

Registered number: 06033060

NSL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020



NSL LIMITED

COMPANY INFORMATION

Directors	M Hoskin R J Shearer (resigned 5 June 2020) M S Watson (appointed 5 June 2020)
Company secretary	Squire Patton Boggs Secretarial Services Limited
Registered number	06033060
Registered office	Rutland House 8th Floor 148 Edmund Street Birmingham B3 2JR
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	Lloyds Bank Plc 10 Gresham Street London EC2V 7AE
Solicitors	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP

NSL LIMITED

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NSL LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2020**

Introduction

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

Principal activity

The principal activities of NSL Limited ("the company") during the period were managed through four UK business sectors.

- (1) Civil Parking Enforcement
- (2) DVLA Enforcement
- (3) Transportation back office processing
- (4) Airport transport services

After the year end, Management made the decision to exit the Airports business, and trading ceased on 6th November 2020.

Business review

The ultimate parent company of the Group is Freeflow Topco Limited. This entity acquired the shares in Magenta BidCo Limited on 23rd March 2020.

The Company's performance was stable during the period:

	2020	2019
Revenue	£163.2m	£163.8m
Operating profit	£10.6m	£11.6m
Operating margin	6.7%	7.1%
Cash and Cash Equivalents	£0.7m	£17.2m
Number of contracts	83	88

NSL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

Principal risks and uncertainties

The primary risk factor during the period under review related to Covid 19.

As with many businesses and industries, pandemic had an operational impact as a result of the lockdowns that commenced on 23 March 2020. The Group was in the fortunate position of its ultimate parent undertaking, Free Flow Topco Limited, having completed an investment and funding process earlier that day.

The Board is encouraged by the speed of the UK government's vaccination programme, but has nevertheless sought to mitigate risk. The business continues to ensure a stable supply chain, for example; particularly in respect of the health & safety related supplies needed to ensure safe working environments.

The Group's diversified business model, long term contracts, large number of clients and high contract retention rate all mitigate pandemic related risk.

The operational impact of Covid 19 has been reflected in the forecasts for the year ended 31 May 2021 and the year ended 31 May 2022. The Board has reviewed the Group's cash flow forecasts and, on that basis, is confident that the Group has sufficient liquidity moving forward. Covenant waivers have been secured on the basis of these cash flow forecasts.

Future developments

The Board considers that the Company has the necessary resources, controls and risk management processes to professionally manage any residual impact of Covid 19.

It also expects to increase its technology investment in in the years ahead, and to further develop new ways of working with its clients.

NSL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

S172 of the Companies Act 2006

The Board acts to promote the interests of the business and its key stakeholders, which include its staff, contractors, suppliers and customers (debtors).

Independent Advisory Group

The Board maintains an independent Advisory Group that assesses Marston's adherence to its ethical framework, and ensures that there is a mechanism whereby staff, contractors and customers (debtors) can raise issues independently.

The Advisory Group is chaired by Sam Younger CBE. Sam was formerly Managing Director of the Charity Commission, and is also the chairman of Which?.

Platinum Investors in People accreditation

The Board recognises the importance of its employees, which is reflected in the Group being awarded Platinum Investors in People accreditation in November 2020.

This places Marston in the top two per cent of the nearly 9,000 companies that have some level of Investors in People accreditation.

To attain Platinum status, a business must provide clear evidence that it puts people at the heart of decision making, and that it works in line with its values and towards a shared vision.

Employers' Initiative on Domestic Abuse

Marston became a founding member of the Employers' Initiative on Domestic Abuse in November 2020.

This is a network of large and small businesses whose mission it is to enable employers to take action on domestic abuse – raising awareness among all employees, supporting those facing domestic abuse and providing access to services to help perpetrators to stop.

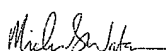
Inclusion Initiative

The Investors in People Platinum assessment report found that 87 per cent of respondents had seen developments across the business in recruitment, selection, retention and diversity.

This recognises the shared ethos of Marston colleagues to work together towards creating an inclusive and diverse working community.

