

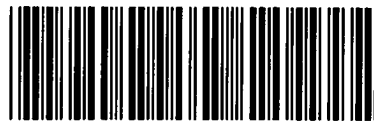
Registration number: 06033060

NSL Limited

Annual report and financial statements

for the period from 1 January 2016 to 31 May 2017

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NSL Limited

Contents

Company information	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report	7
Profit and loss account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

NSL Limited

Company information

Directors	N J Coltman M Hoskin G Hughes R Shearer
Company secretary	Squire Patton Boggs Secretarial Services Limited
Registered office	Rutland House, 8th Floor 148 Edmund Street Birmingham B3 2JR
Solicitors	Squire Patton Boggs (UK) LLP 2 Park Lane Leeds LS3 1ES Travers Smith LLP 10 Snow Hill London EC1A 2AL
Bankers	Lloyds Bank Plc 10 Gresham Street London EC2V 7AE
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2P 2YU

NSL Limited

Strategic report

For the period from 1 January 2016 to 31 May 2017

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

The principal activities of NSL Limited during the period were managed through two UK business sectors.

- a) Local Government:-
 - i. neighbourhood management services, including:-
 - 1. civil parking enforcement contracts;
 - 2. parking, traffic and crime & disorder CCTV management;
 - 3. environmental/anti-social behaviour enforcement;
 - 4. cycle hire; and
 - 5. vehicle immobilisation, removal and storage services.
 - ii. notice processing, related back office processing and call centre provision;
 - iii. debt enforcement and revenue recovery; and
- b) Central Government:-
 - 1. notice processing and related back office services;
 - 2. road user/congestion charge processing;
 - 3. vehicle excise duty enforcement;
 - 4. permit processing;
 - 5. 'right to work' and 'right to reside' vetting services;
 - 6. document/identity verification; and
 - 7. airport and coaching services.
 - A. non-emergency patient and disabled persons transport;
 - B. vulnerable adults, high dependency and special needs children transport.

Whilst the business operated a number of Health contracts relating to non-emergency patient and disabled persons transport and vulnerable adults, high dependency and special needs children transport during the period, these contracts expired on 30 June 2017.

NSL Limited was acquired by Marston (Holdings) Limited on 30 December 2016.

Review of the business

The directors are satisfied with the performance of the business and of the group for the period. Revenue has increased from £190m for the 12 months to December 2015 to £245m for the 17 months to May 2017, an increase of 29% during the period. The group's key financial and other performance indicators are as follows:

	2017	2015 (restated)
Turnover	£245.0m	£190.0m
Number of contracts	101	66
Debtor Days	65	59

NSL Limited

Strategic report (continued)

For the period from 1 January 2016 to 31 May 2017

Principal risks and uncertainties

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

Liquidity

In the directors' view, the company has adequate resources to continue in operational existence for the foreseeable future.

People

NSL is reliant upon its key employees in order to maintain its competitive advantage. NSL manages this risk through effective management, training and development, and the alignment of pay and benefits to market rates.

Regulatory environment

NSL's services are subject to extensive legal and regulatory requirements laid down by the NHS, local and central government, and guidelines issued by the British Parking Association. Compliance with best practice is promoted through rigorous in-house training programmes. This is monitored through regular audit, review and inspections on each contract.

Competition

NSL operates in a competitive industry and recognises that new competitors could possibly enter into its markets. There is no significant short term risk because of the long term nature of NSL's contracts, and NSL manages the long term risk by developing strong customer relationships backed by a consistent high quality service delivery.

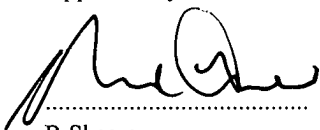
Price

If inflation in labour costs exceeds the agreed inflationary uplifts of contracts then future contract profitability will decrease. NSL has historically managed this through proactive engagement with colleagues in employment, their representatives (including trades union bodies) and clients.

Future developments

2017/18 will focus on arriving new business opportunities both from existing and new clients into introduction of new service offerings for local and central Government clients.

Approved by the Board on 8 February 2018 and signed on its behalf by:



R Shearer
Director

NSL Limited

Directors' report

For the period from 1 January 2016 to 31 May 2017

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the period from 1 January 2016 to 31 May 2017.

The company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the company in the Strategic report which otherwise would be required to be disclosed in the Directors' report.

Results and dividends

The profit for the period, after taxation, amounted to £1,924,000 (2015: £1,213,000).

During the financial period, an error was identified in the accounting treatment applied with respect of two pension schemes in the financial statements for the year ended 31 December 2015. These pension schemes were deemed to be defined contribution pension schemes and were treated as such; however it was deemed that these schemes should instead have been treated as defined benefit pension schemes.

