

Company Registration No. 06033060

NSL Limited

Report and Financial Statements

31 December 2013



NSL Limited
Report and financial statements 2013

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	13
Directors' responsibilities statement	14
Independent auditor's report	15
Consolidated profit and loss account and consolidated statement of total recognised gains and losses	17
Consolidated balance sheet	18
Company balance sheet	19
Consolidated cash flow statement	20
Notes to the financial statements	21

NSL Limited

Report and financial statements 2013

Officers and professional advisers

Directors

N Coltman (appointed 28 March 2013)
A Cooper
M Gravell
M Raisbeck (appointed 28 March 2013)
H Robinson
M Underwood
G Williams
D Wood (resigned 30 November 2013)

Secretary

S Shah

Registered Office

Fourth Floor
Westgate House
Westgate
London
W5 1YY

Bankers

Lloyds TSB Bank plc
10 Gresham Street
London
EC2V 7AE

Solicitors

Travers Smith LLP
10 Snowhill
London
EC1A 2AL

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

Auditor

Deloitte LLP
Chartered Accountants
London

NSL Limited

Strategic report

Principal activities

The principal activities of the NSL Group (NSL Limited and subsidiaries, “NSL”) during the year were managed under three UK business sectors and an investment in Abu Dhabi, as detailed below. All of these activities are planned to continue in 2014.

a) Local Government This includes

- i parking management and civil parking enforcement contracts,
- ii vehicle immobilisation, removal and storage services,
- iii parking, traffic and crime & disorder CCTV management,
- iv street management services,
- v parking equipment maintenance and cash collection services,
- vi environmental / anti social behaviour enforcement,
- vii call centres,
- viii consultancy, including highways maintenance, traffic management and technology, sustainable transport, road safety projects and design of urban regeneration streetscape projects

b) Central Government This includes

- i notice processing and related back office services,
- ii road user / congestion charge processing,
- iii vehicle excise duty enforcement,
- iv permit processing,
- v debt enforcement and revenue recovery,
- vi document / identity verification,
- vii airport and coaching services

c) Health This includes

- i non-emergency patient and disabled persons transport,
- ii vulnerable adults, high dependency and special needs children transport,

d) Abu Dhabi parking enforcement (via Iris Modern Urban Management investment)

The directors continue to review whether the principal activities should be extended during the forthcoming year.

NSL Limited

Strategic report (continued)

Group vision and goals

In conducting the principal activities outlined above, NSL's vision is

“To be a leading UK service provider, delivering outstanding customer experiences, in the regulated environment of Health, Local and Central Government”

To achieve the above vision, NSL's key goals are

- to diversify the range of services it provides,
- to position the business for continued sustainable growth,
- to develop and share new ideas to do things better,
- to support and grow its people and teams,
- to make NSL a respected, valued and trusted brand,
- to put the customers it serves at the heart of what it does, and
- to grow the core business in the UK

Review of the year and future outlook

Summary

2013 was a year of investment for NSL with seven large new contracts implemented. This new business required cash investment in one off set-up costs, capital assets and working capital and has provided a platform for further new business and future profit growth.

Despite the aforementioned investment, the NSL's balance sheet strengthened and yielded positive net assets for the first time since incorporation in 2007.

Conditions in NSL's markets continued to be challenging with clients continually under pressure from funding cuts. However, NSL's expertise and ability to deliver innovative solutions and savings for existing clients ensured that its underlying business continued to grow in a viable, profitable manner.

During 2013 NSL won fifteen new contracts, retained seven and extended contract terms with twelve clients. The group remained the leading provider of outsourced parking enforcement in the UK and established itself as a market leader in the provision of non-emergency patient transport.

Financial performance and KPIs

Despite the challenges outlined above, NSL delivered an overall increase in turnover of 17%, to £178.7m (2012 £152.4m), and within NSL's UK operations, adjusted EBITDA grew by 10% to £16.3m (2012 £14.8m).

Overall adjusted EBITDA, which includes the Gulf investment, fell marginally to £16.8m (2012 £17.0m), as 2012 included the impact of the profit on sale of shares in the Gulf JV. The full trading results for the year to 31 December 2013 are shown in the consolidated profit and loss account on page 17.

During the year, NSL invested £9.7m (2012 £6.5m) on securing future gains, by outlay of £5.2m (2012 £4.6m) in capital investment to support both existing service delivery and mobilise new contracts, and a further £4.5m (2012 £1.9m) of implementation costs. The company's consolidated cash flow statement on page 20 demonstrates strong trading cash flow in the year. Closing liquid funds of £14.5m (2012 £17.6m) were after £5.4m of bank debt repayment, including £3.0m voluntary prepayment, and the aforementioned contract implementation costs and capital investment. As a result of this strong performance, consolidated net assets increased to £2.5m (2012 deficit £3.1m).

NSL Limited

Strategic report (continued)

Review of the year and future outlook (continued)

The key financial and non financial performance indicators used by the Board to monitor performance are shown below

	2013 £'000	2012 £'000
Financial KPIs		
1 Adjusted EBITDA – continuing activities		
Operating profit	4,468	6,555
Depreciation and amortisation	6,510	5,928
Loss/(profit) on sale of fixed assets	4	(1)
Monitoring fees	60	135
Margin on management recharge from Nirvana Bond Limited	35	39
Contract set-up costs	4,458	1,941
Non-trading exceptionals	789	30
Fair value adjustment	-	170
Adjusted UK EBITDA	16,324	14,797
Gulf investment (2012 Share of joint venture profit)	428	2,209
Adjusted EBITDA	16,752	17,006
2 Adjusted EBITDA as a percentage of ongoing revenue	9.4%	11.2%
3 Capital expenditure (note 9)	5,163	4,666
4 Net cash generated from operating activities (note 23)	9,977	11,426
5 Cash at bank and in hand (excluding client monies held) (note 12)	13,013	16,197
6 Debtor days	48	53
7 Creditor days	9	10
Non Financial KPIs	2013	2012
1 Employee headcount (average)	4,787	4,320
2 Number of long term contracts		
Local Government	65	62
Central Government	38	35
Health	21	14
Total	124	111

NSL Limited

Strategic report (continued)

Review of the year and future outlook (continued)

Local Government

During the year, this sector grew in turnover and profit and finished with sixty-five contracts. Five new contracts were won, five contracts retained and nine extended. An additional new contract was won in January 2014, to provide a new service to Westminster City Council, as detailed below.