To further support this, we launched an Inclusion Initiative in December 2020. Representative volunteers from across the business now work in consultation with our Independent Advisory Group and Ethics Committee to offer counsel on in these areas.

This report was approved by the board on 10/3/2021 and signed on its behalf.



.....
M Watson
Director

NSL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2020**

The directors present their report and the financial statements for the year ended 31 May 2020.

Results and dividends

The profit for the year, after taxation, amounted to £11,660,000 (2019 - £11,104,000).

The directors do not recommend a payment of a dividend (2019: £nil).

Financial risk management objectives and policies

The Company uses various financial instruments including loans, cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk and credit risk. The Directors agree and review policies for managing each of these risks and these are summarised below. These policies remain unchanged from the previous policies of the Group.

Liquidity Risk

The Company seeks to manage financial risk by ensuring sufficient liquidity available to meet foreseeable needs and to invest cash assets safely and profitably.

The Company policy throughout the year has been to ensure that cash balances are maintained and to ensure that a sufficient return is made on these.

Interest rate risk

The Company finances its operations through a mixture of retained profits and borrowings.

Credit risk

The Company's principal financial asset is cash. The credit risk associated with the cash is limited as the counterparties have high credit ratings.

Directors

The directors who served during the year and after the year end were:

M Hoskin
R J Shearer (resigned 5 June 2020)
M S Watson (appointed 5 June 2020)

NSL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2020

Going concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for the period extending at least 12 months from the date of approval of these financial statements, including scenario analysis and stress testing in relation to Covid 19 (for example the impact of continued social distancing measures on the Group's forecast revenues, and the impact of the UK government's lockdown roadmap set out on 22 February 2021) and continued covenant compliance.

As a result, the directors have reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future, and have therefore adopted the going concern basis in preparing these financial statements.

Strategic Report

The Group's principal activities, risks and uncertainties and future developments are set out in the strategic report, as are the business review and the s172(1) disclosures.

Employee Engagement

Platinum Investors in People accreditation

The Board recognises the importance of its employees, and this is reflected in the Group being awarded Platinum Investors in People accreditation in November 2020.

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Employers' Initiative on Domestic Abuse

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Inclusion Initiative

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To further support this, we launched an Inclusion Initiative in December 2020. Representative volunteers from across the business now work in consultation with our Independent Advisory Group and Ethics Committee to offer counsel on in these areas.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees..

NSL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

Statement of corporate governance arrangements

For the year ended 31 May 2020, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governing Principles for Large Private Companies published by the Financial Reporting Council (FRC) in December 2018, and available on the FRC website. These new corporate governance reporting requirements will apply for companies reporting for financial years starting on or after 1 January 2019 and companies are able to adopt the Wates principles as an appropriate framework when making a disclosure regarding corporate governance arrangements. We have set out below how the Principles apply to the financial year ended 31 May 2020.

Principle 1: Purpose and Leadership

The Company's purpose is to deliver sustainable, profitable, long term growth for the benefit of all its Stakeholders.

Directors engage in regular dialogue with colleagues across the Business. Employees are kept informed of Group strategy, performance and activities by regular newsletters, combined with regular briefings and meetings.

Colleagues are encouraged to provide feedback through regular meetings with Leaders.

Principle 2: Board Composition

The Board is made up of the Chairman and two non-Executive Directors who represent the Shareholders interests. The Executive Team is headed by the Chief Executive and comprises a Corporate Strategy Director, Chief Operating Officer, Chief Financial Officer, Business Development Director and Communications and Policy Director. This composition ensures responsibilities, accountabilities and decision making are effectively balanced.

The Board meets formally at least 10 times a year, supplemented by additional meetings as and when required. Meetings are structured to discuss performance and strategy facilitated by an analysis of trading, financial performance and market conditions.

We believe the size and composition of our Board, at both parent and trading level is appropriate to our large and growing business, with appropriate representation at the right level. Individual Directors make sufficient time available to their respective teams, and the Board to ensure valuable contributions are made and acted on appropriately.

Principle 3: Directors Responsibilities

In terms of our accountability the Board ultimately takes responsibility for business decisions, except those that are reserved to our shareholders.

