

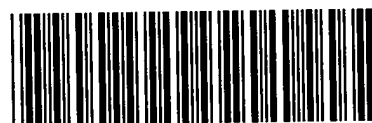
Company Registration No. 06033060

NSL Limited

Report and Financial Statements

31 December 2014

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NSL Limited
Report and financial statements 2014

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	6
Directors' responsibilities statement	7
Independent auditor's report	8
Consolidated profit and loss account and consolidated statement of total recognised gains and losses	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated cash flow statement	13
Notes to the financial statements	14

NSL Limited

Report and financial statements 2014

Officers and professional advisers

Directors

N Coltman
A Cooper (resigned 28 March 2014)
M Gravell
A Palser (appointed 2 February 2015)
H Robinson
M Underwood (resigned 31 December 2014)
J Wilde (appointed 1 November 2014 and resigned 2 February 2015)
G Williams

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

Review of the year and future outlook

Financial performance and KPIs

Turnover grew by 11% to £199.2m (2013: £178.7m) as a result of strong retention levels on retenders, combined with contract extensions and the full year impact of major contract wins in 2013. Adjusted EBITDA fell by 12% to £14.8m (2013: £16.8m); driven by an onerous provision taken against three loss making contracts in the Health Sector. In turn, Adjusted EBITDA as a percentage of revenue fell to 7.4% (2013: 9.4%).

Net cash generated from operating activities increased by 67% to £16.5m (2013: £9.9m). Closing cash of £14.4m (2013: £13.0m), excluding client monies held, was after £7.3m of bank debt repayment and £5.2m of investment in capital expenditure.

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

Financial KPIs	2014 £'000	2013 £'000
1. Adjusted EBITDA – continuing activities		
Operating profit	4,329	4,468
Depreciation & amortisation	7,745	6,510
Loss on sale of fixed assets	26	4
Monitoring fees	60	60
Margin on management recharge from Nirvana Bond Limited	36	35
Contract set-up costs	1,472	4,458
Non-trading exceptional	501	789
Adjusted UK EBITDA	14,169	16,324
Profit from Gulf Investment	606	428
Adjusted EBITDA	14,775	16,752
2. Adjusted EBITDA as a percentage of ongoing revenue	7.4%	9.4%
3. Capital expenditure (note 9)	5,149	5,163
4. Net cash generated from operating activities (note 21)	16,535	9,977
5. Cash at bank and in hand (excluding client monies held) (note 12)	14,415	13,013
6. Debtor days	35	48
7. Creditor days	8	9
Non Financial KPIs	2014	2013
1. Employee headcount (average)	5,186	4,787
2. Number of long-term contracts		
Local Government	74	65
Central Government	41	38
Health	17	21
Total	132	124

NSL Limited

Strategic report (continued)

Review of the year and future outlook (continued)

Outlook for the coming year

The accumulation of 2014's new business wins and extensions resulted in a forward order book of £832m (2013: £758m) which provides a solid foundation for future years.

2015 will be a year of further consolidation ensuring that recent renewals in the Local Government Sector are successfully implemented and that continuing operational efficiencies in contracts in the Health Sector are driven forward.

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 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.

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 2014, more than 1,550 externally recognised qualifications were awarded to colleagues, and a further 705 internally recognised certifications were achieved.

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.

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'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.

NSL Limited

Strategic report (continued)

Corporate and social responsibility (continued)

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 several sites certificated to ISO9001:2008 standard.

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 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.

Leverage

The Group's financing is a mixture of medium-term debt finance, shareholder loan notes and equity as set out below:

	2014 £'000	2013 £'000
Financing:		
Called up share capital	1,481	1,481
Long-term loans from parent undertaking (Note 14)	64,476	74,065
Total	65,957	75,546

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 £28,925,000 (2013: £36,199,000).

NSL Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Liquidity

The Group benefits from a number of long term contracts paid on a monthly basis which provide steady cash generation. This is forecast to continue into 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.

Interest rate

NSL is not significantly exposed to interest rate risk as it has interest rates swaps in place which have the effect of fixing the interest rate on 80% (2013: 98%) of the outstanding bank loans.

Foreign exchange

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

Credit

The Group's principal financial assets are bank balances and trade debtors. Liquid funds are held with banks with a Standard and Poor's credit rating of AA or above. The recovery risk on trade receivables is low due to the nature of NSL's customer base of Local Authorities, Government Agencies and the NHS.

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



Adam Palser

Director

29 May 2015

NSL Limited

Directors' report

The directors present their report and the audited financial statements for NSL for the year ended 31 December 2014.