As a consequence, the 2015 balance sheet has been restated to recognise a defined benefit pension scheme liability of £1,455,000 (see note 23). This has resulted in a charge to operating profit in the 2015 profit and loss account of £1,089,000 and a charge to interest payable of £45,000; and a credit through other comprehensive income of £60,000 has been recognised.

In addition the company has also recognised the corresponding deferred tax asset of £191,000 in the balance sheet at 31 December 2015. This has resulted in a credit to the tax charge in the 2015 profit and loss account of the same amount.

As one of the two schemes has an unrecognised pension asset at 31 December 2015, prior year adjustments in respect of this scheme apply to disclosure notes only.

The directors do not recommend a payment of a dividend (2015: £nil).

Going concern

The directors have considered forecast financial performance, recoverability of assets and financial liability for a period extending at least 12 months from the date of approval of these financial statements. The directors therefore have reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future and have adopted the going concern basis in preparing these financial statements.

Directors

The directors, who served throughout the period except as noted, were as follows:

N J Coltman

M Hoskin (appointed 14 June 2016)

G Hughes (appointed 1 April 2017)

R Shearer (appointed 30 May 2017)

J L Crichton (appointed 1 April 2017 and resigned 30 May 2017)

S J Boughton (appointed 5 January 2016 and resigned 9 March 2017)

M Gravell (resigned 16 May 2016)

A H R Palser (resigned 13 March 2017)

M Raisbeck (resigned 15 September 2016)

H D Robinson (resigned 13 March 2017)

NSL Limited

Directors' report (continued)

For the period from 1 January 2016 to 31 May 2017

Directors (continued)

S Shah - Company secretary and director (resigned 13 March 2017)

G F R Williams (resigned 13 March 2017)

Auditor

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

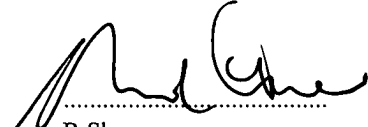
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Appointment of auditor

The auditor, Grant Thornton UK LLP, will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 8 February 2018 and signed on its behalf by:


.....
R Shearer
Director

NSL Limited

Directors' responsibilities statement

For the period from 1 January 2016 to 31 May 2017

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable United Kingdom Accounting Standards (UK GAAP), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 company will continue in business.

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

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

Independent auditor's report to the members of NSL Limited

We have audited the financial statements of NSL Limited for the period from 1 January 2016 to 31 May 2017, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, and the related notes. 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) including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 (set out on page 6), 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 and of its profit for the period 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

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

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 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.

Grant Thornton UK LLP

.....
Gary Jones (Senior Statutory Auditor)
For and on behalf of Grant Thornton UK LLP
Chartered Accountants
London

8 February 2018

NSL Limited

Profit and loss account

For the period from 1 January 2016 to 31 May 2017

		Period from 1 January 2016 to 31 May 2017	(As restated) Year ended 31 December 2015
	Note	£ 000	£ 000
Turnover	4	244,585	189,646
Administrative expenses		<u>(242,944)</u>	<u>(188,379)</u>
Operating profit		1,641	1,267
Interest receivable and similar income	7	76	52
Interest payable and similar charges	8	<u>(181)</u>	<u>(308)</u>
Profit before taxation	6	1,536	1,011
Tax on profit	12	<u>388</u>	<u>202</u>
Profit for the financial period		<u><u>1,924</u></u>	<u><u>1,213</u></u>

The above results were derived from continuing operations.

The notes on pages 13 to 36 form an integral part of these financial statements.

NSL Limited

Statement of comprehensive income

For the period from 1 January 2016 to 31 May 2017

		Period from 1 January 2016 to 31 May 2017	(As restated) Year ended 31 December 2015
	Note	£ 000	£ 000
Profit for the financial period		1,924	1,213
Recognised actuarial gain on pension schemes	23	<u>649</u>	<u>60</u>
Total recognised profit for the period		<u><u>2,573</u></u>	<u><u>1,273</u></u>

The notes on pages 13 to 36 form an integral part of these financial statements.