The new wins included two of particular strategic importance:

- Hillingdon Council's Environment Enforcement Service, a new service offering that NSL will be looking to expand upon in the future,
- Westminster City Council Business Process & Technology, NSL submitted tenders for both the People & Resourcing, and Business Processing & Technology contracts for Westminster City Council (WCC). The former being an existing contract delivered by NSL and the latter currently being managed by a major competitor. NSL have been awarded both of these prestigious contracts and will now be providing a complete parking service to WCC. This new service will herald a pioneering shift in parking management by combining the best of technology and people, technological innovation alongside assistive street marshals. Managing both People & Resources, which starts in July 2014, and Business Processing & Technology, which starts in November 2014, will usher in parking management that will make it fairer, easier, and safer for all who live, work, and visit Westminster and will continue to strengthen NSL's position as the market leader in this field.

The Local Government Sector was successful in retaining the following key enforcement contracts on re-tender:

- Brighton & Hove Council
- Elmbridge Council
- London Borough of Lewisham
- London Borough of Waltham Forest – CCTV
- Waverley Council

The successful retention of London Borough of Westminster (commencing July 2014 as mentioned further above) as also confirmed in January 2014.

The retention of these existing contracts, against a continued backdrop of keen competition, is a particularly strong testament to the consistent quality of NSL's operations and its ability to continue to deliver best value to its clients.

In addition to the above, satisfaction in the quality of NSL's services resulted in a number of key clients electing to extend existing contracts, these include:

- Birmingham Council
- Bury Council
- City of Edinburgh Council
- London Borough of Lambeth
- London Borough of Sutton
- London Borough of Wandsworth – Clamping & Removals
- Reading Council
- St Albans Council
- Worthing Council

The Consultancy arm of the business ("PCL"), faced a tightening market and increased competition in 2013, but maintained its ability to win business and deliver strong revenues.

NSL Limited

Strategic report (continued)

Review of the year and future outlook (continued)

Central Government

During the year, this sector grew sales and profit and finished the year with thirty-eight contracts. Five new contracts were won, and two contracts retained. The wins included:

- Dartford “free-flow” toll, commencing in October 2014, NSL will be providing business processing (BPO) services on behalf of Sanef Operations Ltd,
- DVLA, the contract came back to market following termination between DVLA and a third party. NSL successfully won the tender to provide vehicle immobilisation, removal, storage, disposal and enforcement notice issuing services and commenced the contract in August 2013,
- Validation Solutions, the pre employment check and right to work validation, grew in the year, adding one of the UK’s largest retailers to its growing list of clients

Additionally, following a significant implementation project, the TfL Taxi Licensing contract went live in February 2013, with the final phase successfully commencing in September. This involves the provision of vehicle inspection and related back-office services to the Public Carriage Office on behalf of TfL.

Central Government successfully retained the Royal Parks contract, providing parking enforcement and BPO services.

Task Enforcement Limited, the Group’s civil enforcement agency, had a successful year with growth in its client base and increased in turnover and operating profit. Task retained all its existing contracts, including a two year extension with TfL, again testament to the high quality service provided. Task was also successful winning new contracts with the London Borough of Lewisham and Buckinghamshire Council.

During the year, Task established a working partnership with Euro Parking, assisting with its business processing. This has strengthened Task’s position in tendering process by representing a working partnership with an international entity. Task also successfully retained its certification to ISO9001:2008.

Health Sector

During the year this sector significantly grew in turnover (34%), and finished the year with twenty-one contracts. Five new contracts were won, and one retained. Additionally, another two contracts went live during the year.

NSL’s Health division, Care Services, again increased its market share in 2013 following the implementation of the following PTS contracts:

- Cornwall
- Devon
- Somerset
- North Staffordshire
- Kent and Medway
- Royal Orthopaedic Hospital, Birmingham

Following the unique opportunity to enter a number of first generation contracts in this market, there was an operational focus on the integration of the three East Midlands contracts, together with the implementation of the six live contracts listed above, the majority of which commenced in the second half of 2013. A further contract, North Essex Mental Health, commences in April 2014.

As in 2012 the quality of the profit generated during the implementation phase was dampened due to inefficiencies inherited at the commencement of the new contracts. Tendering activity reduced during the latter half of the year, as several NHS non-emergency patient transport tenders were postponed whilst increased focus was instead placed on fully integrating the new contracts.

The sector also retained the Birmingham Neonatal contract.

NSL Limited

Strategic report (continued)

Review of the year and future outlook (continued)

Health Sector (continued)

The management structure and support functions were strengthened in line with the growth of the business unit and included an expanded Clinical Team

Gulf Investment

NSL continues to hold 15% of the shares in Iris Modern Urban Management (IMUM) IMUM continues to perform well, and a dividend of £0.4m was received during the year

Award winning business and accreditations

During the year NSL retained the following awards and accreditations

- Investors in People Gold accreditation and Champion status successfully retained,
- Security Industry Authority approved contractor accreditation retained,
- Edexcel and City & Guilds approved training status accreditations retained,
- ISO14001 (Environmental) and ISO9001 (Quality) management systems BSI certification retained

NSL was also awarded ISO27001 2005 Information Technology Security Techniques accreditation

Outlook for the coming year

The accumulation of 2013's new business wins and extensions resulted in a forward order book of £758m (2012 £716m) and provides a solid foundation for further growth in 2014

The new year will see the implementation of a new Westminster City Council contract in November, the renewal of the existing Westminster City Council contract in July, North Essex Mental Health Trust contract in April and the Dartford 'free-flow' toll contract in October, whilst a particular focus will be placed on driving efficiencies within existing operations

Corporate and social responsibility

Employment policies

NSL is an equal opportunities employer and has a policy to ensure that all employees and job applicants are given equal opportunity, irrespective of their race, religion or belief, sexual orientation, age, gender or disability. Furthermore NSL believes it is essential to value and respect all employees as individuals and concentrate on people's strengths to ensure a diverse workforce

NSL encourages, where possible, the employment of disabled people and the retention of those who become disabled during their employment with NSL. In such circumstances they are invited to discuss whatever reasonable adjustments to their job or working conditions or environment which might assist them in the performance of their duties

Recruitment and retention

NSL's commitment remains to continue to attract, lead, develop, manage, and retain highly motivated, high performing people who work proactively towards delivering NSL's vision and goals. This is evidenced by NSL's commitment to the Investors in People programme where it holds Gold accreditation and Champion status making it an exemplary organisation. During 2013, NSL was re-accredited with Gold status. The Investor in People Inspector stated in the final report that "NSL had a 'remarkable commitment to continuous improvement' and that '... was in its DNA'."