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2013: £nil).

Directors and secretary

The directors and secretary who held office during the period, except as noted, were as follows:

Directors

N Coltman
A Cooper (resigned 28 March 2014)
M Gravell
H Robinson
M Underwood (resigned 31 December 2014)
J Wilde (appointed 1 November 2014 and resigned 2 February 2015)
G Williams

Secretary

S Shah

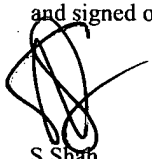
Auditor

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

29 May 2015

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 2014 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 26. 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 2014 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

29 May 2015

NSL Limited

Consolidated profit and loss account and consolidated statement of total recognised gains and losses Year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Turnover	1,2	199,155	178,697
Cost of sales		(179,822)	(159,949)
Gross profit		19,333	18,748
Administrative expenses (including goodwill amortisation)		(15,004)	(14,280)
Operating profit before goodwill amortisation		7,634	7,773
Goodwill amortisation	8	(3,305)	(3,305)
Operating profit		4,329	4,468
Reversal in diminution in value of investment		-	622
Interest receivable and similar income	3	676	823
Interest payable and similar charges	4	(356)	(205)
Profit on ordinary activities before taxation	5	4,649	5,708
Tax credit/(charge) on profit on ordinary activities	6	39	(160)
Profit on ordinary activities after taxation		4,688	5,548
Retained profit/(loss) brought forward		986	(4,562)
Retained profit carried forward	17	5,674	986
		2014 £'000	2013 £'000
Profit attributable to shareholders of the Company		4,688	5,548
Less: foreign exchange translation differences		-	-
Total recognised gains and losses for the year		4,688	5,548

NSL Limited

Consolidated balance sheet 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Intangible assets – goodwill	8	40,619	43,924
Tangible assets	9	10,684	10,001
Investments	10	725	725
		<u>52,028</u>	<u>54,650</u>
Current assets			
Debtors	11	36,442	36,584
Cash at bank and in hand	12	16,087	14,454
		<u>52,529</u>	<u>51,038</u>
Creditors: amounts falling due within one year	13	<u>(29,340)</u>	<u>(27,723)</u>
Net current assets		<u>23,189</u>	<u>23,315</u>
Total assets less current liabilities		<u>75,217</u>	<u>77,965</u>
Creditors: amounts falling due after more than one year	14	<u>(64,476)</u>	<u>(74,095)</u>
Provisions for liabilities	15	<u>(3,586)</u>	<u>(1,403)</u>
Net assets		<u><u>7,155</u></u>	<u><u>2,467</u></u>
Capital and reserves			
Called up share capital	16	1,481	1,481
Profit and loss account	17	5,674	986
Total shareholder's funds	19	<u><u>7,155</u></u>	<u><u>2,467</u></u>

These financial statements of NSL Limited, registered number 06033060, were approved by the Board of Directors on 29 May 2015.

Signed on behalf of the Board of Directors



Adam Palser
Director

NSL Limited

Company balance sheet 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Intangible assets – goodwill	8	39,227	42,418
Tangible assets	9	10,572	9,812
Investment in subsidiaries	10	3,759	3,759
		<u>53,558</u>	<u>55,989</u>
Current assets			
Debtors – amounts falling due after more than one year	11	34,753	34,616
Cash at bank and in hand	12	14,347	12,954
		<u>49,100</u>	<u>47,570</u>
Creditors: amounts falling due within one year	13	<u>(33,892)</u>	<u>(30,790)</u>
Net current assets		<u>15,208</u>	<u>16,780</u>
Total assets less net current liabilities		68,766	72,769
Creditors: amounts falling due after more than one year	14	(64,476)	(74,095)
Provision for liabilities	15	<u>(3,586)</u>	<u>(1,403)</u>
Net assets/(liabilities)		<u>704</u>	<u>(2,729)</u>
Capital and reserves			
Called up share capital	16	1,481	1,481
Profit and loss account	17	<u>(777)</u>	<u>(4,210)</u>
Total shareholder's funds/(deficit)	19	<u>704</u>	<u>(2,729)</u>

These financial statements of NSL Limited, registered number 06033060, were approved by the Board of Directors on 29 May 2015.