Whilst the Board views performance on a regular basis, decisions may be made on a daily basis by senior management and heads of departments, using their extensive knowledge and industry experience. Such members of staff have a clear understanding of the limits of their authority and have clear lines of accountability. They know when issues should be escalated for Board consideration and approval.

Principle 4: Opportunities and Risk

The Board understands the importance of establishing and exploiting opportunities, whilst also considering risk. In terms of addressing risk, be it financial, reputational, or other, the business relies on its legal department to mitigate contractual risk, and on its Communications and Policy Director to manage reputational and PR risk.

We are confident that our internal controls system allows the Board to make informed decisions on material environmental, social and governance issues to ensure we operate in a sustainable and socially responsible manner.

In terms of reporting risk to the Board, we are confident that the regular Board meetings and robust reporting lines to Board members ensures that risks are identified promptly and escalated to be addressed as appropriate.

NSL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2020**

Principle 5: Remuneration

There are remuneration structures in place for Directors which provides rewards based on both the Group's overall performance and individual performance.

The Company believes strongly in Equal Opportunities and takes a zero tolerance approach to discrimination or victimisation in any form. The Company promotes equal treatment regardless of age, gender, nationality, ethnic origin, religion, disability, marital status or sexual orientation.

Principle 6: Stakeholder relationship and engagement

The business believes strongly in effective communication with stakeholders, to promote the Company's reputation and enhance the relationships it has with them, in order to further its purpose.

Stakeholders comprise the shareholders, colleagues, customers, suppliers, regulators, policy influencers and local authorities in the areas we operate. We refer to S172(1) statement in the Directors' Report (directors' duty to promote the success of the company, for the benefit of its members as a whole, having regard to all stakeholders).

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

After the year end, Management made the decision to exit the Airports business, and trading ceased on 6th November 2020.

Auditors

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

This report was approved by the board on 10/3/2021 and signed on its behalf.



M S Watson
Director

NSL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MAY 2020**

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 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'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

NSL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NSL LIMITED

Opinion

We have audited the financial statements of NSL Limited (the 'company') for the year ended 31 May 2020, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2020 and of its 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.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid 19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid 19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company associated with a course of action associated with these particular events.

NSL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NSL LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditors' Report is not a guarantee that the Company will continue in operation.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

NSL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NSL LIMITED (CONTINUED)

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 Report or the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

NSL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NSL LIMITED (CONTINUED)

Grant Thornton UK LLP

Gary Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
.10/3/2021

NSL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2020

	Note	2020 £000	2019 £000
Turnover	4	163,285	163,763
Expenses		(152,937)	(152,144)
Other operating income	5	599	-
Operating profit	6	10,947	11,619
Interest receivable and similar income	10	40	24
Interest payable and expenses	11	(393)	(419)
Profit before tax		10,594	11,224
Tax on profit	12	1,066	(120)
Profit for the financial year		11,660	11,104
Other comprehensive income for the year			
Actuarial losses on defined benefit pension scheme		(2,131)	(1,310)
Movement of deferred tax relating to pension surplus		365	173
Other comprehensive income for the year		(1,766)	(1,137)
Total comprehensive income for the year		9,894	9,967

The notes on pages 16 to 41 form part of these financial statements.

The above results were derived from continuing operations.

NSL LIMITED
REGISTERED NUMBER: 06033060

BALANCE SHEET
AS AT 31 MAY 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	23,964	26,112
Tangible assets	14	3,486	4,652
Investments	15	3,733	3,733
		<u>31,183</u>	<u>34,497</u>
Current assets			
Debtors: amounts falling due after more than one year	16	2,629	2,133
Debtors: amounts falling due within one year	16	89,441	44,828
Cash at bank and in hand	17	748	17,153
		<u>92,818</u>	<u>64,114</u>
Creditors: amounts falling due within one year	18	(83,368)	(69,530)
Net current assets/(liabilities)		<u>9,450</u>	<u>(5,416)</u>
Total assets less current liabilities		<u>40,633</u>	<u>29,081</u>
Creditors: amounts falling due after more than one year	19	(353)	(1,477)
Provisions for liabilities			
Other provisions	22	(995)	(1,031)
Pension liability	26	(4,183)	(1,365)
Net assets		<u><u>35,102</u></u>	<u><u>25,208</u></u>
Capital and reserves			
Called up share capital	23	1,481	1,481
Profit and loss account	24	33,621	23,727
		<u><u>35,102</u></u>	<u><u>25,208</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10/3/2021



M S Watson
 Director

The notes on pages 16 to 41 form part of these financial statements.

