

Registered number: 06033060

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**NSL LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2023**



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**NSL LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	K Hanshaw (appointed 15 September 2023) M Johnson (appointed 4 August 2023)
<b>Company secretary</b>	Squire Patton Boggs Secretarial Services Limited
<b>Registered number</b>	06033060
<b>Registered office</b>	Rutland House 8th Floor 148 Edmund Street Birmingham B3 2JR
<b>Independent auditor</b>	Cooper Parry Group Limited Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donnington Derby DE74 2SA
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP

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## NSL LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2023

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#### Introduction

The Director's present their Strategic Report for the year ended 31 May 2023.

In preparing the Strategic Report and the Directors' Report the directors have complied with s414C of the Companies Act 2006.

#### Principal activity

The principal activities of NSL Limited ("the Company") during the year were managed through three UK business sectors:

- (1) Civil parking services;
- (2) Driver and Vehicle Licencing Agency ("DVLA") services; and
- (3) Business process outsourcing

#### Business review

The ultimate parent company of NSL Limited is Free Flow Topco Limited.

Our civil parking contract business continues to perform strongly in serving existing clients with core deployment and additional services, as well as securing new contracts which enhance our standing as a valued local authority partner. Furthermore our DVLA contract performed stronger this financial year as a result of an improvement in operating conditions.

Company turnover was £182.2m (2022: £164.6m) with the majority of our service lines performing stronger overall than in 2022, demonstrating the strong resilience the Company has from generating revenue from multiple streams.

- profit from operations was £13.5m (2022: £9.0m)
- operating margin was 7.4% (2022: 5.4%)\*
- profit for the year was £13.5m (2022: £9.2m)
- cash and cash equivalents increased from £1.9m to £2.5m
- net assets increased from £53.6m to £68.0m

\*Operating profit margin is calculated by dividing the profit from operations of £13.5m (2022: £9.0m) by turnover of £182.2m (2022: £164.6m).

The improvement in operating profit, EBITDA and margin percentage is due to our increase in revenue as a result of a rebound from Covid 19 and leveraging the fixed cost base more effectively. This is expected to improve further as we continue the recovery through the coming financial year.

#### Balance sheet movements

- The Board is satisfied with the net asset position at 31 May 2023 of £68.0m which was an increase of £14.4m from £53.6m in the prior year. The increase in net assets is reflective of the improved performance of the Company due to the rebound from Covid 19.
- The increase in cash and cash equivalents of £0.6m from £1.9m in the prior year to £2.5m largely relates to the movements in intercompany debtors and intercompany creditors due to management of cash flows within the wider group.

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**NSL LIMITED**


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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2023**


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**Key performance indicators**

The Company monitors all its business lines through a mixture of financial and non financial KPIs on a weekly basis as well as through our monthly reporting process. These enable management to assess how individual business lines are performing, as well as being able to assess client level performance, and if required, be able to change operational strategy to drive value and efficiency.

Below are some of the key metrics we review, and the Company is satisfied that most of these are showing positive indications as we improve and grow.

	<b>31 May 2023</b>	<b>31 May 2022</b>	<b>Change %</b>
EBITDA (£m) <sup>1</sup>	18.5	14.1	31%
Profit from operations (£m) <sup>2</sup>	13.5	9.0	50%
Number of contracts <sup>3</sup>	80	80	0%
Deployed hours <sup>4</sup>	3,473,489	3,231,562	7%

(1) Earnings before interest, tax, depreciation and amortisation (EBITDA) is calculated by adding depreciation and amortisation cost of £5.0m (2022: £5.1m) to profit from operations of £13.5m (2022: £9.0m).

(2) Profit from operations is an alternative performance measure, please refer to note 2.22 for further information.

(3) There has been no change to the number of contracts we operate at the balance sheet date.

(4) Deployed hours form a key metric of our Civil Parking business and represent the number of hours that our employees have been deployed supporting an individual local government contract. The increase in deployed hours is important and can be attributed to new contracts won in the current financial year as well as improved deployment metrics on existing contracts which were challenging in the previous year due to the pandemic challenges and the unprecedented demand on the job market making retention difficult.

**Principal risks and uncertainties**

The Company's Enterprise Risk Management Framework sets out a comprehensive risk management process and methodology ensuring robust identification and assessment of the risks facing the Company, including emerging risks.

The Company has adopted a 'Three Lines of Defence' model to ensure clear apportionment and oversight of risk, and to align to industry best practice.

The management of risk is then embedded into each level of the business, with all colleagues being responsible for identifying, assessing and managing risk.

**Three Lines of Defence**

The first line of defence are management oversight and procedures in the front-line client and customer facing teams together with their support functions, including Finance, Human Resources and Information Technology.

The role of the first line of defence is to identify and assess risk and execute actions to manage and treat it in accordance with the Company's risk policy.

The first line is responsible for maintaining a local risk register, escalating any risk events to the second line of defence.

The second line of defence is made up of the Risk Framework Team and oversees the first line, providing best

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2023**


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practise risk management tools and aggregating risk data for the Executive Leadership Team and Risk Committee.

The third line of defence is comprised of an Operational Internal Audit Team reporting into the Chief Financial Officer, and an outsourced independent internal audit function.

The third line of defence provides independent assurance to the Executive Leadership Team on the operation and effectiveness of the first and second lines of defence.

#### Top Corporate Risks

Corporate risk registers are based around the Company's organisational structure to ensure clear accountability for risk.

There are three levels of corporate risk register to ensure sufficient consideration of risk across all Company activities.

Level 1	Top Corporate Risks
Level 2	Individual Executive Leadership Team Members
Level 3	Front line Business Units

The Level 1 corporate risk register is prepared by combining the local bottom up Level 3 risk registers with Company level risks identified and owned by the Executive Leadership Team.

The Company employs a range of risk management strategies, including: avoidance, mitigation, transfer (including insurance) and acceptance. The Risk Committee monitors the implementation of risk mitigation plans for the Top Corporate Risks.

The top 3 corporate risks are as follows:

No.	Risk	Risk description	Key controls
1	Reputational risk	The risk of negative publicity in media or from stakeholders leading to damage to reputation and financial loss.	<ul style="list-style-type: none"> <li>• Well-developed policies and procedures which are continuously improved.</li> <li>• Continuous training, education and monitoring of personnel to ensure consistency and professionalism.</li> <li>• Customer Experience Committee monitoring feedback and providing insight for improvement.</li> <li>• Quality management systems assured to BSI standard.</li> <li>• Independent Advisory Group providing truly independent monitoring of standards and performance, and improvement suggestions.</li> <li>• Complaints management and monitoring, with improvement feedback.</li> <li>• Public and external affairs function and media escalation process.</li> <li>• Internal and quality audit programmes.</li> </ul>

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2023**


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No.	Risk	Risk description	Key controls
2	Data security breach risk	The risk of a significant commercial or personal data breach resulting in regulatory intervention or fines, reputational damage and loss of clients and associated financial loss.	<ul style="list-style-type: none"> <li>• Data Protection Officer and Data Privacy Team.</li> <li>• Data Protection Policy Framework.</li> <li>• Staff and field data protection induction and refresher training programmes.</li> <li>• Data Protection and information security audit programme.</li> <li>• Data Protection Committee responsible for data governance across the Company.</li> <li>• Head of Cyber and Information Security and team.</li> <li>• Information Security Policy.</li> <li>• IT Security and Penetration Testing Programme.</li> <li>• Cyber insurance policy.</li> <li>• British Standard ISO27001 certification.</li> </ul>
3	Vehicle operator licence risk	The risk that there is a breach of our Vehicle Operator Licence leading to potential regulatory fines, reputational damage and potential financial loss.	<ul style="list-style-type: none"> <li>• Comprehensive Transport policies and procedures via Fleet Operations Manual.</li> <li>• Training and monitoring of personnel.</li> <li>• Transport Committee monitors vehicle operator license compliance, driving continuous improvement.</li> <li>• Head of Fleet &amp; Transport and fleet management team accountable for performance and standards.</li> <li>• Fleet audit programme.</li> </ul>

**Future developments**

The Board considers that the Company has the necessary resources, controls and risk management processes to effectively manage commercial risk and grow the business in a sustainable way.