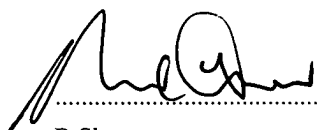
NSL Limited

Balance sheet As at 31 May 2017

		31 May 2017	(As restated) 31 December 2015
	Note	£ 000	£ 000
Fixed assets			
Intangible assets - goodwill	13	31,955	37,168
Tangible assets	14	5,428	8,118
Investments in subsidiaries	15	3,733	3,733
		<u>41,116</u>	<u>49,019</u>
Current assets			
Debtors: amounts falling due within one year	16	30,983	31,033
Debtors: amounts falling due after more than one year	17	2,260	26,831
Cash at bank and in hand		3,285	19,093
		<u>36,528</u>	<u>76,957</u>
Creditors: amounts falling due within one year	18	<u>(50,022)</u>	<u>(37,668)</u>
Net current (liabilities)/assets		<u>(13,494)</u>	<u>39,289</u>
Total assets less current liabilities		27,622	88,308
Creditors: amounts falling due after more than one year	19	(18,835)	(78,775)
Provisions for liabilities	20	<u>(4,237)</u>	<u>(7,556)</u>
Net assets		<u>4,550</u>	<u>1,977</u>
Capital and reserves			
Called-up share capital	21	1,481	1,481
Profit and loss account	21	3,069	496
Shareholders' funds		<u>4,550</u>	<u>1,977</u>

The financial statements of NSL Limited (registration number: 06033060) were approved by the Board of directors and authorised for issue on 8 February 2018.

They were signed on its behalf by:



R Shearer
Director

The notes on pages 13 to 36 form an integral part of these financial statements.

NSL Limited

Statement of changes in equity

For the period from 1 January 2016 to 31 May 2017

	Called-up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015 (as restated)	1,481	(777)	704
Profit for the year (as restated)	-	1,213	1,213
Other comprehensive income (as restated)	-	60	60
At 31 December 2015 (as restated)	<u>1,481</u>	<u>496</u>	<u>1,977</u>
	Called-up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	1,481	496	1,977
Profit for the period	-	1,924	1,924
Other comprehensive income	-	649	649
At 31 May 2017	<u>1,481</u>	<u>3,069</u>	<u>4,550</u>

The notes on pages 13 to 36 form an integral part of these financial statements.

NSL Limited

Notes to the financial statements

For the period from 1 January 2016 to 31 May 2017

1 General information

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

The nature of the company's operations and its principal activities are set out in the Strategic report on pages 2 to 3.

The company changed its accounting period end date from 31 December to 31 May to align with the other entities in the group, resulting in a reporting period of 17 months with a comparative period of 12 months to 31 December 2015.

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of accounting

These financial statements have been prepared under the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

NSL Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

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

During the financial period, an error was identified in the accounting treatment applied with respect of two local government pension schemes in the financial statements for the year ended 31 December 2015. These pension schemes were previously deemed to be defined contribution pension schemes and were treated as such; however it was deemed that these schemes should instead have been treated as defined benefit pension schemes.

As a consequence, the 2015 balance sheet has been restated to recognise a defined benefit pension scheme liability of £1,455,000 (see note 23). This has resulted in a charge to operating profit in the 2015 profit and loss account of £1,089,000 and a charge to interest payable of £45,000; and a credit through other comprehensive income of £60,000 has been recognised.

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

2 Accounting policies (continued)

Basis of accounting (continued)

In addition the company has also recognised the corresponding deferred tax asset of £191,000 in the balance sheet at 31 December 2015. This has resulted in a credit to the tax charge in the 2015 profit and loss account of the same amount.

As one of the two schemes has an unrecognised pension asset at 31 December 2015, prior year adjustments in respect of this scheme apply to disclosure notes only.

Related party disclosure exemption

The company has taken advantage of the exemption available under FRS 102, section 33.1A, not to disclose transactions with wholly-owned members of the Marston Group headed by Marston Corporate Limited.

Group financial statements

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Marston (Holdings) Limited which prepares consolidated financial statements that are publically available. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

The directors have considered forecast financial performance, recoverability of assets and financial liability for a period extending at least 12 months from the date of approval of these financial statements. The directors therefore have reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future and have adopted the going concern basis in preparing these financial statements.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

All goodwill is amortised over 20 years and is reviewed for impairment at the end of the first full financial year following the acquisition, and in other periods if the events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation of other intangible assets

Intangible fixed assets are initially recognised at cost. Subsequently intangible fixed assets are stated at cost net of amortisation and any provision for impairment. Amortisation is provided at rates calculated to write off the cost of the intangible fixed assets over their useful lives. The carrying value of intangible fixed assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

2 Accounting policies (continued)

Amortisation of other intangible assets (continued)

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Computer software	three to five years, straight line method

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation rate and method
Motor vehicles	four to seven years, straight line method
Computer equipment	three to five years, straight line method
Furniture, fixtures and other equipment	four to ten years, straight line method

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

2 Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Tax

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 company'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.

