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**ROSSENDALES LIMITED**

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**UNAUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2022**

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**ROSSENDALES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	R Anderson (resigned 31 May 2022) M S Watson (resigned 6 April 2022) M J Corcoran (appointed 6 April 2022) S J Callaghan (appointed 31 May 2022)
<b>Company secretary</b>	Squire Patton Boggs Secretarial Services Limited
<b>Registered number</b>	01501584
<b>Registered office</b>	Rutland House 8th Floor 148 Edmund Street Birmingham B3 2JR
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP  Travers Smith LLP 10 Snow Hill London EC1A 2AL

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**ROSSENDALES LIMITED**

**BALANCE SHEET  
AS AT 31 MAY 2022**

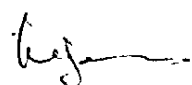
	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	6	2	27
Tangible assets	7	31	70
		<u>33</u>	<u>97</u>
<b>Current assets</b>			
Debtors	8	39,791	39,997
Bank and cash balances		96	46
		<u>39,887</u>	<u>40,043</u>
Creditors: amounts falling due within one year	9	(41,389)	(41,767)
<b>Net current liabilities</b>		<u>(1,502)</u>	<u>(1,724)</u>
<b>Total assets less current liabilities</b>		<u>(1,469)</u>	<u>(1,627)</u>
<b>Net liabilities</b>		<u><u>(1,469)</u></u>	<u><u>(1,627)</u></u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Capital redemption reserve	10	167	167
Profit and loss account	10	(1,637)	(1,795)
		<u>(1,469)</u>	<u>(1,627)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



26 July 2023

**M J Corcoran**  
Director

The notes on pages 2 to 11 form part of these financial statements.

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## ROSSENDALES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 1. General information

Rossendales Limited ("the Company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:  
Rutland House, 8th Floor  
148 Edmund Street  
Birmingham  
B3 2JR

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of the Company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the company operates.

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Free Flow Topco Limited as at 31 May 2022 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

The following principal accounting policies have been applied:

##### 2.3 Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has assessed the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. The Company's financial projections and cash flow forecasts form part of a Group assessment and given that the Group manages its treasury on a Group basis and the Company has received a letter confirming on going financial support, the going concern assessment has also been prepared on a Group basis.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

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## ROSSENDALES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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## 2. Accounting policies (continued)

### 2.3 Going concern (continued)

The Directors have produced a set of base level forecast financial projections which cover the period through to August 2024 incorporating a range of assumptions applicable to the individual operating business units. The ability to accurately forecast future business performance varies across business units. Forecasting for some of the larger business units are straight forward to project as revenues are contract based with any impact from contractual changes usually known at least up to 12 months in advance. Other business service lines, principally Enforcement, Commercial Debt and Traffic Technology, are variable based on caseload volumes. These latter services suffered the biggest impact of the Covid-19 restrictions, and the forecasts assume that the period to August 2024 will see a return to volumes in these business service lines close to pre-pandemic levels. The forecasts also assume a level of increased operating costs; however, the current economic environment makes forecasting precise future costs uncertain.

Trading since the reporting date continues to show significant increases in volumes and revenues. However, the Group is operating in an uncertain economic environment with cost-of-living pressures impacting the Group's operating costs and EBITDA performance. Management's momentum for the year ahead includes well established action to deliver cost savings to counter these impacts.

The base level forecasts that the Board have reviewed and approved indicate that the Group will remain in compliance with covenants in the assessment period to August 2024.

After the reporting date, the Group received an injection of funding from investors in the form of loan notes amounting to £10m on 2 February 2023. These are repayable on maturity (being 22 March 2030). Accrued interest is repayable on the same date.

The Group also successfully amended its total net debt cover and liquidity covenant requirements with lenders through to 31 May 2024. The amendment was required due to the covenant levels being set in a pre-pandemic environment on a reducing scale, which did not factor in the disruption caused by the pandemic. The business recovery has been positive post pandemic, however by amending covenant levels, along with the cash injection from investors, the Group has created additional headroom which provides a platform for growth. There has been no breach of any covenants in either the year ending 31 May 2022 or up to the date of approval of these financial statements.

The Board have prepared a plausible downside forecast covering the same time forecast period, being at least twelve months from the date of approval of these financial statements and have sensitised a reduction in the projected EBITDA by 10% in that period. Applying this sensitivity across all business service lines, without any mitigation, could result in a potential breach of covenants in the going concern period. However, if this should happen, the downside forecast scenario indicates that the Group's available liquidity would reduce but it would still have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

The Group have established cost reduction initiatives since the reporting date. These initiatives are well advanced and include cost reduction across all areas of operational spend. The impact of the cost reduction initiatives included in the forecast, result in covenant conditions being met throughout the forecast period, even under a 10% sensitivity downside scenario.

The Directors recognise that at the date of approval of these financial statements, there is a risk that *future forecast growth rates and forecast cost savings may not be achieved in line with the forecast*. Base level forecasts assume that volumes and revenues return to pre-pandemic levels and that the Group can effectively implement cost savings and manage future operating costs with inflation built

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## ROSSENDALES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

##### 2.3 Going concern (continued)

into these assumptions. The degree of growth and the degree of cost inflation indicate the existence of a material uncertainty related to events or conditions which may be outside the Board's control.