The Company is expanding its investment in technology, developing and enhancing both new and existing products with the goal of improving ways in which it engages with its clients and suppliers, and the effective collaboration of our colleagues.

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**NSL LIMITED**


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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2023**


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**Statement by the Directors on performance of their statutory duties in accordance with S172(1) 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).

The table below sets out our key stakeholders and provides examples of how we have engaged with them throughout the financial period, as well as demonstrating shareholder consideration in the decision making process;

<b>Stakeholders</b>	<b>Our approach to stakeholder engagement</b>	<b>Stakeholder consideration in the Board's decision making</b>
<u>Investors</u> The Company's investors are essential to business growth and provide funding and knowledge to aid the Company's strategic goals.	Investor engagement is frequent and performance information is provided by the Board to the Company's investors.	As a Board the aim is to provide clear and concise management information to the Company's investors, being clear with them as to the business opportunities and risks that exist and how the Board is working with these to drive investor value.
<u>Lenders</u> The Company's lenders are essential to the business as they lend funds to allow the business to operate and grow.	To have an open, regular and honest dialogue with lenders which includes sharing monthly performance reports, and regular business updates.	The Board actively engages with Lenders in a positive and progressive working approach, providing them with accurate, timely and detailed information on the performance of the business, the risks and the opportunities.
<u>Clients</u> The Company works closely with all clients to understand their evolving requirements and ensure the Company's business model and services compliment them.	Comprehensive, strong and clear client engagement to ensure exceptional service, anticipation of future needs and inform prioritisation of strategic growth opportunities.	Long term client engagement is something the Company prides itself on given the nature of its primarily Local Authority client base. The Board's focus is to continue to maintain high standards and service levels with its client relationships. The Company also looks at all opportunities to help its clients with additional services that create value.



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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2023**

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**s172 (continued)**

**Engagement with other stakeholders**

**Investors in People accreditation**

The Board recognises the importance of its colleagues, which is reflected in the Group being awarded the Investors in People Accreditation. This places the Group in the top two per cent of the nearly 9,000 companies that have an Investors in People accreditation.

**Inclusion and Wellbeing**

The Investors in People 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 our colleagues to work together towards creating an inclusive and diverse working community. In particular, colleagues have celebrated PRIDE, Movember, International Women's Day, and many religious events during the course of the year. To further support inclusivity, we launched a Group wide inclusion approach where representative volunteers from across the business now work in consultation with our Independent Advisory Group and Ethics Committee to offer counsel and track progress in these areas.

Throughout the year, we have continued to promote health and wellbeing to all colleagues across stress awareness, suicide prevention, 'time to talk and listen' events', training programmes and further increasing the number of Mental Health First Aiders across the Group.

**Colleague Engagement and Development**

Colleagues are a vital part of the success of the Company, and a significant focus of management's time is on the effective recruitment and retention of colleagues across all of its service lines. Colleague communication and engagement are essential to this, and colleagues are communicated to frequently at all levels through team briefings or intranet communications to share relevant information. The Company has focused on how it supports its colleagues to work considering the challenges raised by the pandemic and continues to offer, where appropriate, hybrid working solutions which helps support our people focused agenda.

We have continued to expand our online and face to face Learning and Development programmes. We now have over one hundred colleagues undertaking a formally recognised apprentice programme and we will be further expanding the number of programmes on offer to meet the diverse needs of our colleagues.

Throughout the year the Board has had several key decisions to work through as the Company continues to recover from the impact of the pandemic. The investment cycle of the Company started in line with the onset of the pandemic and the Board has been actively engaged with its investors to refocus the business and drive growth in shareholder value over the near term.

**Health and Safety**

Our priority is always to provide a safe environment for all our employees, sub-contractors and customers, and we are committed to achieving and maintaining the highest health and safety standards.

The Health and Safety Committee is a sub-committee of the Executive Leadership Team and is responsible for the Group's Health and Safety management system. All our sites also operate under the Group's certification to the Health and Safety standard ISO 45001.

We continually develop our processes, challenge unsafe behaviours, and look at ways we can further improve our management system and training. We also have regular engagement with external organisations, such as the Health and Safety Executive, where we play an active role in helping to develop policy and share best practice.

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2023**


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<b>Stakeholders</b>	<b>Our approach to stakeholder engagement</b>	<b>Stakeholder consideration in the Board's decision making</b>
<u>Customers</u> The Company's customers, and their experience of our services, are critical to ongoing success.	To have a strong customer service focus and to make it easy for our customers to transact and communicate with us through their channel of choice.	The Board's focus is to provide and maintain high standards of service through regular customer feedback and continuous improvement in customer experience. The Company prides itself on identifying vulnerable customers and working with them in a fair and consistent way to ensure that the best outcomes can be achieved in the most empathetic manner.
<u>Industry Bodies</u> CIVEA, MoJ, BPA, Debt Advisory Charities	We continue to build on our long track record of working with Government, industry bodies, and debt advice charities to continuously improve standards, and shape the future of the industry.	As a Board we are committed to working with industry and Government bodies to drive innovation and continuous improvement for the benefit of customers, clients and stakeholders.  The Group, which the Company is a part of, supported the Centre for Social Justice in its efforts to drive reform for enforcement, sponsoring research and roundtable discussions to facilitate this landmark achievement.
<u>Independent Advisory Group</u> The Board maintains an Independent Advisory Group that assesses the Group's adherence to its ethical framework.	The Group continues to be a progressive and driving force in the industry.	The Board set up an Independent Advisory Group (IAG) in 2013, with an independent chair and board of directors to review and provide oversight on the Company's enforcement activities to ensure the best possible customer experience. The IAG meets with senior executives frequently to formally review performance, and its members personally review all stage 3 complaints, making recommendations for resolution and prevention of recurrence where possible.

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NSL LIMITED

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2023

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This report was approved by the board on 16 February 2024 and signed on its behalf by:

DocuSigned by:  
  
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**M Johnson**  
**Director**

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**NSL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MAY 2023**

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The directors present their report and the financial statements for the year ended 31 May 2023.