Unrelieved tax losses and other deferred tax assets are 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.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

2 Accounting policies (continued)

Turnover

The company'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

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 period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Trade debtors

Trade debtors are amounts due from clients for services provided in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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.

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

2 Accounting policies (continued)

Defined benefit pension schemes

The company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in other comprehensive income.

The company determines the net interest expense on the net defined benefit liability or asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

4 Turnover

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

	Period from 1 January 2016 to 31 May 2017	Year ended 31 December 2015
	£ 000	£ 000
Local government	153,768	111,183
Central government	55,286	31,396
Health	35,461	47,067
Other income	70	-
	<u>244,585</u>	<u>189,646</u>

All turnover arose within the United Kingdom.

5 Other gains and losses

The analysis of the company's other gains and losses for the period is as follows:

	Period from 1 January 2016 to 31 May 2017	Year ended 31 December 2015
	£ 000	£ 000
Gain on disposal of assets	<u>581</u>	<u>2,060</u>

6 Profit before taxation

Profit before taxation is stated after charging/(credited):

	Period from 1 January 2016 to 31 May 2017	Year ended 31 December 2015
	£ 000	£ 000
Depreciation of tangible assets owned by the company	6,021	5,028
Amortisation of intangible assets	6,026	3,191
Operating lease expense - plant and machinery	6,102	4,884
Operating lease expense - buildings	<u>5,430</u>	<u>4,017</u>

7 Interest receivable and similar income

	Period from 1 January 2016 to 31 May 2017	Year ended 31 December 2015
	£ 000	£ 000
Bank interest receivable	<u>76</u>	<u>52</u>

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

8 Interest payable and similar charges

	Period from 1 January 2016 to 31 May 2017	Year ended 31 December 2015
	£ 000	£ 000
Interest payable and similar charges	<u>181</u>	<u>308</u>

9 Staff costs

The average monthly number of employees (including executive directors) was:

	Period from 1 January 2016 to 31 May 2017	Year ended 31 December 2015
	No.	No.
Operational	4,356	5,157
Administration	<u>120</u>	<u>148</u>
	<u>4,476</u>	<u>5,305</u>

Their aggregate remuneration comprised:

	Period from 1 January 2016 to 31 May 2017	Year ended 31 December 2015
	£ 000	£ 000
Wages and salaries	135,657	109,590
Social security costs	11,919	9,094
Other pension costs	<u>7,867</u>	<u>3,132</u>
	<u>155,443</u>	<u>121,816</u>

10 Directors' remuneration

The directors' remuneration for the period was as follows:

	Period from 1 January 2016 to 31 May 2017	Year ended 31 December 2015
	£000	£000
Emoluments	3,268	755
Pension contributions	<u>106</u>	<u>59</u>
	<u>3,374</u>	<u>814</u>

During the period, retirement benefits were accruing to seven directors (2015: five) in respect of money purchase pension schemes. The highest paid director received remuneration of £689,000 (2015: £173,000) and pension contributions of £19,000 (2015: £14,000).

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

11 Auditor's remuneration

Fees payable to the auditor and their associates for the audit of the company's annual accounts were £52,000 (2015: £50,000).

Fees payable to Grant Thornton UK LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

12 Tax on profit

The tax charge comprises:

	Period from 1 January 2016 to 31 May 2017 £ 000	(As restated) Year ended 31 December 2015 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	-	(15)
Total current tax	-	(15)
Deferred tax		
Origination and reversal of timing differences	(576)	(348)
Adjustments in respect of prior periods	-	(28)
Effects of changes in tax	188	189
Total deferred tax	(388)	(187)
Total tax on profit on ordinary activities	(388)	(202)

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2015: lower than the standard rate of corporation tax in the UK) of 19.88% (2015: 20.25%).

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

12 Tax on profit (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Period from 1 January 2016 to 31 May 2017 £ 000	(As restated) Year ended 31 December 2015 £ 000
Profit before taxation	1,536	1,011
Tax on profit at standard UK corporation tax rate of 19.88% (2015: 20.25%)	305	205
Effects of:		
Expense not deductible	2,352	1,296
Income not taxable	(19)	(412)
Effects of group relief/ other reliefs	(105)	733
Transfer pricing adjustments	(3,110)	(2,170)
Tax rate changes	189	189
Adjustment from previous period	-	(43)
Tax credit for the period	(388)	(202)