NSL Limited

Strategic report (continued)

Corporate and social responsibility (continued)

Training

Training is offered to all colleagues as appropriate to their roles, with increased technical development and a new competency set being of particular focus. During 2013, more than 600 externally recognised qualifications were awarded to colleagues, and a further 350 internally recognised certifications were achieved.

The creation of a new set of behaviour and performance competencies, and the change from contract management to client management within the organisation has been supported by the delivery of a companywide leadership development programme. This programme has been delivered to all senior managers, which totals around 130, and is currently being rolled out to all middle managers. A new performance management process has been designed to incorporate this new approach, and has been introduced to all colleagues.

In January 2014 WAMITAB was appointed to replace City & Guilds by the British Parking Association (BPA) as the awarding body overseeing the Level 2 qualification in Civil Enforcement, which is the only BPA recognised and approved qualification that meets all recognised standards of practice.

NSL is currently the only parking services contractor with an in-house training team that is approved for the delivery of this qualification. This standard ensures knowledge and proven competence, by means of on-street assessments by qualified Assessors. All NSL Civil Enforcement Officers ("CEO") achieve this qualification within their first twelve weeks of employment and subsequently receive further refresher training every twelve months, or as and when legislation decrees.

As the business has expanded, so too has the need to deliver other accredited training.

In addition to WAMITAB, NSL is now an approved and accredited training centre registered with Edexcel, City & Guilds, FAA and JAUPIT. This unique status allows NSL to deliver accredited, certificated, and nationally recognised training to its employees in a range of areas, and is also of great benefit to clients. Areas covered include CPC for Drivers, CCTV and PSS, Customer Service, Fire, Health and Safety, First Aid, Leadership and Management, as well as legislative and behavioural development requirements. This facility ensures tailored and appropriate learning interventions delivered to operational requirements in a highly flexible manner.

NSL's people strategies remain highly successful with a voluntary resignation turnover rate of under 14%, in an industry where a very high staff turnover is considered the norm. Investment in training has continued to contribute towards increased employee motivation and satisfaction, as evidenced by the annual Colleague Engagement Survey.

The strength of NSL's management team continues apace, and the professionalism, dedication and commitment that all colleagues demonstrate on a daily basis places NSL in an advantageous position for future growth. NSL thanks all colleagues for their efforts throughout the year.

Employee engagement and consultation

NSL is keen to involve its employees in the decision making process of the business and places considerable value on their engagement.

Employee Consultation Committees (ECCs) ensure two-way feedback, whereby representatives from the various sectors and business areas are kept informed on group-wide issues. The ECCs also serve as forums in which local concerns can be raised, which often shape NSL's approach to business issues and policies, such as reward and recognition practices.

NSL Limited

Strategic report (continued)

Corporate and social responsibility (continued)

Employee engagement and consultation (continued)

NSL's intranet, Hub, is used extensively to inform all staff of developments and news across the group, including financial and economic news. It has also become a popular platform of acknowledging positive actions of colleagues throughout the business, thereby encouraging more of the same.

Internal Communications

Internal communications continues to be a focus of the communications team, and in September the inaugural NSL Company Conference was held in Birmingham, which served to greatly increase engagement. A 'rainmaker' incentive programme was also introduced, which encouraged colleagues to identify client requirements and offer solutions.

The Leadership Team (LT), which was established in 2012, continues to meet regularly to discuss sector strategies and other high level issues that inform the direction of the business.

External Communications

A new website was launched in 2013, which was created to refresh messaging to NSL's stakeholder groups, as well as to reflect the results of the Group's period of client consultation, which led to a revised value proposition.

In October 2013 NSL conducted the UK's first ever survey of civil enforcement officers (CEOs), and parking and traffic attendants. Over 1,600 staff members completed the anonymous survey, which sought to determine how they felt the public viewed them whilst on-street, as well as how much time they spent on providing helpful information to members of the public. The results of the survey demonstrated how much time the staff members spent on delivering added value to the local authorities they represented.

Social and community responsibilities – charitable contributions

NSL encourages all its employees to give something back to their local communities, and facilitates fundraising for its corporate charity, which for 2013 was the homelessness and bad housing charity, Shelter. NSL raised £5,000 for the charity. The Group made no political donations in the year (2012: nil).

Social and community responsibilities – industry body

As the largest on-street parking management group, and provider of non-emergency patient transport in the UK, NSL actively supports its industry bodies, the British Parking Association (BPA), including regular support for the President's Charity, and the Independent Ambulance Association (IAA), of which NSL was a founding member. An NSL Sector Director serves as an elected member of the BPA Council, and contributed to its strategic direction. A Senior Manager in the Health sector serves as an elected Director of the IAA and contributes to its championing of the private ambulance industry. NSL's Head of Communications was also invited to have a presence on the European Parking Association's Science & Technical Panel.

Environment, quality, health and safety

NSL continues to mitigate its carbon footprint in conjunction with proven methodologies and in line with the Carbon Reduction Commitment. NSL also continues to monitor and measure its aspects and impacts and legal requirements as part of its ISO14001:2004 certificated Environmental Management System and Corporate Social responsibilities. Whilst ever aware of local, national and global impacts, NSL strives toward better practices, research into new technologies, and offering sound advice to customers. NSL monitors the use of resources and continually trains and educates colleagues on best practice and green issues as standard, which remains a corporate objective.

Quality is of particular focus within NSL and some contracts, such as Sutton, are certificated to ISO9001:2008 standard, which includes assessment of head office against the same criteria.