Signed on behalf of the Board of Directors



Adam Palser
Director

NSL Limited

Consolidated cash flow statement Year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	21	16,535	9,977
Returns on investments and servicing of financing	22	437	322
Taxation	22	(519)	593
Capital expenditure and financial investment	22	(5,149)	(5,151)
Cash inflow before management of liquid resources and financing		11,304	5,741
Financing	22	(9,671)	(8,836)
Increase/decrease in cash in the year	23	1,633	(3,095)

NSL Limited

Notes to the financial statements

Year ended 31 December 2014

1. Accounting policies

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

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 2014

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 2014

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 FRS 26 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

	2014 £'000	2013 £'000
Local Government	106,280	104,948
Central Government	43,376	38,097
Health	49,499	35,652
	<u>199,155</u>	<u>178,697</u>

All turnover during the year derived from continuing activities in the United Kingdom.

3. Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest receivable	70	99
Commitment fees adjustment	-	296
Dividends received from investments	606	428
	<u>676</u>	<u>823</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2014

4. Interest payable and similar charges

	2014 £'000	2013 £'000
Finance leases and hire purchase contracts	5	8
Facility and commitment fees	338	197
Other interest	13	-
	<u>356</u>	<u>205</u>

5. Profit on ordinary activities before taxation

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of owned assets	4,402	3,167
Depreciation of tangible assets held under finance leases and hire purchase	38	38
	<u>4,440</u>	<u>3,205</u>
Loss on sale of fixed assets	26	4
Amortisation:		
Goodwill	3,305	3,305
Operating lease rentals		
Plant and machinery	4,597	3,495
Buildings	4,317	3,018
Auditor's remuneration	<u>157</u>	<u>131</u>

The analysis of auditor's remuneration is as follows:

	2014 £'000	2013 £'000
Fees payable to the Group's auditor for the audit of the Group's accounts	47	45
The audit of the Group's subsidiaries pursuant to legislation	20	20
Total audit fees	<u>67</u>	<u>65</u>
Other services pursuant to legislation		
- Tax services	35	35
- Covenant compliance services	15	13
- Consultancy services	40	18
Total non-audit fees	<u>90</u>	<u>66</u>
	<u>157</u>	<u>131</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2014

6. Tax on profit on ordinary activities

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

	2014 £'000	2013 £'000
UK corporation tax on profit for the period	-	-
Adjustments in respect of prior periods	-	(87)
Total current tax credit	-	(87)
Deferred tax:		
Origination and reversal of timing differences	(36)	103
Adjustments in respect of prior years	(6)	(113)
Effect of changes in tax rates	3	257
Total deferred tax (credit)/charge	(39)	247
Tax (credit)/charge on ordinary activities	(39)	160

(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 21.5% (2013: 23.25%). The differences are explained below

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	4,649	5,708
Tax credit at standard UK corporation tax rate for period of 21.5% (2013: 23.25%)	1,000	1,327
Effects of:		
Expenses not deductible for tax purposes	(783)	(989)
Income not taxable for tax purposes	(131)	(100)
Depreciation in excess of capital allowances	87	(147)
Movement in respect of short-term timing differences	(51)	45
Group relief claimed	(122)	(136)
Adjustments in respect of prior year	-	(87)
Current tax charge/(credit) for the year	-	(87)

(c) Analysis of deferred tax balance

	2014 £'000	2013 £'000
Deferred tax asset	1,763	1,724

The deferred tax asset recognised relates to fixed asset and short-term timing differences. There are sufficient taxable profits forecast to net off the amount of deferred tax asset recognised.

NSL Limited

Notes to the financial statements Year ended 31 December 2014

7. Information regarding directors and employees

	2014 £'000	2013 £'000
Directors' remuneration		
Emoluments	766	933
Pension contributions	61	81
	<u>827</u>	<u>1,014</u>
 Remuneration of the highest paid director:		
Emoluments	187	223
Pension contributions	10	11
	<u>197</u>	<u>234</u>

Pensions contributions were made in respect of five (2013: six) directors.

The Directors' emoluments include £132k (2013: £67k) relating to compensation for loss of office.