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

13 Intangible assets

	Computer software development £ 000	Goodwill £000	Total £ 000
Cost or valuation			
At 1 January 2016	5,405	63,825	69,230
Additions	642	-	642
Disposals	(633)	-	(633)
At 31 May 2017	<u>5,414</u>	<u>63,825</u>	<u>69,239</u>
Amortisation and impairment			
At 1 January 2016	4,273	27,789	32,062
Amortisation charge	950	5,076	6,026
Amortisation eliminated on disposals	(804)	-	(804)
At 31 May 2017	<u>4,419</u>	<u>32,865</u>	<u>37,284</u>
Net book value			
At 31 May 2017	<u>995</u>	<u>30,960</u>	<u>31,955</u>
At 31 December 2015	<u>1,132</u>	<u>36,036</u>	<u>37,168</u>

Following the acquisition by Marston (Holdings) Limited on 30 December 2016, and to align group policies, computer software has been reclassified as an intangible asset.

NSL Limited

Notes to the financial statements (continued)
For the period from 1 January 2016 to 31 May 2017

14 Tangible assets

	Motor vehicles	Computer	Furniture	
	£ 000	equipment	fixtures and	
		£ 000	other	
			equipment	Total
			£ 000	£ 000
Cost				
At 1 January 2016	7,795	15,393	8,207	31,395
Additions	677	2,272	586	3,535
Disposals	(2,826)	(3,208)	(422)	(6,456)
At 31 May 2017	<u>5,646</u>	<u>14,457</u>	<u>8,371</u>	<u>28,474</u>
Depreciation				
At 1 January 2016	5,542	10,794	6,941	23,277
Charge for the period	1,363	3,502	1,155	6,020
Eliminated on disposal	(2,344)	(2,818)	(1,089)	(6,251)
At 31 May 2017	<u>4,561</u>	<u>11,478</u>	<u>7,007</u>	<u>23,046</u>
Net book value				
At 31 May 2017	<u>1,085</u>	<u>2,979</u>	<u>1,364</u>	<u>5,428</u>
At 31 December 2015	<u>2,253</u>	<u>4,599</u>	<u>1,266</u>	<u>8,118</u>

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

15 Fixed asset investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2016 and 31 May 2017	<u>3,733</u>
Net book value	
At 31 May 2017	<u>3,733</u>
At 31 December 2015	<u>3,733</u>

Details of undertakings

The subsidiaries and investment of the company at 31 May 2017 are listed below. All shares held in the subsidiary are the class of ordinary in each case.

Undertaking	Country of incorporation	Principal activity	Holding
Subsidiaries - directly held			
Project Centre Limited	United Kingdom	Design and consultancy	100%
Task Enforcement Limited	United Kingdom	Enforcement services	100%
Subsidiaries - indirectly held:			
Task Consumer Services Limited	United Kingdom	Dormant	100%

All the above subsidiaries have a period end of 31 May.

The registered office for all undertakings is Rutland House, 148 Edmund Street, Birmingham, B3 2JR.

16 Debtors: amounts falling due within one year

	31 May 2017 £ 000	31 December 2015 £ 000
Trade debtors	14,900	20,361
Amounts due from group undertaking	8,460	598
Corporation tax	-	753
Other debtors	425	1,077
Prepayments and accrued income	7,198	8,203
Deferred tax asset	-	41
	<u>30,983</u>	<u>31,033</u>

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

17 Debtors: amounts falling due after more than one year

	31 May 2017	31 December 2015
	£ 000	£ 000
Deferred tax asset	2,260	1,831
Amounts due from group undertaking	-	25,000
	<u>2,260</u>	<u>26,831</u>

18 Creditors: amounts falling due within one year

	31 May 2017	31 December 2015
	£ 000	£ 000
Trade creditors	4,082	1,330
Amounts owed to group undertakings	18,375	7,106
Corporation tax	8	-
Social security and other taxes	5,561	5,109
Other creditors	636	480
Accruals and deferred income	21,360	23,643
	<u>50,022</u>	<u>37,668</u>

Included in other creditors is £136,000 (2015: £243,000) relating to pension contributions to be paid over to the relevant employee pension schemes within one month of the end of the financial period.

19 Creditors: amounts falling due after more than one year

	31 May 2017	31 December 2015
	£ 000	£ 000
Amounts due to group undertaking	<u>18,835</u>	<u>78,775</u>

The amounts due to group undertakings are unsecured, are repayable on demand and interest free.