NSL Limited

Strategic report (continued)

Corporate and social responsibility (continued)

Significant relationships

NSL's business is based upon developing long-term partnerships with its clients. Significant contracts include those with the local authorities in Westminster, Camden, Islington, Kensington and Chelsea, Lambeth, Edinburgh, Manchester, Northern Ireland Roads Service, Ealing, along with Transport for London, and various Clinical Commissioning Groups ("CCG")

Thanks to contract wins, NSL is also set to embark upon relationships with Belfast City Council. Due to its long-standing client, Westminster City Council, awarding two key contracts to NSL, which shall come into effect from July and November 2014, this shall see the Group serve as heralding in a pioneering approach to parking management, setting the stage for future councils to follow suit, and reinforcing NSL's position as market leader and innovator.

NSL values the contribution suppliers make to continuous improvement and offering best value to its customers, and has maximised this benefit by building long-term partnerships with certain key suppliers.

NSL's continued success is dependent on its people. In addition to the processes set out above, NSL staff members are incentivised to meet NSL's high standards of performance through a retailer points scheme. The Group also has an Employee Benefit Trust scheme in place for its key managers.

Stakeholders

NSL continues to enjoy excellent relationships with its banks and other stakeholders such as trade unions. All are kept fully informed as appropriate regarding NSL's strategy and financial performance and remain supportive.

Principal risks and uncertainties

The directors have considered the effect of risk on NSL's business. The principal risks considered are as outlined below.

People

NSL is reliant upon its key employees in order to maintain its competitive advantage. NSL works hard to retain key employees through a number of initiatives such as bonus loyalty schemes and the Benefit Trust scheme for senior employees. Pay and conditions are closely aligned to market rates, some of which are subject to union negotiations.

Regulatory environment

NSL's services are subject to extensive legal and regulatory requirements laid down by local and central government as well as guidelines issued by the British Parking Association. Breaches of these requirements could adversely impact upon relationships with existing clients, reputation and the ability to win new business, as well as potentially affecting the ability to continue operating in certain markets. Compliance with best practice is promoted through rigorous in-house training programmes. This is monitored through regular audit, review and inspections on each contract by NSL's Professional Standards Unit. Continuous improvement within NSL contracts is measured using a sophisticated, but user friendly self-assessment model designed for each business area. The Health Sector's PTS contracts are regulated by the Care Quality Commission, which allows for NSL's clients to be confident that they receive the same level of care from a private sector organisation as they do from the NHS. All of NSL's contracts are externally monitored on an ad-hoc annual basis with all being granted unconditional passes to date.

Competition

NSL operates in a competitive industry and is cognisant that new competitors could possibly enter into its markets. In particular, the strong position in the parking enforcement market could be impacted by new or existing competitors submitting low margin or loss-making tenders when contracts are up for renewal. NSL's excellent retention capabilities, as outlined for 2012 in the Business Review section above, demonstrates an ability to respond to this threat by working with customers to meet their needs in a high quality and cost effective manner throughout the contract.

NSL Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Macro-economic factors

Existing contracts typically last for 5-7 years, with pricing adjustments for inflation over the life of the contract, whilst in certain cases a price reduction is applied to reflect expected efficiencies, and if inflation rises. If NSL's cost base changes on a different basis to the inflation adjustment on a contract, this could adversely impact the profitability of some contracts. The risk of inflation is managed by close scrutiny of all overheads and regular monthly meetings with all customers where an open book policy is pursued.

The impact of interest rate changes on NSL is discussed under interest rate risk below.

Leverage

The Group's financing is a mixture of equity and long-term loans from its parent undertaking as set out below.

	2013 £'000	2012 £'000
Financing		
Called up share capital	1,481	1,481
Long-term loans from parent undertaking (Note 14)	74,065	82,286
Total	<u>75,546</u>	<u>83,767</u>

The loan from its parent company, NSL Finance Limited does not bear interest and is unsecured. The group has provided guarantees for bank loans taken out by NSL Finance Limited of £36,199,000 (2012: £41,591,000).

Liquidity

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, NSL uses a mixture of cash, equipment leases, long term loans from parent undertaking and equity as outlined below. There have been no instances of liquidity shortage in the period nor are there expected to be any in the next accounting period.

The current economic conditions create some uncertainty, particularly over the level of demand for the Group's services and the availability of future finance for the businesses. However, the Group benefits from a number of long term contracts, which reduces the risk. Its cash generation is strong and is expected to remain so for the foreseeable future.

In the directors' view, based on discussion with the Group's bankers and principal shareholders, the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Foreign exchange

NSL's activities currently do not significantly expose it to the financial risks of changes in foreign currency exchange rates.

Credit

NSL's principal financial assets are bank balances, cash and trade and other receivables. Credit risk is primarily attributable to trade receivables, which are principally due from Local Authorities or Government Agencies, reducing recovery risk. Liquid funds are held with banks with a Standard and Poor's credit rating of AA or above.

NSL has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Price

NSL is not significantly exposed to price risk.

NSL Limited

Strategic report (continued)

Internal financial control

NSL's procedures for Internal Control include an ongoing process for identifying, evaluating and managing the risks faced by the business

The key procedures that have been established by the directors to provide effective internal financial controls are as follows

(i) *Management structure*

The Board has overall responsibility for NSL and there is a formal schedule of matters specifically reserved for decision by the Board

NSL operates a management structure with clearly delegated authority levels and clear functional reporting lines and accountability, with the executive directors and senior management responsible for specific aspects of NSL's affairs

NSL also benefits from the independent review provided by the Group's Audit and Remuneration Committees

(ii) *Budgeting and monthly reporting*

The Group operates a comprehensive budgeting process where key risks are identified. Performance is then monitored on a monthly basis through a comparison of actual to budget with key variances identified. A three year plan is also maintained alongside this process and is regularly updated for the benefit of the shareholders

(iii) *Operational review*

The executive directors, senior management and the Professional Standards Unit visit each office on a regular basis. This ensures areas of risk are identified at an early stage and appropriate action taken

(iv) *Group guidelines/Intranet*

Authority levels and general operating procedures are communicated throughout NSL as part of the Group Intranet and other procedures manuals. These set out the general ethos of the Group along with other control procedures and accounting policies. They are updated regularly. In addition, the requirements of the Bribery Act 2010 were rolled out across the business to ensure compliance

Approved by the Board of Directors
and signed on behalf of the Board



Mark Underwood

Director

31 March 2014

NSL Limited

Directors' report

The directors present their report and the audited financial statements for NSL for the year ended 31 December 2013