The company is not required to include Streamlined Energy and Carbon Reporting (SECR) as they are a subsidiary undertaking and are included in the SECR group report of the parent company for the same financial year.

**Results and dividends**

Turnover generated for the year ended 31 May 2023 was £182,212,000 (2022: £164,581,000).

Profit before tax was £13,271,000 (2022: £8,626,000).

The directors do not recommend a payment of a final dividend (2022: £nil). No dividends have been paid or proposed in the current or previous financial year.

**Directors**

The directors who served during the year and to the date of approval of these financial statements were:

S J Callaghan (appointed 15 July 2022, resigned 4 August 2023)

M J Corcoran (resigned 15 September 2023)

M I Hoskin (resigned 15 July 2022)

K Hanshaw (appointed 15 September 2023)

M Johnson (appointed 4 August 2023)

**Going concern**

The Company forms part of a group of companies which are consolidated into the ultimate parent undertaking, Free Flow Topco Limited.

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation for these financial statements, the Board has assessed the Group and Company's ability to continue as a going concern for a period of twelve months from the date of approval of these financial statements. This assessment included base forecasts, which were subsequently sensitised for plausible downside scenarios, and then compared with available cash and other covenant requirements as applicable.

The base level forecast, reviewed and approved by the Board, was produced through to February 2025, and incorporates a range of assumptions applicable to the individual operating business units. The ability to accurately forecast future business performance varies across business units. Contractually based revenues, which cover our largest business units, are only significantly impacted by contractual changes usually known at least up to 12 months in advance. Other business units, principally Enforcement, Commercial Debt and Traffic Technology, have more variability due to the impact of volumetric changes such as caseload volumes, and these were most impacted by Covid-19 restrictions. In previous periods, our forecasts had to make high level assumptions on the return to pre-pandemic levels of business, which had inherently higher levels of uncertainty. As we move further from the pandemic era and have more trading experience in the post-pandemic environment, we are able to forecast with increased confidence in our assumptions.

Our base forecast assumes that the period to February 2025 will see revenues return to the levels seen pre-pandemic, which is supported by our experiences in the 2023 calendar year to date. The forecasts also assume a level of increased operating costs. Although in the current economic environment forecasting future costs includes an elevated level of uncertainty, we are seeing more stabilisation in our main cost drivers as inflation has reduced in the second half of 2023, and supply side pressures associated with this have eased. The Group is also well advanced with delivering procurement and resource cost savings through a comprehensive cost review that mitigate these impacts. The Group to which the Company belongs has also taken measures to limit its exposure to the interest rate risk on its borrowings by entering into an interest rate hedge that largely caps

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**NSL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2023**

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the maximum cash outflow were interest rates to rise further over the next 12 months. The investors have provided the ultimate parent undertaking, Free Flow Topco Limited, and its subsidiaries with letters of support which confirm that they are committed to provide financial and operational resources to the company, were these to be required, for a period up to 18 months from the signing of the financial statements.

The Board have additionally considered plausible downside scenarios in a sensitised version, and their impact on the forecast covering the same time period. The approach taken has been to determine specific cash and EBITDA drivers across the business units and model the impact of plausible deterioration of these over the forecast period, along with the impact of mitigations where these are wholly in the control of the business.

Both the base level and sensitised forecasts demonstrate that the Group will remain in compliance with cash requirements and EBITDA covenants in the assessment period to February 2025. Therefore, with the improving business stability and the Board's increased confidence in its ability to forecast, the Directors have confidence that the headroom available against any further potential downside identified in our modelling is adequate to meet the requirements of our going concern assessment.

**Disabled employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their 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.

**Stakeholder engagement**

Refer to the Statement by the Directors on performance of their Statutory duties in accordance with S172(1) of the Companies Act 2006 for details relating to stakeholder engagement.

**Colleague engagement**

Refer to the Statement by the Directors on performance of their Statutory duties in accordance with S172(1) of the Companies Act 2006 for details relating to employee engagement.

**Statement of corporate governance arrangements**

For the year ended 31 May 2023, 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 corporate governance reporting requirements have been applied by the Company for the financial year ended 31 May 2023.

*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. Colleagues are kept informed of Group strategy, performance and activities by regular blogs and newsletters, combined with regular briefings and meetings.

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

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**NSL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2023**

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*Principle 2: Board Composition*

The Board is made up of the Chairman, the Chief Executive Officer, the Chief Financial Officer and three Non Executive Directors who represent the Shareholders interests. The Executive Team composition has been changed post year end in order to set the business up for future growth and development.

The Executive Team is headed by the Chief Executive Officer and supported by the Group Commercial Director, Group Managing Director, Managing Director Transportation, Managing Director Consulting, Chief Financial Officer, Chief People Officer and Chief Technology Officer. Of the revised composition there were four internal promotions to the Board, demonstrating the quality of talent in the organisation.

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 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.

*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.

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**NSL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2023**

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*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 Strategic 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**

The Directors confirm that:

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

**Post balance sheet events**

There have been no significant events affecting the company since the year end.

**Auditor**

The auditor, Cooper Parry Group Limited, were appointed on 4th August 2023 and will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

**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, including FRS 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international 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.

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**NSL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2023**

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

This report was approved by the board on 16 February 2024 and signed on its behalf by:

DocuSigned by:

*Martin Johnson*

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**M Johnson**  
**Director**



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**NSL LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NSL LIMITED**

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**Opinion**

We have audited the financial statements of NSL Limited (the 'Company') for the year ended 31 May 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes, including 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 2023 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 United Kingdom, including the Financial Reporting Council'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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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**NSL LIMITED**

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

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**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.

**Matters on which we are required to report by exception**

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.

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**

As explained more fully in the Directors' responsibilities statement set out on page 11, 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 Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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**NSL LIMITED**

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

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Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity complied with that framework, including a review of legal and professional nominal codes and board minutes in the year and post year end;
- we made enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud;
- we obtained an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and by performing walkthroughs;
- we obtained an understanding of the entity's risk assessment process, including the risk of fraud;
- we designed our audit procedures to respond to our risk assessment; and
- we performed audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias, including whether the conditions have been met for revenues to be recognised, recoverability of trade debtors and recognition of accruals for goods and services received not invoiced.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included but were not limited to:

- we agreed financial statement disclosures to underlying supporting documentation;
- we read the minutes of meetings of those charged with governance;
- we enquired of management as to actual and potential litigation and claims

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

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NSL LIMITED

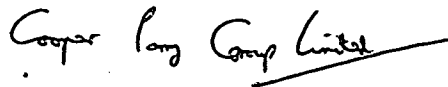
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NSL LIMITED (CONTINUED)

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**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 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.