NSL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2020**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 June 2018	1,481	13,760	15,241
Profit for the year	-	11,104	11,104
Other comprehensive income	-	(1,137)	(1,137)
At 1 June 2019	1,481	23,727	25,208
Profit for the year	-	11,660	11,660
Other comprehensive income	-	(1,766)	(1,766)
At 31 May 2020	1,481	33,621	35,102

The notes on pages 16 to 41 form part of these financial statements.

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

1. General information

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

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

The nature of the company's operations and its principal activities are set out in the Strategic report on pages 1 to 3.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

NSL Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Free Flow Topco Limited as at 31 May 2020 and these financial statements may be obtained from Embassy House, 60 Church Street, Birmingham, B3 2DJ.

The following principal accounting policies have been applied:

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)

2.3 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 publicly available. These financial statements therefore present information about the company as an individual undertaking and not about its group.

2.4 Going concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for the period extending at least 12 months from the date of approval of these financial statements, including scenario analysis and stress testing in relation to Covid-19 (for example the impact of continued social distancing measures on the Group's forecast revenues, and the impact of the UK government's lockdown roadmap set out on 22 February) and continued covenant compliance.

As a result, the directors have reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future, and have therefore adopted the going concern basis in preparing these financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)

2.6 Revenue

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

Rendering of services

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

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

2.7 Operating leases: the Company as lessee

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

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

2.8 Interest income

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

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

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

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

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

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

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 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
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)**2.13 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

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

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

The estimated useful lives range as follows:

Goodwill	-	20 years straight line
Computer software	-	3 to 5 years straight line

2.14 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	straight line over the length of the lease
Motor vehicles	-	four to seven years
Fixtures and fittings	-	four to ten years
Computer equipment	-	three to five years

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

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

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

2. Accounting policies (continued)**2.16 Debtors**

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

2.17 Cash and cash equivalents

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

2.18 Creditors

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

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Financial assets and liabilities

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

2. Accounting policies (continued)
2.20 Financial assets and liabilities (continued)

there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 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.

2.22 Other income

Other income relates to that received from the UK government for the Coronavirus Job Retention Scheme (Furlough Scheme). It is recognised when received.

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.

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Defined Benefit Pension Scheme

Managements estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense (as analysed in note 26). At 31 May 2020 there was a deficit of £4,182k in respect of the LGPS pension scheme and a surplus of £1,091k in respect of Prudential Platinum.

There were no other significant estimates or judgements used in preparing these financial statements.

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

4. Turnover

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

	Year ended 31 May 2020 £000	Year ended 31 May 2019 £000
Civil Parking Enforcement	118,696	117,265
DVLA enforcement	23,562	24,329
Transportation	16,570	17,196
Airport back office processing	4,413	4,659
Other	44	314
	163,285	163,763

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £000	2019 £000
Other operating income	599	-
	599	-

Other operating income relates to income received from the UK Government in respect of the Coronavirus Job Retention Scheme (Furlough Scheme).

6. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible assets owned by the company	2,112	2,356
Amortisation of intangible assets	3,730	3,583
Operating lease expense - plant and machinery	1,393	709
Operating lease expense - other operating lease costs	4,641	3,779

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

7. Auditors' remuneration

	2020	2019
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	55	55

8. Employees

Staff costs were as follows:

	2020	2019
	£000	£000
Wages and salaries	86,139	85,503
Social security costs	8,036	7,758
Cost of defined contribution scheme	2,087	1,649
	96,262	94,910

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Operational	3,615	3,693
Administration	57	57
	3,672	3,750

9. Directors' remuneration

No director received remuneration in the period (2019: £nil) nor were any pension contributions paid on their behalf (2019: £nil).