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

	2014 Number	2013 Number
Managerial and support staff	129	109
Operational	5,057	4,678
Total	<u>5,186</u>	<u>4,787</u>

Staff costs during the year (including directors):

	2014 £'000	2013 £'000
Wages and salaries	107,164	98,978
Social security costs	9,103	8,583
Pension costs	3,179	2,545
	<u>119,446</u>	<u>110,106</u>

NSL Limited

Notes to the financial statements Year ended 31 December 2014

8. Intangible fixed assets

Goodwill	Group £'000	Company £'000
Cost		
At 1 January 2014	66,107	63,825
At 31 December 2014	66,107	63,825
Amortisation and impairment		
At 1 January 2014	22,183	21,407
Charge for the year	3,305	3,191
At 31 December 2014	25,488	24,598
Net book value		
At 31 December 2014	40,619	39,227
At 31 December 2013	43,924	42,418

9. Tangible fixed assets

Group	Motor vehicles £'000	Computer equipment £'000	Furniture fixtures and other equipment £'000	Total £'000
Cost				
At 1 January 2014	6,044	16,474	7,489	30,007
Additions	607	4,151	391	5,149
Disposals	(41)	(176)	(126)	(343)
At 31 December 2014	6,610	20,449	7,754	34,813
Accumulated depreciation				
At 1 January 2014	3,963	10,421	5,622	20,006
Charge for the year	825	2,779	836	4,440
Disposals	(41)	(157)	(119)	(317)
At 31 December 2014	4,747	13,043	6,339	24,129
Net book value				
At 31 December 2014	1,863	7,406	1,415	10,684
At 31 December 2013	2,081	6,053	1,867	10,001

NSL Limited

Notes to the financial statements Year ended 31 December 2014

9. Tangible fixed assets (continued)

Company

	Motor vehicles £'000	Computer equipment £'000	Furniture fixtures and other equipment £'000	Total £'000
Cost				
At 1 January 2014	6,035	15,777	7,260	29,072
Additions	607	4,088	389	5,084
Disposals	(41)	(149)	(48)	(238)
At 31 December 2014	6,601	19,716	7,601	33,918
Accumulated depreciation				
At 1 January 2014	3,954	9,881	5,425	19,260
Charge for the year	822	2,666	810	4,298
Disposals	(41)	(130)	(41)	(212)
At 31 December 2014	4,735	12,417	6,194	23,346
Net book value				
At 31 December 2014	1,866	7,299	1,407	10,572
At 31 December 2013	2,081	5,896	1,835	9,812

The net book value of motor vehicles held under finance leases at 31 December 2014 is £21,000 (2013: £59,000).

10. Investments

	Group £'000	Company £'000
Cost		
At 1 January 2014	725	3,759
At 31 December 2014	725	3,759
Net book value		
At 31 December 2014	725	3,759
At 31 December 2013	725	3,759

NSL Limited

Notes to the financial statements Year ended 31 December 2014

10. Investments (continued)

The subsidiaries and investment of NSL Limited as at 31 December 2014 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>			
Zone Parking Solutions Limited Liability Company	United Arab Emirates	Civil enforcement	15%

11. Debtors

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	19,143	17,953	23,548	22,244
Amounts due from investments	12	12	6	6
Amounts due from group undertaking	152	152	113	113
Corporation tax	888	889	370	370
Other debtors	1,423	1,406	1,053	1,050
Prepayments and accrued income	13,061	12,657	9,770	9,177
Deferred tax asset	1,763	1,684	1,724	1,656
	<u>36,442</u>	<u>34,753</u>	<u>36,584</u>	<u>34,616</u>

12. Cash at bank and in hand

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Cash at bank and in hand	14,415	12,675	13,013	11,513
Client monies held	1,672	1,672	1,441	1,441
	<u>16,087</u>	<u>14,347</u>	<u>14,454</u>	<u>12,954</u>

Included in cash at bank and in hand is an amount of £1,369,000 (2013: £1,843,000) 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 2014

13. Creditors: amounts falling due within one year

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases (Note 14)	30	30	43	43
Trade creditors	1,666	1,327	1,555	1,262
Amounts owed to group undertaking	-	5,978	-	4,359
Taxation and social security	5,607	5,169	5,373	5,011
Other creditors	479	475	481	481
Accruals and deferred income	21,558	20,913	20,271	19,634
	<u>29,340</u>	<u>33,892</u>	<u>27,723</u>	<u>30,790</u>

Included in other creditors is £251,000 (2013: £249,000) 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

	2014 Group £'000	2014 Company £'000	2013 Group £'000	2013 Company £'000
Obligations under finance leases	-	-	30	30
Amount due to Parent undertaking	64,476	64,476	74,065	74,065
	<u>64,476</u>	<u>64,476</u>	<u>74,095</u>	<u>74,095</u>
Amounts due under finance leases:				
Between one and two years	-	-	30	30
Between three and five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
On demand or within one year	30	30	43	43
	<u>30</u>	<u>30</u>	<u>73</u>	<u>73</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 2014

15. Provisions for liabilities

Group and Company

	Dilapidations £'000	Employee Related £'000	Onerous Contracts £'000	Total £'000
At 1 January 2014	741	662	-	1,403
Utilised	35	(27)	-	8
Charged to profit and loss	-	(57)	2,232	2,175
At 31 December 2014	<u>776</u>	<u>578</u>	<u>2,232</u>	<u>3,586</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). 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 contract life. These are released over the period of each contract.