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

20 Provisions for liabilities

	Dilapidations	Employee related	Onerous contracts	Total
	£ 000	£ 000	£ 000	£ 000
At 1 January 2016	974	509	4,998	6,481
Prior year restatement (see note 2)	-	1,075	-	1,075
Restated at 1 January 2016	974	1,584	4,998	7,556
Utilised during the period	(119)	-	(4,259)	(4,378)
Charged to profit and loss account	427	632	-	1,059
At 31 May 2017	1,282	2,216	739	4,237

Included within the Employee related provisions is an unrecognised defined benefit pension scheme asset of £519,000 (2015: £770,000), and a recognised defined benefit pension scheme liability of £1,499,000 (2015: £1,455,000). The residual employee related provision relates to possible settlement of tribunal claims (likely to settle within one year).

Dilapidations are reviewed regularly in line with the company'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 more than one year). Provisions for onerous contracts relate to the lower of exit costs or estimated cumulative future losses for contracts expected to remain loss making for the remainder of the contract life. These are released over the period of each contract.

During the financial period, an error was identified in the accounting treatment applied with respect of two pension schemes in the financial statements for the year ended 31 December 2015. These pension schemes were deemed to be defined contribution pension schemes and were treated as such; however it was deemed that these schemes should instead have been treated as defined benefit pension schemes.

As a consequence, the 2015 balance sheet has been restated to recognised a defined benefit pension scheme liability of £1,455,000 (see note 23). This has resulted in a charge to operating profit in the 2015 profit and loss account of £1,089,000 and a charge to interest payable of £45,000; and a credit through other comprehensive income of £60,000 has been recognised.

As one of the two schemes has an unrecognised pension asset at 31 December 2015, prior year adjustments in respect of this scheme apply to disclosure notes only.

21 Called-up share capital and reserves

Allotted, called-up and fully paid shares

	31 May 2017		31 December 2015	
	No.	£ 000	No.	£ 000
Ordinary shares of £0.10 each	14,812,491	1,481	14,812,491	1,481

The company has one class of ordinary shares which carry no right to fixed income.

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

21 Called-up share capital and reserves (continued)

The company's other reserve is as follows:

Profit and loss account

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

22 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2017		2015	
	Land and buildings	Vehicles	Land and buildings	Vehicles
	£ 000	£ 000	£ 000	£ 000
Within one year	3,607	2,145	4,228	4,174
Between two and five years	4,716	2,836	5,080	5,168
After five years	514	-	229	-
	<u>8,837</u>	<u>4,981</u>	<u>9,537</u>	<u>9,342</u>

23 Pension and other schemes

Defined benefit pension schemes

The total defined benefit pension balances at the period end date are as follows:

	31 May 2017	31 December 2015
	£ 000	£ 000
Prudential Platinum - NSL Limited (not recognised)	519	770
Local Government Pension Scheme (recognised)	<u>(1,499)</u>	<u>(1,455)</u>
	<u>(980)</u>	<u>(685)</u>

Prudential Platinum - NSL Limited

The company sponsors Prudential Platinum - NSL Limited, a funded defined benefit pension scheme in the UK. The scheme is set up on a tax relieved basis as a separate trust independent of the company and is supervised by independent trustees. The trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

Active members of the scheme pay contributions at a rate depending on their benefit structure and the company pays the balance of the cost as determined by regular actuarial valuations. The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

A formal actuarial valuation was carried out as at 31 December 2015. A formal actuarial valuation was carried out as at 31 December 2015. The results of that valuation have been projected to 31 May 2017 with allowances for cash-flows and significant member movements using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

23 Pension and other schemes (continued)

Prudential Platinum - NSL Limited (continued)

Amounts recognised in the profit and loss account and other comprehensive income

The current and past service costs, settlements and curtailments, together with the net interest expense for the period are included in profit and loss. Remeasurements of the net defined benefit liability are included in other comprehensive income.

Amounts recognised in the profit and loss account and other comprehensive income in respect of these defined benefit schemes are as follows:

	31 May 2017
	£ 000
Service cost:	
Current service cost (net of employee contributions)	1,086
Administration expenses	69
Gain on plan introductions, changes, curtailments and settlements	118
Net interest credit	(34)
Charge recognised in profit or loss	1,239
Remeasurements of the net liability:	
Return on scheme assets (excluding amount included in net interest expense)	(1,663)
Actuarial losses	1,737
Charge recorded to other comprehensive income	74
Total defined benefit cost	1,313

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	31 May 2017	31 December 2015
	%	%
Discount rate	2.60	3.70
Future salary increases	2.80	3.00
Inflation assumption - RPI	3.30	3.50
Inflation assumption - CPI	2.30	2.50
Revaluation of deferred pensions in line with RPI	3.30	3.50
Revaluation of deferred pensions in line with CPI	2.30	2.50
Increases for pensions in payment: RPI max 6%	3.00	3.20