All directors' costs were borne by another group company.

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

10. Interest receivable

	2020 £000	2019 £000
Other interest receivable	40	24
	<u>40</u>	<u>24</u>

11. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	313	350
Finance leases and hire purchase contracts	35	69
Net interest expense from defined benefit scheme	45	-
	<u>393</u>	<u>419</u>

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	-	120
Adjustments in respect of previous periods	(935)	-
	<u>(935)</u>	<u>120</u>
Total current tax	<u>(935)</u>	<u>120</u>
Deferred tax		
Origination and reversal of timing differences	16	-
Changes to tax rates	(275)	-
Adjustment in respect of previous periods	128	-
	<u>(131)</u>	<u>-</u>
Total deferred tax	<u>(131)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>(1,066)</u>	<u>120</u>

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	10,594	11,224
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,013	2,133
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	647	789
Adjustments to tax charge in respect of prior periods	(807)	(2,821)
Group relief	(2,643)	27
Tax rate changes	(276)	(8)
Total tax charge for the year	(1,066)	120

Factors that may affect future tax charges

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax from 19% to 17%. From 1 April 2020, it was confirmed the corporation tax rate will remain at 19% and deferred taxes at the balance sheet have been calculated based on this rate.

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

13. Intangible assets

	Computer software £000	Goodwill £000	Total £000
Cost			
At 1 June 2019	3,220	63,825	67,045
Additions	1,591	-	1,591
Disposals	(9)	-	(9)
At 31 May 2020	4,802	63,825	68,627
Amortisation			
At 1 June 2019	1,772	39,161	40,933
Charge for the year on owned assets	582	3,148	3,730
At 31 May 2020	2,354	42,309	44,663
Net book value			
At 31 May 2020	2,448	21,516	23,964
At 31 May 2019	1,448	24,664	26,112

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

14. Tangible fixed assets

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 June 2019	-	3,611	3,184	6,408	13,203
Additions	11	133	200	671	1,015
Disposals	-	(29)	-	(39)	(68)
At 31 May 2020	11	3,715	3,384	7,040	14,150
Depreciation					
At 1 June 2019	-	2,089	2,207	4,256	8,552
Charge for the year on owned assets	-	555	412	1,145	2,112
At 31 May 2020	-	2,644	2,619	5,401	10,664
Net book value					
At 31 May 2020	11	1,071	765	1,639	3,486
At 31 May 2019	-	1,522	978	2,152	4,652

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 June 2019	3,733
At 31 May 2020	3,733

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

15. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
Project Centre Limited	United Kingdom	Design and consultancy	100%
Task Enforcement Limited	United Kingdom	Traffic Enforcement	100%

16. Debtors

	2020 £000	2019 £000
Due after more than one year		
Deferred tax asset	2,629	2,133
	<u>2,629</u>	<u>2,133</u>
	2020 £000	2019 £000
Due within one year		
Trade debtors	9,920	14,976
Amounts owed by group undertakings	69,765	20,222
Other debtors	298	302
Prepayments and accrued income	9,458	9,328
	<u>89,441</u>	<u>44,828</u>

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

17. Cash and cash equivalents

Bank and cash balances	748	17,153
	<u>748</u>	<u>17,153</u>

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

18. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	3,170	3,818
Amounts owed to group undertakings	53,823	38,883
Corporation tax	243	1,178
Other taxation and social security	14,271	7,505
Obligations under finance lease and hire purchase contracts	165	-
Other creditors	18	62
Accruals and deferred income	11,678	18,084
	<u>83,368</u>	<u>69,530</u>

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

Included in other creditors is £Nil (2019:£62,000) 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

	2020 £000	2019 £000
Net obligations under finance leases and hire purchase contracts	353	1,477
	<u>353</u>	<u>1,477</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £000	2019 £000
Within one year	152	-
Between 1-5 year	367	1,477
	<u>519</u>	<u>1,477</u>

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

21. Deferred taxation

	2020 £000	2019 £000
At beginning of year	2,133	2,087
Charged to the profit or loss	131	46
Credited to OCI	365	-
At end of year	2,629	2,133
	2020 £000	2019 £000
Accelerated capital allowances	1,645	1,600
Tax losses carried forward	984	533
	2,629	2,133

The deferred tax asset is expected to be recoverable after more than 12 months.

