 £'000
Due in less than one year	-	12
Due in more than one year but within five years	-	-
Due in more than five years	-	-
	-	**12**
Less: finance charges	-	-
Present value of minimum lease payments	**-**	**12**
Current liability	-	12
Non-current liability	-	-
	-	**12**

9. Loans and borrowings

	2021 £'000	2020 £'000
Non-current Liability		
Unsecured loan from ultimate parent	1,130	1,930
Loan from Bank	764	1,452
	1,894	**3,382**

The first loan above is from the group's ultimate parent undertaking, Suffolk County Council. Interest is payable at 3.26% per annum with repayments of £100k per month. At 31 March 2021 the balance is repayable in full by 1 April 2022 and is shown as a short-term debtor in the financial statements of Suffolk County Council for the year ended 31 March 2021. The carrying value of loans and borrowings are considered to materially approximate fair value. The bank loan is unsecured and repayable in full by 1 April 2022.

VERTAS GROUP LIMITED
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10. Financial instruments

	2021 £'000	2020 £'000
Financial assets		
Financial assets measured at amortised cost	8,991	9,423
Financial liabilities		
Financial liabilities measured at amortised cost	11,490	14,047

Financial assets measured at amortised cost comprise trade & other receivables, amounts owed by group undertakings, loans receivable and cash & cash equivalents.

Financial liabilities measured at amortised cost comprise trade, other payables, finance leases, loans and amounts owed to group undertakings.

11. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 19%).

	2021 £'000	2020 £'000
At 1 April 2020	(26)	(75)
Recognised in profit and loss	(136)	54
Tax credit	-	(5)
At 31 March 2021	**(162)**	**(26)**

Details of the deferred tax asset are as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	22	15
Short term timing difference	(31)	(27)
Losses and other deductions	(153)	(14)
	(162)	**(26)**

12. Share capital

	2021 £'000	2020 £'000
Authorised, issued and fully paid:		
1,000 Ordinary shares of £1 each	**1**	**1**

Retained Earnings

All gains and losses and transactions with owners (e.g. dividends)

13. Net cash flows from operating activities

	Note	2021 £'000	2020 £'000
Profit for the year		(318)	2,274
Depreciation of property, plant and equipment	3	215	272
Amortisation of right of use asset	4	294	126
Dividend receivable		(796)	(1,871)
Loss on investment		343	-
Profit on disposal of plant and equipment		(7)	(10)
Finance income		-	(5)
Finance expense		148	224
Taxation credit		(177)	10
		(298)	**1,020**
(Increase) / decrease in inventories		7	46
Decrease / (increase) in trade and other receivables		2,331	487
Increase in trade and other payables		476	(3,112)
		2,516	**(1,559)**
Tax paid		138	(89)
Net cash flows from operating activities		**2,654**	**(1,648)**

14. Related party transactions

The company is a wholly owned subsidiary of Suffolk Group Holdings Limited. The ultimate controlling party is Suffolk County Council.

During the year the company entered into the following transactions with related parties.

During the year the company made sales of £Nil (2020: £7,981k) to its ultimate parent undertaking. At the year-end the company was due £15k (2020: £18k) from Suffolk County Council.

During the year the company made purchases of £1,829k (2020: £3,203k) to its ultimate parent undertaking. At the year-end the company owed £1,400k (2020: £1,542k) to Suffolk County Council.

During the year the company was charged interest of £99k (2020: £193k) against loan provided by Suffolk County Council. £1,130k (2020: £1,930k) was outstanding to Suffolk County Council at the year-end.

During the year the company made sales of £1k (2020: £18k) to Concertus Design and Property Consultants Limited, a fellow subsidiary of Suffolk Group Holdings Limited. £1k (2020: £6k) was outstanding at the year-end.

During the year the company made purchases of £24k (2020: £47k) from Concertus Design and Property Consultants Limited, a fellow subsidiary of Suffolk Group Holdings Limited. £Nil (2020: £4k) was outstanding at the year-end.

During the year the company made sales of £1k (2020: £Nil) to Concertus Derbyshire Limited, a fellow subsidiary of Suffolk Group Holdings Limited. £Nil (2020: £Nil) was outstanding at the year-end.

During the year the company made sales of £51k (2020: £48k) to Opus People Solutions Limited, a fellow subsidiary of Suffolk Group Holdings Limited. £17k (2020: £4k) was outstanding at the year-end.

During the year the company made purchases of £28k (2020: £46k) from Opus People Solutions Limited, a fellow subsidiary of Suffolk Group Holdings Limited. £Nil (2020: £13k) was outstanding at the year-end.

During the year the company made purchases of £104k (2020: £57k) from Creldan Limited, a company related to D.S Johnson, a director of the group. £Nil (2020: £7k) was outstanding at the year-end.

During the year the company made sales of £12,186k (2020: £6,342k) to Vertas (Ipswich) Limited, a subsidiary of the company. £710k (2020: £Nil) was outstanding at the year-end.

During the year the company made purchases of £443k (2020: £772k) from Vertas (Ipswich) Limited, a subsidiary of the company. £32k (2020: £Nil) was outstanding at the year-end.