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

23 Pension and other schemes (continued)

Prudential Platinum - NSL Limited (continued)

Post retirement mortality assumptions

	31 May 2017 years	31 December 2015 years
Retiring today:		
Males	88	87
Females	90	89
Retiring in 20 years		
Males	90	89
Females	<u>92</u>	<u>92</u>

Reconciliation of scheme assets and liabilities to assets and liabilities unrecognised

The amounts remaining unrecognised in the balance sheet are as follows:

	31 May 2017 £ 000	31 December 2015 £ 000
Fair value of scheme assets	10,114	7,463
Present value of defined benefit obligation	<u>(9,595)</u>	<u>(6,693)</u>
Defined benefit pension scheme surplus	<u>519</u>	<u>770</u>

Defined benefit obligation

Movements in the present value of defined benefit obligations were as follows:

	31 May 2017 £ 000	(As restated) 31 December 2015 £ 000
At start of period	6,693	5,292
Current service cost	1,086	1,110
Interest cost	372	212
Actuarial gains and losses	1,737	18
Benefits paid	(202)	(97)
Contributions by scheme participants	143	158
Assets distributed on settlements	<u>(234)</u>	<u>-</u>
At end of period	<u>9,595</u>	<u>6,693</u>

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

23 Pension and other schemes (continued)

Prudential Platinum - NSL Limited (continued)

Fair value of scheme assets

Movements in the fair value of scheme assets were as follows:

	31 May 2017 £ 000	31 December 2015 £ 000
At start of period	7,463	6,458
Interest income	406	252
Contributions from the employer	1,062	1,051
Contributions from employees	143	158
Benefits paid	(202)	(97)
Return on assets (excluding amount included in net interest expense)	1,663	(311)
Assets distributed / liabilities extinguished on settlements	(352)	-
Administrative expenses	(69)	(48)
At end of period	<u>10,114</u>	<u>7,463</u>

Return on plan assets

The return on plan assets was:

	31 May 2017 £ 000	31 December 2015 £ 000
Interest income	406	252
Return on plan assets (excluding amount included in net interest expense)	<u>1,663</u>	<u>(311)</u>
Total return on plan assets	<u>2,069</u>	<u>(59)</u>

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

23 Pension and other schemes (continued)

Prudential Platinum - NSL Limited (continued)

Analysis of assets

The analysis of the scheme assets at the balance sheet date was as follows:

	31 May 2017 £ 000	31 December 2015 £ 000
Cash	80	76
UK Equities	1,432	1,064
Overseas Equities	1,684	1,131
Corporates	2,859	2,107
Index Linked	2,981	2,163
Diversified Growth Funds	823	688
Annuities	255	234
	<u>10,114</u>	<u>7,463</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Local Government Pension Scheme - restated

NSL Limited participate in 19 local Funds of the Local Government Pension Scheme ("the Scheme"), a funded multi-employer defined benefit pension scheme in the UK. Each LGPS Fund is administered by the Local Authority named as the 'Administering Authority'. The Administering Authority act in the interest of the Scheme and all relevant stakeholders, including the members and all the participating employers. The Administering Authority is also responsible for the investment of the Fund's assets.

Pension benefits accrued prior to 31 March 2014 (31 March 2015 in Scotland) are based on members' service and their Final Pensionable Salary at retirement (or earlier leaving). Different accrual rates, cash entitlements and retirement ages apply to different tranches of benefits accrued prior to this date. Pension benefits accrued from 1 April 2014 (1 April 2015 in Scotland) are determined on a Career Average Revalued Earnings basis, with an accrual rate of 1/49ths. Members who leave service before retirement are entitled to a deferred pension and death & Ill-health benefits are provided by the scheme.

Active members of the Scheme pay contributions as set out in LGPS Regulations. NSL Limited pay contributions to each Fund in which it participates at different rates, set each triennial valuation by the Fund Actuary and documented in the Rates and Adjustments certificate. The previous actuarial valuation was carried out as at 31 March 2016 (31 March 2014 in Scotland), following which contribution rates for the period from 1 April 2018 to 31 March 2021 were set (from 2015 to 2018 in Scotland). The next actuarial valuation takes place as at 31 March 2019 (31 March 2017 in Scotland), following which contribution rates from 1 April 2020 (1 April 2018 in Scotland) will be set. The Fund Actuaries are required to use prudent assumptions to value the liabilities and the costs of the Scheme whereas the approach to set the accounting assumptions are prescribed in the accounting standards.

The Scheme poses a number of risks to NSL, for example longevity risk, investment risk, interest rate risk, inflation risk and salary risk. The Administering Authorities (to each Fund) are aware of these risks and use various techniques to mitigate them.