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2012 £nil)

Directors and secretary

The directors and secretary who held office during the period were as follows

Directors

N Coltman (appointed 28 March 2013)
A Cooper
M Gravell
M Raisbeck (appointed 28 March 2013)
H Robinson
M Underwood
G Williams
D Wood (resigned 30 November 2013)

Secretary

S Shah

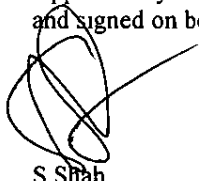
Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information

Deloitte LLP have expressed their willingness to continue in office as the auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



S Shah
Secretary

31 March 2014

NSL Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report to the members of NSL Limited

We have audited the financial statements of NSL Limited for the year ended 31 December 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement, and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and parent company's affairs as at 31 December 2013 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Alexander Butterworth (Senior Statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

31 March 2014

NSL Limited

Consolidated profit and loss account and consolidated statement of total recognised gains and losses Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover (excluding share of JV turnover of £nil (2012 £7,595,000))	1,2	178,697	152,388
Cost of sales		(159,949)	(132,032)
Gross profit		18,748	20,356
Administrative expenses (including goodwill amortisation)		(14,280)	(13,801)
Operating profit before goodwill amortisation		7,773	9,860
Goodwill amortisation	8	(3,305)	(3,305)
Operating profit		4,468	6,555
Share of profit of joint venture	16	-	2,523
Profit on disposal of business	22	-	2,030
Reversal in diminution in value of investment	10	622	-
Interest receivable and similar income	3	823	130
Interest payable and similar charges	4	(205)	(268)
Profit on ordinary activities before taxation	5	5,708	10,970
Tax charge on profit on ordinary activities	6	(160)	(619)
Profit on ordinary activities after taxation		5,548	10,351
Foreign exchange differences		-	(56)
Retained loss brought forward		(4,562)	(14,857)
Retained profit/(loss) carried forward	18	986	(4,562)
		2013 £'000	2012 £'000
Profit attributable to shareholders of the Company		5,548	10,351
Less foreign exchange translation differences		-	(56)
Total recognised gains and losses for the year		5,548	10,295

NSL Limited

Consolidated balance sheet 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Intangible assets – goodwill	8	43,924	47,229
Tangible assets	9	10,001	8,059
Investments	10	725	103
		<u>54,650</u>	<u>55,391</u>
Current assets			
Debtors	11	36,584	32,389
Cash at bank and in hand	12	14,454	17,549
		<u>51,038</u>	<u>49,938</u>
Creditors: amounts falling due within one year	13	<u>(27,723)</u>	<u>(24,473)</u>
Net current assets		<u>23,315</u>	<u>25,465</u>
Total assets less current liabilities		<u>77,965</u>	<u>80,856</u>
Creditors: amounts falling due after more than one year	14	<u>(74,095)</u>	<u>(82,359)</u>
Provisions for liabilities	15	<u>(1,403)</u>	<u>(1,578)</u>
Net assets/(liabilities)		<u><u>2,467</u></u>	<u><u>(3,081)</u></u>
Capital and reserves			
Called up share capital	17	1,481	1,481
Profit and loss account	18	986	(4,562)
Total shareholder's funds/(deficit)	20	<u><u>2,467</u></u>	<u><u>(3,081)</u></u>

These financial statements of NSL Limited were approved by the Board of Directors on 31 March 2014

Signed on behalf of the Board of Directors



Mark Underwood
Director

NSL Limited

Company balance sheet 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Intangible assets – goodwill	8	42,418	45,610
Tangible assets	9	9,812	7,781
Investment in subsidiaries	10	3,759	3,759
		<u>55,989</u>	<u>57,150</u>
Current assets			
Debtors – amounts falling due after more than one year	11	34,616	30,681
Cash at bank and in hand	12	12,954	16,209
		<u>47,570</u>	<u>46,890</u>
Creditors: amounts falling due within one year	13	<u>(30,790)</u>	<u>(27,159)</u>
Net current assets		<u>16,780</u>	<u>19,731</u>
Total assets less net current liabilities		<u>72,769</u>	<u>76,881</u>
Creditors: amounts falling due after more than one year	14	<u>(74,095)</u>	<u>(82,359)</u>
Provision for liabilities	15	<u>(1,403)</u>	<u>(1,578)</u>
Net liabilities		<u>(2,729)</u>	<u>(7,056)</u>
Capital and reserves			
Called up share capital	17	1,481	1,481
Profit and loss account	18	<u>(4,210)</u>	<u>(8,537)</u>
Total shareholder's deficit	20	<u>(2,729)</u>	<u>(7,056)</u>

These financial statements of NSL Limited, registered number 06033060, were approved by the Board of Directors on 31 March 2014

Signed on behalf of the Board of Directors



Mark Underwood
Director

NSL Limited

Consolidated cash flow statement Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	23	9,977	11,426
Returns on investments and servicing of financing	24	322	43
Taxation	24	593	(923)
Capital expenditure and financial investment	24	(5,151)	(4,789)
Acquisitions and disposals	24	-	3,808
Cash inflow before management of liquid resources and financing		5,741	9,565
Financing	24	(8,836)	(7,852)
(Decrease)/increase in cash in the year	25	<u>(3,095)</u>	<u>1,713</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the prior period.

Basis of accounting

The financial statements have been prepared under the historical cost accounting convention, in accordance with applicable United Kingdom law and accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Directors' assessment of going concern

The current economic conditions create some uncertainty particularly over the level of demand for the Group's services and the availability of future finance for the businesses. However, the Group benefits from a number of long term contracts which reduces the risk. Its cash generation is strong and is expected to remain so for the foreseeable future.

On this basis, the Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities and provide adequate headroom against its covenants.