Emre Saka  
Senior Statutory Auditor  
for and on behalf of Cooper Parry Group Limited  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donnington  
Derby  
DE74 2SA

16 February 2024

## NSL LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MAY 2023

	Note	2023 £000	2022 £000
<b>Turnover</b>	4	<b>182,212</b>	<b>164,581</b>
Other operating income	5	-	147
Other operating charges		<b>(60,676)</b>	<b>(56,407)</b>
Staff costs	8	<b>(103,044)</b>	<b>(94,265)</b>
Depreciation and amortisation		<b>(4,973)</b>	<b>(5,102)</b>
<b>Profit from operations*</b>	6	<b>13,519</b>	<b>8,954</b>
Interest payable and similar expenses	10	<b>(248)</b>	<b>(328)</b>
<b>Profit before tax</b>		<b>13,271</b>	<b>8,626</b>
Tax on profit	11	<b>218</b>	<b>564</b>
<b>Profit for the financial year</b>		<b>13,489</b>	<b>9,190</b>
<b>Other comprehensive income for the year</b>			
Actuarial gains on defined benefit pension scheme		<b>1,267</b>	<b>1,841</b>
Movement of deferred tax relating to pension deficit		<b>(370)</b>	<b>(679)</b>
<b>Other comprehensive income for the year</b>		<b>897</b>	<b>1,162</b>
<b>Total comprehensive income for the year</b>		<b>14,386</b>	<b>10,352</b>

The notes on pages 21 to 53 form part of these financial statements.

\*Profit from operations is an alternative performance measure, please refer to note 2.22 for further information.

**NSL LIMITED**  
**REGISTERED NUMBER: 06033060**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MAY 2023**

	Note	2023 £000	2022 £000
<b>Fixed assets</b>			
Intangible assets	12	13,223	16,991
Tangible assets	13	1,241	1,929
Investments	14	3,733	3,733
		<u>18,197</u>	<u>22,653</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	15	1,837	1,989
Debtors: amounts falling due within one year	15	130,164	359,574
Cash and cash equivalents	16	2,488	1,852
		<u>134,489</u>	<u>363,415</u>
Creditors: amounts falling due within one year	17	(82,383)	(329,408)
<b>Net current assets</b>		<u>52,106</u>	<u>34,007</u>
<b>Total assets less current liabilities</b>		<u>70,303</u>	<u>56,660</u>
<b>Provisions for liabilities</b>			
Provisions	20	(2,301)	(2,755)
Pension liability	26	-	(289)
<b>Net assets</b>		<u><u>68,002</u></u>	<u><u>53,616</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	1,481	1,481
Profit and loss account	22	66,521	52,135
<b>Shareholder's funds</b>		<u><u>68,002</u></u>	<u><u>53,616</u></u>

The financial statements were approved and authorised for issue by the board on 16 February 2024 and signed on its behalf by:

DocuSigned by:

*Martin Johnson*

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**M Johnson**  
**Director**

The notes on pages 21 to 53 form part of these financial statements.

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**NSL LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2023**


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	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 June 2021</b>	<b>1,481</b>	<b>41,783</b>	<b>43,264</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	9,190	9,190
Other comprehensive income (note 23)	-	1,162	1,162
<b>At 1 June 2022</b>	<b>1,481</b>	<b>52,135</b>	<b>53,616</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	13,489	13,489
Other comprehensive income (note 23)	-	897	897
<b>At 31 May 2023</b>	<b>1,481</b>	<b>66,521</b>	<b>68,002</b>

The notes on pages 21 to 53 form part of these financial statements.

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**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 for the year ending 31 May 2023 are set out in the Strategic Report on pages 1 to 8.

**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 judgement 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 12.27, 12.29(a), 12.29(b), 12.29A and 12.30;
- 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 2023 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

The following principal accounting policies have been consistently applied:



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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**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 400 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 Company forms part of a group of companies which are consolidated into the ultimate parent undertaking, Free Flow Topco Limited.

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation for these financial statements, the Board has assessed the Group and Company's ability to continue as a going concern for a period of twelve months from the date of approval of these financial statements. This assessment included base forecasts, which were subsequently sensitised for plausible downside scenarios, and then compared with available cash and other covenant requirements as applicable.

The base level forecast, reviewed and approved by the Board, was produced through to February 2025, and incorporates a range of assumptions applicable to the individual operating business units. The ability to accurately forecast future business performance varies across business units. Contractually based revenues, which cover our largest business units, are only significantly impacted by contractual changes usually known at least up to 12 months in advance. Other business units, principally Enforcement, Commercial Debt and Traffic Technology, have more variability due to the impact of volumetric changes such as caseload volumes, and these were most impacted by Covid-19 restrictions. In previous periods, our forecasts had to make high level assumptions on the return to pre-pandemic levels of business, which had inherently higher levels of uncertainty. As we move further from the pandemic era and have more trading experience in the post-pandemic environment, we are able to forecast with increased confidence in our assumptions.

Our base forecast assumes that the period to February 2025 will see revenues return to the levels seen pre-pandemic, which is supported by our experiences in the 2023 calendar year to date. The forecasts also assume a level of increased operating costs. Although in the current economic environment forecasting future costs includes an elevated level of uncertainty, we are seeing more stabilisation in our main cost drivers as inflation has reduced in the second half of 2023, and supply side pressures associated with this have eased. The Group is also well advanced with delivering procurement and resource cost savings through a comprehensive cost review that mitigate these impacts. The Group to which the Company belongs has also taken measures to limit its exposure to the interest rate risk on its borrowings by entering into an interest rate hedge that largely caps the maximum cash outflow were interest rates to rise further over the next 12 months. The investors have provided the ultimate parent undertaking, Free Flow Topco Limited, and its subsidiaries with letters of support which confirm that they are committed to provide financial and operational resources to the company, were these to be required, for a period up to 18 months from the signing of the financial statements.

The Board have additionally considered plausible downside scenarios in a sensitised version, and their impact on the forecast covering the same time period. The approach taken has been to determine specific cash and EBITDA drivers across the business units and model the impact of plausible deterioration of these over the forecast period, along with the impact of mitigations where these are wholly in the control of the business.

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**2. Accounting policies (continued)**

**2.4 Going concern (continued)**

Both the base level and sensitised forecasts demonstrate that the Group will remain in compliance with cash requirements and EBITDA covenants in the assessment period to February 2025. Therefore, with the improving business stability and the Board's increased confidence in its ability to forecast, the Directors have confidence that the headroom available against any further potential downside identified in our modelling is adequate to meet the requirements of our going concern assessment.

**2.5 Foreign currency translation**

**Functional and presentation currency**

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

**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.

**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.

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**2. Accounting policies (continued)**

Revenue streams:

Civil Parking Services

The contracts consist of the provision of Civil Enforcement Officers (CEOs) to local authorities and general back office processing services in relation to this. The distinct performance obligations of contracts entered in to for civil parking enforcement are:

- Deployment of CEOs
- Provision of payment machines
- Processing penalty charge notices and;
- Maintenance of roadside equipment.

Each distinct performance obligation is considered to include a number of interrelated and highly dependent promises that constitutes in aggregate the distinct performance obligation. The transaction price for each distinct performance obligation is clearly stipulated in the pricing matrices of each contract, meaning that the transaction price can be attributed to each of the distinct performance obligations. Revenue is recognised over time as we consider that each distinct performance obligation is simultaneously received and consumed as under the terms of civil parking services contracts they are based on hours of service provided to the customer. Certain contracts include bonuses and penalties for default, which are treated as variable revenue. The payment machines are sold to the local authorities and the revenue on the sale is recognised at a point in time.

DVLA Services

This contract is an exclusive nationwide contract with DVLA for the enforcement of vehicle excise duty warrants, warning notices, clamping, impounding and disposing of vehicles.