At the year-end, £1,575k (2020: £Nil) was owed to Vertas (Ipswich) Limited by the company and £1,575k (2020: £2,127k) was owed by Vertas (Ipswich) Limited to the company.

During the year the company made sales of £79k (2020: £119k) to Verse Facilities Management Limited, a subsidiary of the company. £24k (2020: £ Nil) was outstanding at the year-end.

During the year the company made purchases of £19k (2020: £2k) from Verse Facilities Management Limited, a subsidiary of the company. £7k (2020: £Nil) was outstanding at the year-end.

At the year-end, £87k (2020: -£180k) was owed to Verse Facilities Management Limited by the company and £87k (2020 -£180k) was owed by Verse Facilities Management Limited to the company.

During the year the company made sales of £49k (2020: £168k) to IEM Caterquip Limited, a subsidiary of the company. £Nil (2020: £Nil) was outstanding at the year-end.

During the year the company made purchases of £153k (2020: £288k) from IEM Caterquip Limited, a subsidiary of the company. £Nil (20120: £ Nil) was outstanding at the year-end.

At the year-end £Nil (2020: £734k) was owed to IEM Caterquip Limited by the company and £Nil (2020: £734k) was owed from IEM Caterquip Limited to the company.

During the year the company made sales of £12k (2020: £95k) to Snackpax Distribution Limited, a subsidiary of the company. £Nil (2020: £Nil) was outstanding at the year-end.

Related party transactions (continued)

During the year the company made purchases of £1k (2020: £433k) from Snackpax Distribution Limited, a subsidiary of the company. £Nil (2020: £Nil) was outstanding at the year-end.

At the year-end £Nil (2020: £14k) was owed to Snackpax Distribution Limited by the company and £Nil (2020: £14k) was owed by Snackpax Distribution Limited to the company.

During the year the company made sales of £94k (2020: £76k) to Diamond View Cleaning Solutions Limited, a subsidiary of the company. £17k (2020: £Nil) was outstanding at the year-end.

During the year the company made purchases of £431k (2020: £124k) from Diamond View Cleaning Solutions Limited, a subsidiary of the company. £29k (2020: £Nil) was outstanding at the year-end

At the year-end £18k (2020: £78k) was owed to Diamond View Cleaning Solutions Limited by the company and £18k (2020 £78k) was owed from Diamond View Cleaning Solutions to the company.

During the year the company made sales of £359k (2020: £381k) to Oakpark Security Systems Limited, a subsidiary of the company. £119k (2020: £Nil) was outstanding at the year-end.

During the year the company made purchases of £403k (2020: £548k) from Oakpark Security Systems Limited. £38k (2020: £Nil) was outstanding at the year-end.

At the year-end £74k (2020: £162k) was owed from Oakpark Security Systems Limited to the company and £74k (2020: £162k) was owed to Oakpark Security Systems Limited from the company.

During the year the company made sales of £59k (2020: £62k) to Vertas Environmental Limited, a subsidiary of the company. £19k (2020: £Nil) was outstanding at the year-end.

During the year the company made purchases of £297k (2020: £547k) from Vertas Environmental Limited. £6k (2020: £Nil) was outstanding at the year-end.

At the year-end £266k (2020: -£212k) was owed from Vertas Environmental Limited to the company and £266k (2020: -£212k) was owed to Vertas Environmental Limited by the company.

During the year the company made sales of £208k (2020: £165k) to Churchill Catering Limited, a subsidiary of the company. £59k (2020: £Nil) was outstanding at the year-end.

During the year the company made purchases of £5k (2020: £33k) from Churchill Catering Limited. £Nil (2020: £Nil) was outstanding at the year-end.

At the year-end £1,357k (2020: £885k) was owed from Churchill Catering Limited to the company and £1,357k (2020: £885k) was owed to Churchill Catering Limited by the company.

During the year the company made sales of £601k (2020: £Nil) to Vertas Derbyshire Traded Limited, a subsidiary of the company. £311k (2020: £Nil) was outstanding at the year-end.

During the year the company made purchases of £11k (2020: £Nil) from Vertas Derbyshire Traded Limited. £Nil (2020: £Nil) was outstanding at the year-end.

Related party transactions (continued)

At the year-end £345k (2020: £107k) was owed from Vertas Derbyshire Limited to the company and £311k (2020: £107k) was owed to Vertas Derbyshire Limited from the company.

At the year-end £1k (2020: £Nil) was owed to Vertas Derbyshire Limited by the company.

The company acquired the trade, assets and liabilities of a group undertaking, IEM Caterquip Limited on 1 February 2021. All assets and liabilities were transferred at their carrying amounts and intercompany balances were waived as part of the transfer.

Tangible assets	5
Trade debtors	49
Other debtors	16
Inventory	16
Prepayments and accrued income	42
Cash at bank	73
Other creditors	(4)
Accruals and deferred income	(197)
Net assets	-

The transaction resulted in net decrease to profit for the group of £31k of the company.