In the directors' view, the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Fixed assets and depreciation

Fixed assets are stated in financial statements at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on a straight line basis on fixed assets over their estimated useful life at the following annual rates:

Computer equipment	-	three to five years
Furniture, fixtures and other equipment	-	four to ten years
Motor vehicles	-	four to seven years

NSL Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets and liabilities are not discounted to present values

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Turnover

The Group's turnover represents amounts received and receivable for services provided for on-street parking enforcement, secure transport, consultancy and business processes outsourcing paid during the period, net of trade discounts, VAT and other sales related taxes. This is recognised in full in the month the service has been provided

Pension costs

The Group accounts for retirement benefits under FRS 17. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. There are no defined benefit schemes in place, however the Group has admitted body status to a number of local authority pension schemes. The cost of contributions to local authority pension schemes are charged to the profit and loss account as they become due, and in addition an accrual is raised for the estimated future cost of returning these schemes to fully funded status when the contracts end

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding

Leases which do not entail taking substantially all the risk and rewards of ownership of the assets, are operating leases, and the rental charges are taken straight to the balance sheet on a straight-line basis over the lives of the leases, even if payments are not made on such basis

The Group regularly reviews its property portfolio for any potential dilapidations and makes any provisions in full

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

NSL Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies (continued)

Investments

Fixed asset investments are shown at cost less provision for impairment

Joint ventures

Where the Group has joint control of an entity, that entity is accounted for as a joint venture using the gross equity method. The Group's share of operating profit or loss is included in the consolidated profit and loss account, and the Group's share of net assets or liabilities is included in the consolidated balance sheet.

Derivative instruments

The Group has not adopted FRS26 and therefore does not record the profit or loss resulting from the movement in fair value of derivative instruments.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Segmental reporting

Under the provision of Statement of Standard Accounting Practice No 25, the Group has taken advantage of the medium-sized group exemption not to present segmental disclosure of pre tax profit or net assets information.

2. Segmental reporting

	2013 £'000	Restated 2012 £'000
Local Government	104,948	104,557
Central Government	38,097	30,695
Health	35,652	17,136
	<u>178,697</u>	<u>152,388</u>

All turnover during the year derived from continuing activities in the United Kingdom. The 2012 comparatives above have been restated according to the current business divisional split.

3. Interest receivable and similar income

	2013 £'000	2012 £'000
Bank interest receivable	99	130
Commitment fees adjustment	296	-
Dividends received from investments	428	-
	<u>823</u>	<u>130</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2013

4. Interest payable and similar charges

	2013 £'000	2012 £'000
Finance leases and hire purchase contracts	8	12
Facility and commitment fees	197	256
	<u>205</u>	<u>268</u>

5. Profit on ordinary activities before taxation

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of owned assets	3,167	2,578
Depreciation of tangible assets held under finance leases and hire purchase	38	38
	<u>3,205</u>	<u>2,616</u>
Loss/(profit) on sale of fixed assets	4	(1)
Amortisation		
Goodwill	3,305	3,305
Operating lease rentals		
Plant and machinery	3,495	2,129
Buildings	3,018	2,633
Auditor's remuneration	<u>131</u>	<u>104</u>

The analysis of auditor's remuneration is as follows

	2013 £'000	2012 £'000
Fees payable to the Group's auditor for the audit of the Group's accounts	45	44
The audit of the Group's subsidiaries pursuant to legislation	20	20
Total audit fees	<u>65</u>	<u>64</u>
Other services pursuant to legislation		
- Tax services	35	35
- Covenant compliance services	13	5
- Consultancy services	18	-
Total non-audit fees	<u>66</u>	<u>40</u>
	<u>131</u>	<u>104</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2013

6. Tax on profit on ordinary activities

(a) Analysis of current tax charge on profit on ordinary activities

	2013 £'000	2012 £'000
UK corporation tax on profit for the period	-	349
Adjustments in respect of prior periods	(87)	(183)
Total current tax charge/(credit)	(87)	166
Deferred tax		
Origination and reversal of timing differences	103	287
Adjustments in respect of prior years	(113)	166
Effect of changes in tax rates	257	-
Total deferred tax charge	247	453
Tax charge on ordinary activities	160	619

(b) Factors affecting the tax charge for the current year

The tax assessed for the year is different than that resulting from applying the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	5,708	10,970
Tax credit at standard UK corporation tax rate for period of 23.25% (2012: 24.5%)	1,327	2,688
Effects of:		
Expenses not deductible for tax purposes	(989)	(944)
Income not taxable for tax purposes	(100)	-
Profit on sale exempt from tax	-	(797)
Depreciation in excess of capital allowances	(147)	(185)
Movement in respect of short-term timing differences	45	(30)
Group relief claimed	(136)	(383)
Adjustments in respect of prior year	(87)	(183)
Current tax charge/(credit) for the year	(87)	166

(c) Analysis of deferred tax balance

	2013 £'000	2012 £'000
Deferred tax asset	1,724	1,984

The deferred tax asset recognised relates to fixed asset and short-term timing differences.

NSL Limited

Notes to the financial statements Year ended 31 December 2013

6. Tax on profit on ordinary activities (continued)

(d) Future tax rate

The tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 23%. The UK tax rate will fall to 21% from April 2014 and then to 20% from April 2015, as enacted in July 2013.

7. Information regarding directors and employees

	2013 £'000	2012 £'000
Directors' remuneration		
Emoluments	933	693
Pension contributions	81	39
	<u>1,014</u>	<u>732</u>
Remuneration of the highest paid director		
Emoluments	223	158
Pension contributions	11	12
	<u>234</u>	<u>170</u>

Pensions contributions were made in respect of six (2012: four) directors

The Directors' emoluments include £67k (2012: nil) relating to compensation for loss of office

The average number of persons employed by the Group (including directors) was

	2013 Number	2012 Number
Managerial and support staff	109	76
Operational	4,678	4,244
Total	<u>4,787</u>	<u>4,320</u>

Staff costs during the year (including directors)

	2013 £'000	2012 £'000
Wages and salaries	98,978	87,170
Social security costs	8,583	7,751
Pension costs	2,545	1,543
	<u>110,106</u>	<u>96,464</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2013

8. Intangible fixed assets

Goodwill	Group £'000	Company £'000
Cost		
At 1 January 2013	66,107	63,825
At 31 December 2013	66,107	63,825
Amortisation and impairment		
At 1 January 2013	18,878	18,215
Charge for the year	3,305	3,192
At 31 December 2013	22,183	21,407
Net book value		
At 31 December 2013	43,924	42,418
At 31 December 2012	47,229	45,610