The contract with the DVLA contains three distinct performance obligations, being the issuance of warning notices for untaxed vehicles, 'clean enforcement actions' (clamping or pounding of vehicles) and the disposal of vehicles. The transaction price for warning notices and clean enforcement actions is stipulated via contract with the DVLA. Revenue in respect of these obligations is recognised based on the volume of vehicles completed each month at a point in time. The transaction price for disposal of vehicles depends upon the selling price at auction. We have estimated variable revenue in respect of vehicle disposal based on the number of vehicles held in stock multiplied by a rolling average scrap price, from typical market values of similar vehicles. We believe this provides an estimate consistent with the expected value using probability weighted amounts. Under this method we consider it highly probable that a significant reversal of revenue will not occur.

Business Process Outsourcing

This consists of the following services: back-office processing for government authorities of Penalty Charge Notices, taxi licences and right to work checks. The above services have separate contracts with their own performance obligations which include processing payments for taxi applications, eligibility checking and issuing penalty notices to Dartford Tunnel users. All elements have a fixed fee determined by the contract. Revenues arising as a result of the performance obligations are recognised at a point in time.

**2.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**2. Accounting policies (continued)****2.8 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

**2.9 Defined contribution schemes**

Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income in the period to which they relate.

**2.10 Defined benefit schemes**

Defined benefit scheme surpluses and deficits are measured at:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- unrecognised past service costs; less
- the effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- actuarial gains and losses;
- return on plan assets (interest exclusive); and
- any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Settlements of defined benefit schemes are recognised in the year in which the settlement occurs.

In respect of the asset ceiling; an asset could be recognised to reflect the surplus in the scheme were the benefits to crystallize. This would reflect the fact that under the scheme rules a refund of contributions would be made to the Group of the amount paid over and above the amounts required to fund the benefits. Given the inherent uncertainty over the future economic factors impacting the valuation of these liabilities we have chosen not to reflect this potential asset and instead cap the assets at the value of the liabilities.

**2.11 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 reporting date in the countries where the Company operates and generates income.

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**2. Accounting policies (continued)****2.11 Current and deferred taxation (continued)**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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 reporting 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.

**2.12 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

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**2. Accounting policies (continued)****2.13 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 the Statement of Comprehensive Income.

**2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.15 Debtors**

Short-term debtors are measured at transaction price, less any impairment.

**2.16 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.

**2.17 Creditors**

Short-term creditors are measured at the transaction price.

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**2. Accounting policies (continued)**

**2.18 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 the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of Financial Position.

**2.19 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 reporting date.

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

**2.20 Share capital**

Ordinary shares are classified as equity.

**2.21 Other income**

Other income relates to that received from the UK government for the Coronavirus Job Retention Scheme (Furlough Scheme). The performance model is used to assess when revenue should be recognised. There are no performance obligations attached therefore revenue is recognised when received.

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**2. Accounting policies (continued)****2.22 Profit from operations**

Profit from operations is an alternative performance measure used to show the underlying trading performance of the Company. It is calculated by deducting employee costs, other expenses, changes in inventories of finished goods and depreciation and amortisation from revenue. Profit from operations is used as an alternative performance measure as it eliminates one off gains or losses that are unlikely to reoccur and are not part of the Company's day to day business operations and facilitates year on year comparison.

**2.23 Client accounts**

In accordance with the rules established by the Financial Conduct Authority the Company holds all client funds in segregated statutory trust client bank accounts. These client bank accounts comprise of cash collected on behalf of clients and the Company does not have any rights over these balances. Therefore client bank accounts are offset with client liability accounts in the Company financial statements.

**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.

**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 25). At 31 May 2023 there was a surplus of £7.7m (2022: deficit of £0.3m) in respect of the LGPS pension scheme and a surplus of £2.1m (2022: surplus of £2.3m) in respect of Prudential Platinum.

In respect of the surplus; an asset could be recognised to reflect the surplus in the scheme were the benefits to crystallize. This would reflect the fact that under the scheme rules a refund of contributions would be made to NSL Limited of amounts paid over and above the amounts required to fund the benefits. The surplus is not recognised as an asset because management do not consider they have the right to reduced contributions or refunds in line with scheme rules.

**Goodwill**

Management estimates that the useful life of goodwill is 20 years. This estimate is based upon the long term nature of the contracts entered into and the entities ability to demonstrate a strong level of retention of contracts over a significant period of time. Variations in these assumptions may impact the net book value of goodwill. At 31 May 2023, the net book value of goodwill was £12.1m (2022: £15.2m).



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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**3. Judgments in applying accounting policies (continued)****Impairment of amounts owed by group undertakings**

The amounts owed by group undertakings at 31 May 2023 were £103.1m (2022: £335.9m). We have assessed the recoverability of the amounts owed by group undertakings and have concluded that there were no signs of impairment.

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

**4. Turnover**

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Civil Parking Services	<b>134,554</b>	<b>118,841</b>
DVLA Services	<b>29,768</b>	<b>27,793</b>
Business Process Outsourcing	<b>17,890</b>	<b>17,927</b>
Traffic Technology	<b>-</b>	<b>20</b>
	<b>182,212</b>	<b>164,581</b>

All turnover arose within the United Kingdom.

**5. Other operating income**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Other operating income	<b>-</b>	<b>147</b>
	<b>-</b>	<b>147</b>

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

## NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

**6. Profit from operations**

The profit from operations is stated after charging:

		2023 £000	2022 £000
Depreciation of tangible assets financed by the company	13	102	-
Depreciation of tangible assets owned by the company	13	1,078	1,242
Amortisation of intangible assets	12	3,793	3,860
Exchange differences		11	4
Operating lease expense - plant and machinery		754	1,111
Operating lease expense - other operating lease costs		4,129	4,785
		<u>          </u>	<u>          </u>

**7. Auditor's remuneration**

	2023 £000	2022 £000
Fees payable to the Company's auditors for the audit of the Company's financial statements	47	222
	<u>          </u>	<u>          </u>

**8. Employees**

Staff costs (excluding directors) were as follows:

	2023 £000	2022 £000
Wages and salaries	91,018	84,257
Social security costs	8,992	7,945
Cost of defined contribution pension scheme	3,034	2,063
	<u>103,044</u>	<u>94,265</u>

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

	2023 No.	2022 No.
Operational	3,288	3,258
Administration	55	66
	<u>3,343</u>	<u>3,324</u>

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NSL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

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**9. Directors' remuneration**

All directors' costs were borne by another group company.