22. Provisions

	Dilapidation provision £000	General provision £000	Total £000
At 1 June 2019	1,030	1	1,031
Charged to profit or loss	(35)	(1)	(36)
At 31 May 2020	995	-	995

The dilapidations provision is in respect of reinstatement obligations relating to leasehold properties and are expected to arise at the end of the lease. The leases covered by the provision have a maximum remaining term of ten years.

23. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
14,812,491 (2019 - 14,812,491) Ordinary shares of £0.10 each	1,481	1,481

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

24. Reserves**Profit and loss account**

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

25. Commitments under operating leases

At 31 May 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£000	£000
Land and buildings		
Not later than 1 year	4,819	3,779
Later than 1 year and not later than 5 years	10,494	9,369
Later than 5 years	2,301	2,664
	<u>17,614</u>	<u>15,812</u>
	<u>2020</u>	<u>2019</u>
	<u>£000</u>	<u>£000</u>
Vehicles		
Not later than 1 year	256	709
Later than 1 year and not later than 5 years	621	765
	<u>877</u>	<u>1,474</u>

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

26. Pension and other schemes**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.

This scheme provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension.

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.

The scheme poses a number of risks to the Company, for example longevity risk, investment risk, interest rate risk, inflation risk and salary risk. The trustees are aware of these risks and use various techniques to control them. The trustees have a number of internal control policies including a risk register, which are in place to manage and monitor the various risks they face.

The scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 31 December 2021. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

A formal actuarial valuation was carried out as at 31 December 2018. The results of that valuation have been projected to 31 May 2020 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

The amounts recognised in the balance sheet are as follows:

	31 May 2020	31 May 2019
	£000	£000
Present value of scheme liabilities	(9,662)	(9,558)
Fair value of scheme assets	10,681	10,649
Funded Status	<u>1,019</u>	<u>1,091</u>
Restriction on asset recognised	(1,019)	(1,091)
Net amount recognised at year end	<u><u>-</u></u>	<u><u>-</u></u>

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year 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.

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

	31 May 2020	31 May 2019
	£000	£000
Service Cost:		
Current service cost (net of employee contribution)	240	240
Administration expenses	59	59
Past service cost and loss/(gain) on settlements and curtailments	333	(13)
Net interest credit	(25)	(26)
Charge recognised in P&L	632	273
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in interest expense)	(595)	(163)
Loss/(gain) arising from changes in financial assumptions	795	141
Loss/(gain) arising from changes in demographic assumptions	(108)	(425)
Experience loss/(gain)	(257)	(94)
Credit recorded in other comprehensive income	(167)	(116)
Total defined benefit cost/(credit)	465	157
The principal actuarial assumptions used were:		
	31 May 2020	31 May 2019
Liability discount rate	1.60%	2.65%
Inflation assumption - RPI	2.70%	3.20%
Inflation assumption - CPI Rate of increase in salaries	1.90%	2.20%
Rate of increase in salaries	1.50%	2.90%
Revaluation of deferred pensions:		
In line with RPI	2.70%	3.20%
In line with CPI	1.90%	2.20%
Increases for pensions in payment:		
RPI max 6%	2.70%	2.90%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	0.00%	0.00%
Mortality assumption - pre retirement	See below	See below
Mortality assumption - male post retirement	SAPS S3PMA CMI_2018_M 1.5% long term trend	SAPS S2PMA CMI_2015_M 1.5% long term trend
Mortality assumption - female post retirement	SAPS S3PFA CMI_2018_F 1.5% long term trend	SAPS S2PFA CMI_2015_F 1.5% long term trend

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	87.0	87.7
Female aged 65 at year end:	89.3	89.8
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	88.7	89.9
Female aged 45 at year end:	91.0	92.1