9. Tangible fixed assets

Group	Motor vehicles £'000	Computer equipment £'000	Furniture fixtures and other equipment £'000	Total £'000
Cost				
At 1 January 2013	5,880	13,182	6,886	25,948
Additions	499	3,370	1,294	5,163
Disposals	(335)	(78)	(691)	(1,104)
At 31 December 2013	6,044	16,474	7,489	30,007
Accumulated depreciation				
At 1 January 2013	3,505	8,690	5,694	17,889
Charge for the year	782	1,809	614	3,205
Disposals	(324)	(78)	(686)	(1,088)
At 31 December 2013	3,963	10,421	5,622	20,006
Net book value				
At 31 December 2013	2,081	6,053	1,867	10,001
At 31 December 2012	2,375	4,492	1,192	8,059

NSL Limited

Notes to the financial statements Year ended 31 December 2013

9 Tangible fixed assets (continued) Company

	Motor vehicles £'000	Computer equipment £'000	Furniture fixtures and other equipment £'000	Total £'000
Cost				
At 1 January 2013	5,864	12,538	6,657	25,059
Additions	499	3,317	1,294	5,110
Disposals	(328)	(78)	(691)	(1,097)
At 31 December 2013	6,035	15,777	7,260	29,072
Accumulated depreciation				
At 1 January 2013	3,497	8,257	5,524	17,278
Charge for the year	778	1,702	587	3,067
Disposals	(321)	(78)	(686)	(1,085)
At 31 December 2013	3,954	9,881	5,425	19,260
Net book value				
At 31 December 2013	2,081	5,896	1,835	9,812
At 31 December 2012	2,367	4,281	1,133	7,781

The net book value of motor vehicles held under finance leases at 31 December 2013 is £59,000 (2012 £97,000)

10. Investments

	Group £'000	Company £'000
Cost		
At 1 January 2013	725	3,759
At 31 December 2013	725	3,759
Provision		
At 1 January 2013	622	-
Reversal of diminution in value	(622)	-
At 31 December 2013	-	-
Net book value		
At 31 December 2013	725	3,759
At 31 December 2012	103	3,759

NSL Limited

Notes to the financial statements Year ended 31 December 2013

10. Investments (continued)

The subsidiaries and investment of NSL Limited as at 31 December 2013 are listed below. All shares held in the subsidiary are the class of ordinary in each case.

	Country of incorporation	Principal activity	% of shares owned
<i>Subsidiaries – directly held</i>			
Project Centre Limited	United Kingdom	Traffic consultancy	100%
Task Enforcement Limited	United Kingdom	Civil enforcement agency	100%
<i>Investment – directly held</i>			
Iris Modern Urban Management Limited Liability Company	United Arab Emirates	Civil enforcement	15%

11. Debtors

	2013		2012	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	23,548	22,244	20,012	19,278
Amounts due from investments	6	6	5	5
Amounts due from group undertaking	113	113	-	-
Corporation tax	370	370	862	686
Other debtors	1,053	1,050	957	947
Prepayments and accrued income	9,770	9,177	8,569	7,870
Deferred tax asset	1,724	1,656	1,984	1,895
	<u>36,584</u>	<u>34,616</u>	<u>32,389</u>	<u>30,681</u>

12. Cash at bank and in hand

	2013		2012	
	Group £'000	Company £'000	Group £'000	Company £'000
Cash at bank and in hand	13,013	11,513	16,197	14,857
Client monies held	1,441	1,441	1,352	1,352
	<u>14,454</u>	<u>12,954</u>	<u>17,549</u>	<u>16,209</u>

Included in cash at bank and in hand is an amount of £1,843,000 (2012: £1,679,000) relating to the cash held in respect of certain liabilities when the Group was acquired by AAC Capital Partners in October 2010 which may or may not crystallise.

The matching liability for client monies held is included within accruals and deferred income.

NSL Limited

Notes to the financial statements Year ended 31 December 2013

13. Creditors: amounts falling due within one year

	2013		2012	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases (Note 14)	43	43	41	41
Trade creditors	1,555	1,262	1,417	1,274
Amounts owed to group undertaking	-	4,359	462	3,913
Taxation and social security	5,373	5,011	5,190	4,808
Other creditors	481	481	609	609
Accruals and deferred income	20,271	19,634	16,754	16,514
	<u>27,723</u>	<u>30,790</u>	<u>24,473</u>	<u>27,159</u>

Included in other creditors is £249,000 (2012 £233,000) relating to pension contributions to be paid over to the relevant employee pension schemes within one month of the end of the financial year

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

	2013 Group £'000	2013 Company £'000	2012 Group £'000	2012 Company £'000
Obligations under finance leases	30	30	73	73
Amount due to Parent undertaking	<u>74,065</u>	<u>74,065</u>	<u>82,286</u>	<u>82,286</u>
	<u>74,095</u>	<u>74,095</u>	<u>82,359</u>	<u>82,359</u>
Amounts due under finance leases				
Between one and two years	30	30	43	43
Between three and five years	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
	30	30	73	73
On demand or within one year	<u>43</u>	<u>43</u>	<u>41</u>	<u>41</u>
	<u>73</u>	<u>73</u>	<u>114</u>	<u>114</u>

The amounts due to parent undertaking do not bear interest and there is no fixed repayment date

NSL Limited

Notes to the financial statements Year ended 31 December 2013

15. Provisions and liabilities

Group and Company

	Dilapidations £'000	Employee Related £'000	Total £'000
At 1 January 2013	837	741	1,578
Utilised	(96)	(24)	(120)
Charged to profit and loss	-	(55)	(55)
At 31 December 2013	<u>741</u>	<u>662</u>	<u>1,403</u>

Dilapidations are reviewed regularly in line with the Group's current property portfolio. Employee related contains pension obligations (likely to crystallise in more than one year) and also possible settlement of tribunal claims (likely to crystallise in less than one year).

16 Provision for joint venture deficit

	2013 £'000	2012 £'000
At 1 January 2013	-	520
Share of joint venture profit	-	(2,523)
Foreign exchange loss	-	56
Disposal of 25% shareholding in joint venture	-	1,222
Transfer of remaining shares to investments	-	725
At 31 December 2013	<u>-</u>	<u>-</u>

The joint venture was Iris Modern Urban Management Limited Liability Company (see Note 10). The Group held 15% (2012: 15%) of the ordinary share capital at the end of the year. In 2012, the Group disposed of part of its holding in the joint venture with remaining shareholding being transferred to investments.