**10. Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Bank interest payable	208	265
Finance leases and hire purchase contracts	6	16
Other interest payable	34	47
	<u>248</u>	<u>328</u>
	<u><u>248</u></u>	<u><u>328</u></u>

**11. Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(529)
	<u>-</u>	<u>(529)</u>
	<u><u>-</u></u>	<u><u>(529)</u></u>
<b>Total current tax</b>	<u>-</u>	<u>(529)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(174)	185
Changes to tax rates	(44)	58
Adjustment in respect of previous periods	-	(278)
	<u>(218)</u>	<u>(35)</u>
<b>Total deferred tax</b>	<u>(218)</u>	<u>(35)</u>
	<u><u>(218)</u></u>	<u><u>(35)</u></u>
<b>Taxation on profit</b>	<u>(218)</u>	<u>(564)</u>
	<u><u>(218)</u></u>	<u><u>(564)</u></u>

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 20% (2022 - 19%). The differences are explained below:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	<b>13,271</b>	<b>8,626</b>
Profit multiplied by standard rate of corporation tax in the UK of 20% (2022 - 19%)	<b>2,654</b>	<b>1,639</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>712</b>	<b>710</b>
Adjustments to tax charge in respect of prior periods	<b>-</b>	<b>(807)</b>
Non-taxable income	<b>-</b>	<b>(42)</b>
Group relief	<b>472</b>	<b>(708)</b>
Tax rate changes	<b>(44)</b>	<b>58</b>
Transfer pricing adjustments	<b>(4,012)</b>	<b>(1,414)</b>
<b>Total tax charge for the year</b>	<b>(218)</b>	<b>(564)</b>

**Factors that may affect future tax charges**

At 1 April 2023, the UK corporation tax rate increased to 25%.

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NSL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

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## 12. Intangible assets

	Computer software £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 June 2022	5,556	63,825	69,381
Additions	36	-	36
Disposals	(743)	-	(743)
At 31 May 2023	4,849	63,825	68,674
<b>Amortisation</b>			
At 1 June 2022	3,785	48,605	52,390
Charge for the year	645	3,148	3,793
On disposals	(732)	-	(732)
At 31 May 2023	3,698	51,753	55,451
<b>Net book value</b>			
At 31 May 2023	1,151	12,072	13,223
At 31 May 2022	1,771	15,220	16,991

## NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

## 13. Tangible fixed assets

	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 June 2022	231	3,634	3,533	7,899	15,297
Additions	8	69	54	391	522
Disposals	-	(7)	(1,857)	(2,498)	(4,362)
At 31 May 2023	239	3,696	1,730	5,792	11,457
<b>Depreciation</b>					
At 1 June 2022	4	3,120	3,180	7,064	13,368
Charge for the year	67	276	195	540	1,078
Charge for the year on financed assets	-	102	-	-	102
Disposals	-	(4)	(1,857)	(2,471)	(4,332)
At 31 May 2023	71	3,494	1,518	5,133	10,216
<b>Net book value</b>					
At 31 May 2023	168	202	212	659	1,241
At 31 May 2022	227	514	353	835	1,929

## 14. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 June 2022	3,733
At 31 May 2023	3,733

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Holding</b>
Project Centre Limited	Rutland House 8th Floor, 148 Edmund Street, Birmingham, England, B3 2JR, United Kingdom	Design and consultancy	100%
Task Enforcement Limited	12th Floor One America Square, London, United Kingdom, EC3N 2LS, United Kingdom	Traffic Enforcement	100%

**15. Debtors**

		<b>2023 £000</b>	<b>2022 £000</b>
<b>Due after more than one year</b>			
Deferred tax asset	19	<b>1,837</b>	<b>1,989</b>
		<b>1,837</b>	<b>1,989</b>
		<b>2023 £000</b>	<b>2022 £000</b>
<b>Due within one year</b>			
Trade debtors		<b>11,234</b>	<b>10,735</b>
Amounts owed by group undertakings		<b>103,108</b>	<b>335,871</b>
Other debtors		<b>408</b>	<b>171</b>
Prepayments and accrued income		<b>15,414</b>	<b>12,797</b>
		<b>130,164</b>	<b>359,574</b>

Included in prepayments and accrued income is prepayments of £3,531,000 (2022: £2,653,000) and accrued income of £11,883,000 (2022: £10,144,000).

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

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NSL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

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## 16. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	2,488	1,852
	<u>2,488</u>	<u>1,852</u>

## 17. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	2,112	2,003
Amounts owed to group undertakings	56,026	305,355
Other taxation and social security	6,502	5,549
Obligations under finance lease and hire purchase contracts	-	184
Other creditors	414	387
Accruals and deferred income	17,329	15,930
	<u>82,383</u>	<u>329,408</u>

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

Included in other creditors is £404,000 (2022: £373,000) relating to pension contributions to be paid over to the relevant employee pension schemes within one month of the end of the financial year.

Included in accruals and deferred income is accruals of £11,220,000 (2022: £14,655,000) and deferred income of £6,108,000 (2022: £1,275,000).

## 18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £000	2022 £000
Within one year	-	204
	<u>-</u>	<u>204</u>



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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**19. Deferred taxation**

	2023 £000	2022 £000
At beginning of year	1,989	2,633
Deferred tax charge in the Statement of Comprehensive Income for the year	218	35
Deferred tax charge in OCI for the year	(370)	(679)
<b>At end of year</b>	<b>1,837</b>	<b>1,989</b>

The deferred tax asset is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	1,525	1,588
Tax losses carried forward	312	401
	<b>1,837</b>	<b>1,989</b>

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

**20. Provisions**

	Dilapidations provision £000	Contract provision £000	Total £000
At 1 June 2022	1,320	1,435	2,755
Utilised in year	(181)	(273)	(454)
<b>At 31 May 2023</b>	<b>1,139</b>	<b>1,162</b>	<b>2,301</b>

**Dilapidations**

A provision is a liability of uncertain amount. 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.

**Contract Provision**

Contract provisions are made for our target cost contracts. There is an agreed maximum margin stipulated in these contracts and when current performance exceeds the maximum margin a provision must be made to ensure the margin is in line with agreed levels as any excess margin cannot be realised.

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**21. Share capital**

	<b>2023</b>	<i>2022</i>
	<b>£000</b>	<i>£000</i>
<b>Allotted, called up and fully paid</b>		
14,812,491 (2022 - 14,812,491) Ordinary shares of £0.10 each	<b>1,481</b>	<i>1,481</i>

Each share is entitled to one vote in any circumstance.

Each share is equally entitled to dividend payment or any other distribution.

Each share is equally entitled to participate in a distribution arising from a winding up of the company.

The shares are not redeemable.

**22. Reserves****Profit and loss account**

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

**Share capital**

Ordinary shares are classified as equity and are measured at the value of consideration received for the nominal amount.

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**23. Commitments under operating leases**

At 31 May 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Land and Buildings</b>		
Not later than 1 year	<b>3,096</b>	<b>3,474</b>
Later than 1 year and not later than 5 years	<b>7,899</b>	<b>5,884</b>
Later than 5 years	<b>5,919</b>	<b>4,916</b>
	<u><b>16,914</b></u>	<u><b>14,274</b></u>
	<u><u><b>16,914</b></u></u>	<u><u><b>14,274</b></u></u>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Vehicles</b>		
Not later than 1 year	<b>488</b>	<b>219</b>
Later than 1 year and not later than 5 years	<b>238</b>	<b>255</b>
	<u><b>726</b></u>	<u><b>474</b></u>
	<u><u><b>726</b></u></u>	<u><u><b>474</b></u></u>

**24. Analysis of amounts recognised in other comprehensive income**

	<b>Retained earnings £000</b>
<b>Year to 31 May 2023</b>	
Actuarial gain on defined benefit pension schemes	<b>1,267</b>
Movement of deferred tax relating to pension deficit	<b>(370)</b>
	<u><b>897</b></u>
	<u><u><b>897</b></u></u>
	<b>Retained earnings £000</b>
<b>Year to 31 May 2022</b>	
Actuarial gain on defined benefit pension schemes	<b>1,841</b>
Movement of deferred tax relating to pension deficit	<b>(679)</b>
	<u><b>1,162</b></u>
	<u><u><b>1,162</b></u></u>

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**25. Financial instruments - fair values and risk management**

**25.1 Financial risk management objectives**

**Introduction**

The Company's activities expose it to a number of financial risks including cash flow and credit risk, liquidity risk and market risk. Risk is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

**Risk management structure**

The Board is responsible for the Company's overall risk management approach and for approving the risk management strategies and principles. The Board has the responsibility to monitor the overall risk process within the Company and is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained.