16. Called up share capital

	2014 Number	2013 Number	2014 £'000	2013 £'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>

17. Profit and loss account

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 January 2014	986	(4,210)	(4,562)	(8,537)
Profit for the year	<u>4,688</u>	<u>3,433</u>	<u>5,548</u>	<u>4,327</u>
At 31 December 2014	<u>5,674</u>	<u>(777)</u>	<u>986</u>	<u>(4,210)</u>

18. Profit attributable to the Company

The profit for the financial year dealt with in the financial statements of the Company was £3,433,000 (2013: £4,327,000). As permitted by s408 of the Companies Act 2006, no separate profit and loss account is presented in these accounts.

NSL Limited

Notes to the financial statements Year ended 31 December 2014

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

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Profit for the financial year	4,688	3,433	5,548	4,327
Net decrease in shareholders' funds	4,688	3,433	5,548	4,327
Opening shareholders' funds/(deficit)	2,467	(2,729)	(3,081)	(7,056)
Closing shareholders' funds/(deficit)	7,155	704	2,467	(2,729)

20. Commitments

Group and Company

Annual commitments under non-cancellable operating leases are as follows:

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
Within one year	34	75	173	1,055
Between two to five years	2,706	3,594	1,877	3,687
After five years	926	-	1,009	-
	3,666	3,669	3,059	4,742

21. Reconciliation of operating profit to net cash inflow from operating activities

	2014 £'000	2013 £'000
Operating profit	4,329	4,468
Depreciation and amortisation	7,745	6,511
Loss on sale of fixed assets	26	4
(Increase)/decrease in debtors	701	(4,836)
Increase in creditors	1,551	4,005
Increase/(decrease) in provisions	2,183	(175)
Net cash inflow from operating activities	16,535	9,977

NSL Limited

Notes to the financial statements Year ended 31 December 2014

22. Analysis of cash flows

	2014 £'000	2013 £'000
<i>Return on investments and servicing of finance</i>		
Interest received	715	527
Interest paid	(273)	(197)
Interest element of finance lease rentals	(5)	(8)
Net cash inflow	437	322
<i>Taxation</i>		
UK corporation tax (paid)/received	(519)	593
Net cash (outflow)/inflow	(519)	593
<i>Capital expenditure</i>		
Purchase of tangible fixed assets	(5,149)	(5,163)
Sale of tangible fixed assets	-	12
Net cash outflow	(5,149)	(5,151)
<i>Financing</i>		
Funding from parent undertaking	(9,628)	(8,795)
Capital element of finance lease rental payments	(43)	(41)
Net cash outflow	(9,671)	(8,836)

NSL Limited

Notes to the financial statements Year ended 31 December 2014

23. Analysis and reconciliation of net debt

	31 December 2013 £'000	Cash flow £'000	Other non-cash changes £'000	31 December 2014 £'000
Cash at bank and in hand	(14,454)	(1,633)	-	(16,087)
	<u>(14,454)</u>	<u>(1,633)</u>	<u>-</u>	<u>(16,087)</u>
Finance leases				
Debt due within one year	43	(43)	30	30
Debt due after one year	30	-	(30)	-
	<u>73</u>	<u>(43)</u>	<u>-</u>	<u>30</u>
Net debt	<u>(14,381)</u>	<u>(1,676)</u>	<u>-</u>	<u>(16,057)</u>

	2014 £'000	2013 £'000
(Increase)/decrease in cash flow in the year	(1,633)	3,095
Cash outflow from decrease in debt and financing	<u>(43)</u>	<u>(41)</u>
Change in net debt resulting from cash flows	(1,676)	3,054
Other non-cash changes	<u>-</u>	<u>-</u>
Movement in net debt in year	(1,676)	3,054
Opening net debt	<u>(14,381)</u>	<u>(17,435)</u>
Closing net debt	<u>(16,057)</u>	<u>(14,381)</u>

24. 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 £10,661,000 (2013: £5,492,000) at 31 December 2014.

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 £28,925,000 (2013: £36,199,000).

NSL Limited

Notes to the financial statements

Year ended 31 December 2014

25. 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.

26. 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 2014 were an expense of £60,000 (2013: £60,000) and with no liability remaining at year-end.