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017.

23 Pension and other schemes (continued)

Local Government Pension Scheme - restated (continued)

Amounts recognised in the profit and loss account and other comprehensive income

The current and past service costs, settlements and curtailments, together with the net interest expense for the period are included in the employee benefits expense in the statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

Amounts recognised in the profit and loss account and other comprehensive income in respect of these defined benefit schemes are as follows:

	31 May 2017	31 December 2015
	£ 000	£ 000
Service cost:		
Current service cost (including expected administration expenses)	1,519	1,057
Net interest charge	94	45
Charge recognised in profit or loss	1,613	1,102
Remeasurements of the net liability:		
(Loss)/return on scheme assets (excluding amount included in net interest expense)	(3,672)	16
Actuarial losses/(gains)	3,023	(76)
Charge recorded to other comprehensive income	(649)	(60)
Total defined benefit cost	964	1,042

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	31 May 2017	31 December 2015
	%	%
Liability Discount rate	2.60	3.70
Inflation assumption - CPI	2.30	2.50
Rate of increase in salaries (average)	2.00	3.00

Post retirement mortality assumptions

The mortality assumptions at 31 May 2017 are as per the assumptions set by local Fund Actuaries at the previous valuation. Further details can be obtained on request.

NSL Limited

Notes to the financial statements (continued) For the period from 1 January 2016 to 31 May 2017

23 Pension and other schemes (continued)

Local Government Pension Scheme - restated (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	31 May 2017 £ 000	31 December 2015 £ 000
Fair value of scheme assets	23,481	18,372
Present value of scheme liabilities	(24,980)	(19,827)
Defined benefit pension scheme deficit	(1,499)	(1,455)

Defined benefit obligation

Movements in the present value of defined benefit obligations were as follows:

	31 May 2017 £ 000	31 December 2015 £ 000
Present value at start of period	19,827	18,489
Benefits paid	(734)	(518)
Current service cost (including administration expenses)	1,519	1,057
Contributions from the employee	276	197
Interest expense	1,069	678
Actuarial gains	3,023	(76)
At end of period	24,980	19,827

Fair value of scheme assets

Movements in the fair value of scheme assets were as follows:

	31 May 2017 £ 000	31 December 2015 £ 000
Fair value at start of period	18,372	17,429
Benefits paid	(734)	(518)
Contributions from the employer	920	649
Contributions from the employee	276	195
Interest income / (expense)	975	633
Return on assets (excluding amount included in net interest expense)	3,672	(16)
At end of period	23,481	18,372

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

23 Pension and other schemes (continued)

Local Government Pension Scheme - restated (continued)

Return on plan assets

The return on plan assets was:

	31 May 2017 £ 000	31 December 2015 £ 000
Interest income	975	633
Return on plan assets (excluding amount included in net interest expense)	3,672	(16)
Total return on plan assets	4,647	617

Analysis of assets

The analysis of the scheme assets at the balance sheet date was as follows:

	31 May 2017 £ 000
UK equities	4,046
Overseas quoted equities	8,566
Unquoted / private equity	1,689
Corporate bonds	1,057
Fixed - interest government bonds	1,151
Index - linked government bonds	1,016
Property	1,814
Hedge funds	414
Cash and Deposits	845
Infrastructure & commodities	825
Others	2,059
	23,482

The asset split shown at the accounting date is based on the split of the each Fund's asset as at the most recent date this information was available.

The Scheme has no investments in NSL Limited.

The company expects to contribute £0.65m to the Scheme during year ending 31 May 2018.

NSL Limited

Notes to the financial statements (continued)

For the period from 1 January 2016 to 31 May 2017

23 Pension and other schemes (continued)

Local Government Pension Scheme - restated (continued)

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.5 percent lower, the scheme liabilities would increase by £2.6m if all the other assumptions remained unchanged.

If the salary growth assumption was 0.5 percent higher, the scheme liabilities would increase by £0.8m if all the other assumptions remained unchanged.

If the CPI inflation assumption was 0.5 percent higher, the scheme liabilities would increase by £1.7m if all the other assumptions remained unchanged.

If life expectancies were to increase by 1 year, the scheme liabilities would increase by £1.0m if all the other assumptions remained unchanged.

The sensitivities above have been determined based on the membership profile of NSL Limited at the most recent actuarial valuations.

24 Ultimate controlling party

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

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 2017, Marston Corporate Limited. Consolidated accounts are available from Rutland House, 8th Floor, 148 Edmund Street, Birmingham, B3 2JR.