Such events and conditions may cast doubt over the Group's ability to remain in compliance with all lending covenant requirements and liquidity. This may cast significant doubt on the Group and parent company ability to continue as a going concern, therefore, that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

After review of both its base case forecasts and its plausible downside scenario, with mitigations, the Directors have a reasonable expectation that the Group will have sufficient funds to enable it to operate within its available facilities, settle its liabilities as they fall due for at least the next twelve months, and satisfy any upcoming covenant conditions in the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

##### 2.4 Revenue

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

###### **Sale of goods**

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

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

###### **Rendering of services**

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

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

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## ROSSENDALES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

##### 2.5 Operating lease

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

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

##### 2.6 Interest income

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

##### 2.7 Tax

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

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

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

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

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

##### 2.8 Intangible assets

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

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

Amortisation is provided on the following bases:

Computer software	-	25 % reducing balance per annum
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## ROSSENDALES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

##### 2.9 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Long-term leasehold property	- Straight line over length of lease
Fixtures and fittings	- 12.5% reducing balance per annum
Computer equipment	- 25% reducing balance per annum

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

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

##### 2.10 Debtors

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

##### 2.11 Cash and cash equivalents

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

##### 2.12 Creditors

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

##### 2.13 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid

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## ROSSENDALES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

##### 2.13 Financial instruments (continued)

or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

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

##### 2.14 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### 3. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £NIL).

#### 4. Directors remunerations

Remuneration of the Company's directors for the current and prior years was borne by other group undertakings.

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**ROSSENDALES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**

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**5. Taxation**

	<b>2021 £000</b>	<b>2020 £000</b>
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(5)
Changes to tax rates	-	(12)
<b>Total deferred tax</b>	-	(17)
<b>Tax (credit) on loss on ordinary activities</b>	-	(17)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	<b>2021 £000</b>	<b>2020 £000</b>
Profit on ordinary activities before tax	<b>158</b>	<b>124</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>30</b>	<b>24</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>7</b>	<b>3</b>
Tax rate changes	-	(12)
Group relief	<b>(156)</b>	<b>(194)</b>
Transfer pricing adjustments	<b>119</b>	<b>162</b>
<b>Total tax (credit) for the year</b>	-	(17)

**Factors that may affect future tax charges**

It was confirmed that from 1 April 2023, the corporation tax rate will increase from 19% to 25% and deferred taxes at the balance sheet date have been calculated using the rate of 19% up to 2023 and then at 25% thereafter.

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ROSSENDALES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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6. Intangible assets

	Computer software £000
<b>Cost</b>	
At 1 June 2021	230
At 31 May 2022	<u>230</u>
<b>Amortisation</b>	
At 1 June 2021	203
Charge for the year on owned assets	25
At 31 May 2022	<u>228</u>
<b>Net book value</b>	
At 31 May 2022	<u><u>2</u></u>
At 31 May 2021	<u><u>27</u></u>

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**ROSSENDALES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**

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**7. Tangible fixed assets**

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 June 2021	257	146	865	1,268
At 31 May 2022	257	146	865	1,268
<b>Depreciation</b>				
At 1 June 2021	216	134	848	1,198
Charge for the year on owned assets	18	4	17	39
At 31 May 2022	234	138	865	1,237
<b>Net book value</b>				
At 31 May 2022	23	8	-	31
At 31 May 2021	41	12	17	70

**8. Debtors**

	2021 £000	2020 £000
<b>Due after more than one year</b>		
Deferred tax asset	49	49
	49	49
<b>Due within one year</b>		
Trade debtors	47	101
Amounts owed by group undertakings	39,644	39,699
Other debtors	27	1
Prepayments and accrued income	24	147
	39,791	39,997

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

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**ROSSENDALES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**

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**9. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	-	80
Amounts owed to group undertakings	<b>41,112</b>	<b>41,127</b>
Other taxation and social security	<b>64</b>	<b>292</b>
Accruals and deferred income	<b>213</b>	<b>268</b>
	<b>41,389</b>	<b>41,767</b>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

**10. Reserves**

**Capital redemption reserve**

The capital redemption reserve is a non-distributable reserve and represents paid up share capital.

**Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**11. Contingent liabilities**

Free Flow Bidco Limited holds both unitranche and RCF loans to which the Company is a cross guarantor, along with other trading subsidiaries of Free Flow Bidco Limited. The financial guarantee is secured by way of a charge covering all of the entity's assets.

**12. Ultimate controlling party**

Marston (Holdings) Limited is the immediate parent undertaking of Rossendales Limited. Marston (Holdings) Limited has included the Company in its group financial statements, copies of which are available from its registered office - Rutland House, 8th Floor, 148 Edmund Street, Birmingham, B3 2JR.

The smallest group of undertakings for which consolidated financial statements have been drawn up is that headed by Marston (Holdings) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent company and controlling party as at 31 May 2022, Free Flow Topco Limited. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.