17. Called up share capital

	2013 Number	2012 Number	2013 £'000	2012 £'000
Authorised, called up, allotted and fully paid Ordinary shares of 10p each	<u>14,812,491</u>	<u>14,812,491</u>	<u>1,481</u>	<u>1,481</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2013

18. Profit and loss account

	2013		2012	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 January 2013	(4,562)	(8,537)	(14,857)	(17,737)
Exchange differences	-	-	(56)	-
Profit for the year	5,548	4,327	10,351	9,200
At 31 December 2013	<u>986</u>	<u>(4,210)</u>	<u>(4,562)</u>	<u>(8,537)</u>

19. Profit attributable to the Company

The profit for the financial year dealt with in the financial statements of the Company was £4,327,000 (2012 £9,200,000). As permitted by s408 of the Companies Act 2006, no separate profit and loss account is presented in these accounts.

20. Reconciliation of movements in shareholders' funds/(deficit)

	2013		2012	
	Group £'000	Company £'000	Group £'000	Company £'000
Profit for the financial year	5,548	4,327	10,351	9,200
Exchange differences	-	-	(56)	-
Net decrease in shareholders' deficit	5,548	4,327	10,295	9,200
Opening shareholders' deficit	(3,081)	(7,056)	(13,376)	(16,256)
Closing shareholders' funds/(deficit)	<u>2,467</u>	<u>(2,729)</u>	<u>(3,081)</u>	<u>(7,056)</u>

21. Commitments

Annual commitments under non-cancellable operating leases are as follows

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
Within one year	173	1,055	695	259
Between two to five years	1,877	3,687	557	2,095
After five years	1,009	-	331	-
	<u>3,059</u>	<u>4,742</u>	<u>1,583</u>	<u>2,354</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2013

22. Disposal of joint venture

On 13 September 2012, the Company disposed of 25% of its shareholding in the joint venture of operation to Progress Group Est. The profit on disposal was as follows

	2013 £'000	2012 £'000
Proceeds	-	3,903
Less costs of disposal	-	(127)
Net proceeds	-	3,776
Less net assets disposed of	-	(1,222)
Less loan disposal of	-	(524)
Profit on sale	-	2,030

23 Reconciliation of operating profit to net cash inflow from operating activities

	2013 £'000	2012 £'000
Operating profit	4,468	6,555
Depreciation and amortisation	6,511	5,927
Loss/(profit) on sale of fixed assets	4	(1)
Increase in debtors	(4,836)	(3,714)
Increase in creditors	4,005	2,780
Decrease in provisions	(175)	(121)
Net cash inflow from operating activities	9,977	11,426

NSL Limited

Notes to the financial statements Year ended 31 December 2013

24. Analysis of cash flows

	2013 £'000	2012 £'000
<i>Return on investments and servicing of finance</i>		
Interest received	527	132
Interest paid	(197)	(77)
Interest element of finance lease rentals	(8)	(12)
Net cash outflow	322	43
<i>Taxation</i>		
UK corporation tax received/(paid)	593	(923)
Net cash inflow/(outflow)	593	(923)
<i>Capital expenditure</i>		
Purchase of tangible fixed assets	(5,163)	(4,794)
Sale of tangible fixed assets	12	5
Net cash outflow	(5,151)	(4,789)
<i>Acquisitions and disposals</i>		
Proceeds from sale of share in joint venture	-	3,808
Purchase of subsidiary undertaking	-	-
Net cash inflow	-	3,808
<i>Financing</i>		
Funding from parent undertaking	(8,795)	(7,812)
Capital element of finance lease rental payments	(41)	(40)
Net cash outflow	(8,836)	(7,852)

NSL Limited

Notes to the financial statements Year ended 31 December 2013

25 Analysis and reconciliation of net debt

	31 December 2012 £'000	Cash flow £'000	Other non-cash changes £'000	31 December 2013 £'000
Cash at bank and in hand	(17,549)	3,095	-	(14,454)
	<u>(17,549)</u>	<u>3,095</u>	<u>-</u>	<u>(14,454)</u>
Finance leases				
Debt due within one year	41	(41)	43	43
Debt due after one year	73	-	(43)	30
	<u>114</u>	<u>(41)</u>	<u>-</u>	<u>73</u>
Net debt	<u>(17,435)</u>	<u>3,054</u>	<u>-</u>	<u>(14,381)</u>

	2013 £'000	2012 £'000
(Increase)/decrease in cash flow in the year	3,095	(1,713)
Cash outflow from decrease in debt and financing	(41)	(40)
Change in net debt resulting from cash flows	<u>3,054</u>	<u>(1,753)</u>
Other non-cash changes	<u>-</u>	<u>-</u>
Movement in net debt in year	3,054	(1,753)
Opening net debt	<u>(17,435)</u>	<u>(15,682)</u>
Closing net debt	<u>(14,381)</u>	<u>(17,435)</u>

26. Financial guarantees and related debenture and cross guarantees

Where the Group enters into arrangements to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

The Group have provided performance bonds and guarantees to its customers which totalled £5,492,000 (2012 £5,403,000) at 31 December 2013.

The Company is guarantor under the Group banking facilities which are disclosed in the NSL Investments Limited consolidated financial statements. The total liability due under the banking facilities is £36,199,000 (2012 £41,591,000).

NSL Limited

Notes to the financial statements Year ended 31 December 2013

27. Ultimate controlling party

The immediate parent undertaking is NSL Finance Limited

AAC Capital NEBO Feeder II LP ("AAC"), a partnership registered in the United Kingdom, is the Company's ultimate parent and controlling party, and is the parent company of the Group

The parent of the largest group to consolidate these financial statements is Nirvana Equity Limited. Copies of the consolidated financial statements of Nirvana Equity Limited can be obtained from the Company Secretary, Fourth Floor, Westgate House, Westgate, London, W5 1YY

28. Related parties

As a 100% owned subsidiary, advantage has been taken of the exemption granted by paragraph 3(c) of Financial Reporting Standard No 8, Related Party Disclosures, not to disclose transactions with other Group companies

AAC, although not a Group company, was able to exercise significant influence over the Group. Transactions with AAC in 2013 were an expense of £60,000 (2012: £60,000) and with no liability remaining at year-end