Changes in the present value of assets over the period:

	31 May 2020	31 May 2019
	£000	£000
Fair value of assets at start of period	10,649	10,240
Interest income	271	286
Return on assets (excluding amount included in net interest expense)	595	163
Remeasurement in respect of asset ceiling	-	-
Assets distributed on settlements	(882)	-
Contributions from the employer	393	335
Contributions from employees	17	18
Benefits paid	(262)	(334)
Administration expenses	(100)	(59)
Fair value of assets at end of period	10,681	10,649
Actual return on assets over the period	866	449

Changes in the present value of liabilities over the period:

	31 May 2020	31 May 2019
	£000	£000
Liabilities at start of period	9,558	9,327
Current service cost	224	240
Interest cost	246	260
Contributions from employees	17	18
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	793	141
Actuarial gains and losses arising from changes in demographic assumptions	(108)	-
Other experience items	(257)	(94)
Loss/(gain) on curtailments	123	-
Liabilities extinguished on settlements	(672)	-
Benefits paid	(262)	(334)
Liabilities at end of period	9,662	9,558

The split of the scheme's liabilities by category of membership is as follows:

	31 May 2020	31 May 2019
Active members	3,324	7,905
Deferred pensioners	4,052	1,015
Pensions in payment	2,285	407
	9,661	9,327

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

Average duration of the scheme's liabilities at the end of the period (years)	22	22
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The major categories of scheme assets are as follows:

	31 May 2020 £000	31 May 2019 £000
Return seeking		
UK equities	1,158	1,395
Overseas equities	1,419	1,455
Diversified growth	1,088	1,162
Return seeking subtotal	<u>3,665</u>	<u>4,012</u>
Debt instruments		
Corporates	3,340	3,063
Index-linked	3,342	3,261
Debt instrument subtotal	<u>6,682</u>	<u>6,324</u>
Other		
Annuities	334	301
Cash	12	12
Other	334	312
Total market value of assets	<u><u>10,681</u></u>	<u><u>10,649</u></u>

The Scheme has no investments in the Company or in property occupied by the Company.

NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020**

Local Government Pension Scheme - NSL Limited

NSL Limited (NSL) participated in 15 local Funds of the Local Government Pension Scheme ("the Scheme") over the financial year (excluding those where a pass through agreement is in place). The LGPS is 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. At the year-end NSL participated in 15 local Funds.

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 pay contributions to each Fund in which it participates at different rates, set at 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 2019 (31 March 2017 in Scotland, the valuation as at 31 March 2020 is yet to be completed), following which contribution rates for the period 2020 to 2023 were set (rates for the period 2018 to 2022 were previously set in Scotland at the 2017 valuation). The next actuarial valuation takes place as at 31 March 2022 (31 March 2020 in Scotland), following which contribution rates from 1 April 2023 (1 April 2021 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 setting the accounting assumptions is 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 control them.

NSL participate in some local LGPS Funds on a 'pass-through' basis, whereby NSL pays a fixed contribution rate during the period of the contract. At the end of the contract, any surplus or deficit reverts to the contract letting authority. As such, NSL is only responsible for paying annual contributions detailed under the 'pass through' agreement (and the cost of any employer specific experience) so the value of the assets and liabilities in respect of these admission agreements is not included in this disclosure. This approach is consistent with that taken last year.

The figures in the following disclosure were measured using the Projected Unit Method.

The amounts recognised in the balance sheet are as follows:

	31 May 2020	31 May 2019
	£000	£000
Defined benefit obligation	(27,063)	(23,785)
Fair value of scheme assets	22,881	22,420
Net defined benefit asset/(liability) recognised at year end	<u><u>(4,182)</u></u>	<u><u>(1,365)</u></u>

NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

	31 May 2020 £000	31 May 2019 £000
Service cost:		
Current service cost (including expected administration expenses)	827	1,003
Past service cost and loss on settlements and curtailments	-	327
Net interest expense	45	26
Charge recognised in P&L	<u>872</u>	<u>1,356</u>
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in interest expense)	(112)	291
Loss/(gain) arising from changes in financial assumptions	3,384	(78)
(Gain)/loss arising from changes in demographic assumptions	(1,017)	-
Experience (gain)/ loss	(124)	8
Charge recorded in other comprehensive income	<u>2,131</u>	<u>221</u>
Total defined benefit cost	<u>3,003</u>	<u>1,577</u>

The principal actuarial assumptions used were:

	31 May 2020	31 May 2019
Liability discount rate	1.60%	2.65%
Inflation assumption - CPI	1.90%	2.20%
Rate of increase in salaries (average)	1.50%	1.50%

Proportion of employees commuting pension for cash are per the assumption adopted at the previous valuation of the LGPS Funds.

The mortality assumptions at 31 May 2020 are as per the assumptions set by local Fund Actuaries at the previous valuation. Further details can be obtained on request.

Changes in the present value of assets over the period:

	31 May 2020 £000	31 May 2019 £000
Fair value of assets at start of period	22,420	25,311
Interest income	592	660
Return on assets (excluding amount included in net interest expense)	112	(292)
Assets distributed on settlements	(2,978)	(2,978)
Assets acquired in a business combination	-	-
Contributions from the employer	185	268
Contributions from employees	137	166
Contributions made in respect of unfunded benefits	-	-
Benefits paid	(565)	(715)
Unfunded benefits paid	-	-
Fair value of assets at end of period	<u>22,881</u>	<u>22,420</u>
Actual return on assets over the period	704	368

NSL LIMITED

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Changes in the present value of liabilities over the period:

	31 May 2020	31 May 2019
	£000	£000
Liabilities at start of period	23,784	25,366
Current service cost	827	1,003
Interest cost	637	686
Contributions from employees	137	166
Remeasurement gains:	-	-
Actuarial gains and losses arising from changes in financial assumptions	3,384	(77)
Actuarial gains and losses arising from changes in demographic assumptions	(1,017)	-
Other experience items	(124)	8
Past service cost, including curtailments and settlements	(2,652)	(2,652)
Liabilities assumed on business combinations	-	-
Benefits paid	(565)	(715)
Unfunded benefits paid	-	-
Liabilities at end of period	27,063	23,785

The split of the scheme's liabilities by category of membership is as follows:

	31 May 2020	31 May 2019
	£000	£000
Active members	17,349	19,502
Deferred pensioners	3,934	2,931
Pensions in payment (funded)	5,780	1,351
	27,063	23,784

The major categories of scheme assets are as follows:

	31 May 2020	%
	£000	
Return seeking		
UK Equities	1,929	8
Overseas Equities	5,292	23
Private Equity	4,225	19
Return seeking subtotal	11,466	50
Debt instruments		
Corporates	1,412	6
Gilts	523	2
Index Linked	1,211	5
Debt instrument subtotal	3,146	13
Property	1,940	9
Hedge Funds	276	1
Cash	809	4
Infrastructure & commodities	1,756	8
Others	3,488	15
Total market value of assets	22,881	100.00

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

The Scheme has no investments in NSL.

The Company expects to contribute £0.29m to the Scheme during year ending 31 May 2021.

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 £2.8m if all the other assumptions remained unchanged.

If the salary growth assumption was 0.5 percent higher, the scheme liabilities would increase by £0.3m if all the other assumptions remained unchanged.

If the CPI inflation assumption was 0.5 percent higher, the scheme liabilities would increase by £1.9m if all the other assumptions remained unchanged.

If life expectancies were to increase by 1 year, the scheme liabilities would increase by £1.1m if all the other assumptions remained unchanged.

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

27. Contingent liabilities

The company has given a number of performance and trade guarantees in the normal course of business. At 31 May 2020 the value of guarantees in place was £7.0m (2019: £7.5m).

28. Post balance sheet events

After the year end, Management made the decision to exit the Airports business, and trading ceased on 6th November 2020.

29. 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 2020, Free Flow Topco Limited. Consolidated accounts are available from Embassy House, 60 Church Street, Birmingham, B3 2DJ.