Competitive pressure is a continuing risk for the Company, which would result in it losing sales to its key competitors. The Company manages this risk through the developing and maintaining strong relationships with clients.

**Volumes not guaranteed**

Many of the Company's contracts do not guarantee a set volume of work to be issued. The Company manages this risk by maintaining a broad client base and a range of income streams. These income streams include civil parking services, DVLA services and business process outsourcing.

**25.2 Capital market risk**

The Company manages its capital to ensure it will be able to continue as a going concern.

The capital structure of the Company consists of intercompany debt, and equity, comprising issued capital and retained earnings. The Company is not subject to any externally imposed capital requirements.

The Company's Directors review the capital structure on a regulated basis. As part of this review, the cost of capital and the risk associated with each class of capital are considered.

**25.3 Cashflow and credit risk management**

The Company's activities expose it to the financial risks of trading.

The Company's principal financial assets are cash and cash equivalents, trade and other debtors and investments.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for incurred future credit losses. An allowance for impairment is made where there are identified incurred future losses based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**Financial instruments - fair values and risk management (continued)**

These risks are mitigated by its credit management procedures. The Directors closely monitor cash to ensure that the Company is positioned to meet its requirements.

<b>31 May 2023</b>	<b>Current £000</b>	<b>Over 30 days £000</b>	<b>Over 60 days £000</b>	<b>Over 90 days £000</b>	<b>Totals £000</b>
Incurred credit loss rate	0%	0%	0%	83%	
Gross carrying amount	11,198	14	21	4	11,237
Lifetime incurred credit loss	0	0	0	3	3
<b>31 May 2022</b>	<b>Current £000</b>	<b>Over 30 days £000</b>	<b>Over 60 days £000</b>	<b>Over 90 days £000</b>	<b>Totals £000</b>
Incurred credit loss rate	0.2%	0%	0%	25%	
Gross carrying amount	10,684	68	0	8	10,760
Lifetime incurred credit loss	23	0	0	2	25

**25.4 Liquidity risk management**

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due, or that it will be able to do so only at excessive cost. The Company's exposure to liquidity risk arises mainly from the management of working capital.

Liquidity is maintained mainly through the Company's continuing profitability and sufficient funds for ongoing operations are ensured through a mixture of short and long term intercompany funding and retained profits.

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**Financial instruments - fair values and risk management (continued)****25.5 Fair value measurements/Financial instruments**

This note provides information about how the Company determines fair values of various financial assets and liabilities.

The carrying amounts of the Company's financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as below.

		<b>2023</b>	<b>2022</b>
		<b>£000</b>	<b>£000</b>
<b>Financial assets</b>			
Trade debtors	15	11,234	10,735
Other debtors	15	408	171
Cash and cash equivalents	16	2,488	1,852
		<u>14,130</u>	<u>12,758</u>

**Financial Liabilities**

As at 31 May 2023 the Company's liabilities have contractual maturities which are summarised below:

	<b>Current Within 6 months £000</b>
Trade and other payables (note 17)	2,112

As at 31 May 2022 the Company's liabilities have contractual maturities which are summarised below:

	<b>Current Within 6 months £000</b>
Trade and other payables (note 17)	2,003

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instruments are disclosed in note 2.

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**26. Defined benefit 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 Group 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 Group, 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 2024. 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 2021. The results of that valuation have been projected to 31 May 2023 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

**The amounts recognised in the statement of financial position are as follows:**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Present value of scheme liabilities	(6,162)	(7,574)
Fair value of scheme assets	<u>8,221</u>	<u>9,892</u>
Funded status	2,059	2,318
Restriction on asset recognised	<u>(2,059)</u>	<u>(2,318)</u>
Net amount recognised at year end	<u><u>-</u></u>	<u><u>-</u></u>

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 2023

The amounts recognised in comprehensive income are:

	2023 £000	2022 £000
Service cost:		
Current service cost (net of employee contribution)	193	242
Administration expenses	5	72
Past service cost and loss on settlements and curtailments	4	78
Net interest credit	-	(44)
Charge recognised in Statement of Comprehensive Income	202	348
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in interest expense)	2,221	1,870
Gain arising from changes in financial assumptions	(2,128)	(1,861)
Gain arising from changes in demographic assumptions	(244)	-
Experience loss	705	62
Adjustment for restrictions in the asset recognised	(343)	(71)
Charge recorded in other comprehensive income	211	-
Total defined benefit cost	413	348

The principal actuarial assumptions used were:

	2023	2022
Liability discount rate	5.40%	3.45%
Inflation assumption – RPI	3.10%	3.25%
Inflation assumption – CPI pre 2030	2.10%	2.25%
Inflation assumption – CPI post 2030	3.00%	3.05%
Rate of increase in salaries (average)	3.10%	2.00%
Revaluation of deferred pensions:		
In line with RPI	3.10%	3.25%
In line with CPI pre 2030	2.10%	2.25%
In line with CPI post 2030	3.00%	3.05%
Increases for pensions in payment:		
RPI max 6%	3.10%	3.25%



## NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

Mortality assumption – pre retirement	See below	See below
Mortality assumption – male post retirement	SAPS S3PMA CMI_2021_M 1.5% long term trend	SAPS S3PMA CMI_2018_M 1.5% long term trend
Mortality assumption – female post retirement	SAPS S3PFA CMI_2021_F 1.5% long term trend	SAPS S3PFA CMI_2018_F 1.5% long term trend
Expected age at death of current pensioner at age 65		
Male aged 65 at year end	85.9	87.1
Female aged 65 at year end	88.8	89.4
Expected age at death of future pensioner at age 65		
Male aged 45 at year end	87.2	88.9
Female aged 45 at year end	90.3	91.2
Changes in the present value of liabilities over the year		
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Liabilities at start of year	7,574	9,487
Current service cost	193	242
Interest cost	261	187
Contributions from employees	17	18
Actuarial gains and losses arising from changes in financial assumptions	(2,128)	(1,861)
Actuarial gains and losses arising from changes in demographic assumptions	(244)	-
Other experience items	705	62
Liabilities extinguished on settlements	(48)	(364)
Benefits paid	(168)	(197)
Liabilities at end of year	<b>6,162</b>	<b>7,574</b>
Average duration of the scheme's liabilities at the end of the year (years)	15	18

## NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

## Changes in the present value of assets over the year

	2023 £000	2022 £000
Fair value of assets at start of year	9,892	11,595
Interest income	345	231
Return on assets (excluding amount included in net interest expense)	(2,221)	(1,870)
Assets distributed on settlements	(52)	(442)
Contributions from the employer	413	629
Contributions from the employee	17	18
Benefits paid	(168)	(197)
Administration expenses	(5)	(72)
Fair value of assets at end of year	8,221	9,892
Actual return on assets over the year	(1,876)	(1,639)

## The major categories of scheme assets are as follows:

	2023 £000	2022 £000
<u>Return seeking</u>		
UK equities	331	482
Overseas equities	340	450
Diversified growth	338	436
Return seeking subtotal	1,009	1,368
<u>Debt instruments</u>		
Corporates	3,534	4,152
Gilts	-	-
Index linked	3,397	4,102
Debt instruments subtotal	6,931	8,254
<u>Other</u>		
Annuities	278	268
Cash	3	2
	281	270
Total market value of assets	8,221	9,892

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**Defined benefit schemes (continued)**

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

The Company expects to contribute £293,000 to the Scheme during the year ending 31 May 2024.

Sensitivity of the liability value to changes in the principal assumption

If the discount rate was 0.1 percent higher (lower), the scheme liabilities would decrease by £87,000 (increase by £89,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1 percent higher (lower), the scheme liabilities would increase by £86,000 (decrease by £85,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the salary, deferred pension, and pension in payment increases. The other assumptions remain unchanged.

If the salary increase assumption was 0.1 percent higher (lower), the scheme liabilities would increase by £8,600 (decrease by £8,500) if all other assumptions remained unchanged.

If life expectancies were to increase (decrease) by 1 year, the scheme liabilities would increase by £178,000 (decrease by £189,000) if all other assumptions remained unchanged.

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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**Defined benefit schemes (continued)****Local Government Pension Scheme - NSL Limited**

NSL Limited (NSL) participated in 13 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 12 local Funds. Over the year NSL ceased participation in the Northamptonshire Pension fund.

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 2022 (31 March 2020 in Scotland), following which contribution rates for the period 2023 to 2026 were set (rates for the period 2021 to 2024 were set in Scotland at the 2020 valuation). The next actuarial valuation takes place as at 31 March 2025 (31 March 2023 in Scotland), following which contribution rates from 1 April 2026 (1 April 2024 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 statement of financial position are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Defined benefit obligation	(15,509)	(21,033)
Fair value of scheme assets	23,200	25,225
Restriction on asset recognised	<u>(7,691)</u>	<u>(4,481)</u>
Net defined benefit (liability) recognised at year end	<u><u>-</u></u>	<u><u>(289)</u></u>

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**NSL LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**


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The current and past service costs, settlements and curtailments 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.

	<b>2023</b>	2022
	<b>£000</b>	£000
Service cost:		
Current service cost (including expected administration expenses)	471	890
Past service cost and loss/(gain) on settlements and curtailments	919	(371)
Net interest expense	34	47
Charge recognised in the Statement of Comprehensive Income	<u>1,424</u>	<u>566</u>
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in interest expense)	394	(191)
Gain arising from changes in financial assumptions	(5,651)	(6,487)
Gain arising from changes in demographic assumptions	15	-
Experience loss/(gain)	709	112
Adjustment for restrictions in the asset recognised	3,055	4,725
Credit recorded in other comprehensive income	<u>(1,478)</u>	<u>(1,841)</u>
Total defined benefit credit	<u><u>(54)</u></u>	<u><u>(1,275)</u></u>

The principal actuarial assumptions used were:

	<b>2023</b>	2022
Liability discount rate	5.40%	3.45%
Inflation assumption – CPI pre 2030	2.10%	2.25%
Inflation assumption – CPI post 2030	3.00%	3.05%
Rate of increase in salaries (average)	3.10%	2.00%

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

The mortality assumptions at 31 May 2023 are as per the assumptions set out by the Local Fund Actuaries at the previous valuation, with some adjustments to remove prudence in the Local Fund Actuaries' assumptions where deemed appropriate. Further details can be obtained on request.

## NSL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

## Changes in the present value of assets over the year

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fair value of assets at start of year	25,225	25,977
Interest income	816	499
Return on assets (excluding amount included in net interest expense)	(394)	191
Assets distributed on settlements	(2,232)	(1,318)
Contributions from the employer	235	275
Contributions from the employee	109	111
Benefits paid	(559)	(510)
Fair value of assets at end of year	<u>23,200</u>	<u>25,225</u>
Actual return on assets over the year	422	690

## Changes in the present value of liabilities over the year

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Liabilities at start of year	21,033	28,060
Current service cost	471	890
Interest cost	695	546
Contributions from employees	109	111
Actuarial gains and losses arising from changes in financial assumptions	(5,651)	(6,487)
Actuarial gains and losses arising from changes in demographic assumptions	15	-
Other experience items	709	112
Past service cost, including curtailments and settlements	(1,313)	(1,689)
Benefits paid	(559)	(510)
Liabilities at end of year	<u>15,509</u>	<u>21,033</u>

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Active members	8,423	14,557
Deferred pensioners	1,694	2,845
Pensions in payment (funded)	<u>5,392</u>	<u>3,631</u>
	<u>15,509</u>	<u>21,033</u>

## NSL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

The major categories of scheme assets are as follows:

	<b>2023 £000</b>	<b>%</b>
<u>Return seeking</u>		
UK equities	1,416	6%
Overseas equities	11,223	48%
Private equity	1,079	5%
Return seeking subtotal	<u>13,718</u>	<u>59%</u>
<u>Debt instruments</u>		
Corporates	2,762	12%
Gilts	221	1%
Index linked	658	3%
Debt instruments subtotal	<u>3,641</u>	<u>16%</u>
<u>Other</u>		
Property	2,028	9%
Hedge funds	59	0%
Cash	709	3%
Infrastructure and commodities	1,616	7%
Others	1,429	6%
Total market value of assets	<u><u>23,200</u></u>	<u><u>100%</u></u>

The asset split shown at the accounting date is based on the split of 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 0.25m to the Scheme during the year ending 31 May 2024.

Sensitivity of the liability value to change in the principal assumptions

If the discount rate was 0.5 percent lower, the scheme liabilities would increase by £1.5m if all the other assumptions remained unchanged.

If the salary growth assumption was 0.5% higher, the scheme liabilities would increase by £0.2m if all the other assumptions remained unchanged.

If the CPI inflation assumption was 0.5 percent higher, the scheme liabilities would increase by £1.3m if all the other assumptions remained unchanged.

If life expectancies increase by 1 year, the scheme liabilities would increase by £0.7m if all the other assumptions remained unchanged.

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

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**NSL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**27. Contingent liabilities**

The Company has given a number of performance and trade guarantees in the normal course of business. At 31 May 2023 the value of guarantees in place was £6.2m (2022: £10.4m).

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

**28. Post balance sheet events**

There were no material events subsequent to 31 May 2023 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

**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, 8th Floor, 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 2023, Free Flow Topco Limited, incorporated in England and Wales and domiciled in the United Kingdom. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.