Registered number: 02625312

PROJECT CENTRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

COMPANY INFORMATION

Directors	S J Callaghan (appointed 15 July 2022, resigned 4 August 2023) M J Corcoran (resigned 15 September 2023) K Hanshaw (resigned 15 July 2022, appointed 31 January 2024) M I Hoskin (resigned 15 July 2022) M Johnson (appointed 4 August 2023) G Storrie (appointed 15 September 2023, resigned 31 January 2024)
Company secretary	Squire Patton Boggs Secretarial Services Limited
Registered number	02625312
Registered office	Rutland House, 8th Floor 148 Edmund Street Birmingham B3 2JR
Independent auditors	Cooper Parry Group Limited Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donnington Derby DE74 2SA
Bankers	Lloyds TSB Bank PLC 10 Gresham Street London EC2V 7AE
Solicitors	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP Travers Smith LLP 10 Snow Hill London EC1A 2AL

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2023

Introduction

The directors have complied with section 414C of the Companies Act 2006 in preparing this report.

Principal activity

The principal activities of Project Centre Limited ("the Company") during the period were design and consultancy in relation to traffic, parking, highway and urban regeneration streetscape projects.

The directors do not envisage any change in these principal activities during the forthcoming period although the company will expand this activity wherever suitable opportunities arise.

Business review

The Company's turnover increased by 9% to £24.7m (2022: £22.6m). The Company's performance during the year was strong and the operating profit increased by 14% to £3m (2022: £2.6m). The results of the Company for the year ended 31 May 2023 (and for the year ended 31 May 2022) are shown in the Statement of Comprehensive Income.

Net assets increased by 17% to £20.8m, (2022: £17.8m) while cash and cash equivalents decreased by 41% to £2.6m (2022: £4.5m). This increase in net assets and decrease in cash and cash equivalents largely relates to the movements in intercompany debtors and intercompany creditors due to management of cash flows within the wider group.

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's 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 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 at Level 2.

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 corporate risks are:

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.	• Well-developed policies and procedures which are continuously improved. • Continuous training, education and monitoring of personnel to ensure consistency and professionalism. • Customer Experience Committee monitoring feedback and providing insight for improvement. • Quality management systems assured to BSI standard. • Independent Advisory Group providing truly independent monitoring of standards and performance, and improvement suggestions. • Complaints management and monitoring, with improvement feedback. • Public and external affairs function and media escalation process. • Internal and quality audit programmes.

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.	• Data Protection Officer and Data Privacy Team. • Data Protection Policy Framework. • Staff and field data protection induction and refresher training programmes. • Data Protection and information security audit programme. • Data Protection Committee responsible for data governance across the Group. • Head of Cyber and Information Security and team. • Information Security Policy. • IT Security and Penetration Testing Programme. • Cyber insurance policy. • British Standard ISO27001 certification.

Key performance indicators

The Company is satisfied that the EBITDA KPI is showing positive indications as we improve and grow from Covid 19 impacted financial periods.

	31 May 2023	31 May 2022	Change %
EBITDA (£m)	£3.2m	£2.8m	14%

Earnings before interest, tax, depreciation and amortisation (EBITDA) is calculated by adding depreciation and amortisation cost of £165,000 (2022: £192,000) to profit before tax of £3,000,000 (2022: £2,623,000).

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.

There are no future developments to bring to attention.

This report was approved by the board on 23 February 2024 and signed on its behalf by:

DocuSigned by:
Martin Johnson
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M Johnson
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2023

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

Results and dividends

The profit for the year, after taxation, amounted to £3,002k *(2022 - £2,588*k).

The directors do not recommend a payment of a dividend (2022: £nil).

Directors

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

S J Callaghan (appointed 15 July 2022, resigned 4 August 2023)
M J Corcoran (resigned 15 September 2023)
K Hanshaw (resigned 15 July 2022, appointed 31 January 2024)
M I Hoskin (resigned 15 July 2022)
M Johnson (appointed 4 August 2023)
G Storrie (appointed 15 September 2023, resigned 31 January 2024)

Matters covered in the Strategic Report

The Company's principal activities, business review, risks and uncertainties and future developments are set out in the Strategic Report.

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 prepandemic, 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 whith the Company belongs has also taken measures to limit it's exposure to the interest rate risk on it's 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.

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 tability 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.

Disclosure of information to auditors

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

• so far each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

• each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

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

Future developments

There are no future developments to bring to attention.

Auditors

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

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:
• select suitable accounting policies for the Company's financial statements and then apply them consistently;
• make judgements and accounting estimates that are reasonable and prudent;
• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report was approved by the board on 23 February 2024 and signed on its behalf by:

DocuSigned by:
Martin Johnson
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M Johnson
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROJECT CENTRE LIMITED

Opinion

We have audited the financial statements of Project Centre Limited (the 'Company') for the year ended 31 May 2023, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

• give a true and fair view of the state of the company's affairs as at 31 May 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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 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 6 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:

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. This description forms part of our Auditor's report.

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

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.

Cooper Parry Group Limited

Emre Saka
Senior Statutory Auditor

Cooper Parry Group Limited

Sky View
Argosy Road
East Midlands Airport
Castle Donnington
Derby
DE74 2SA

23 February 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2023

	Note	2023 £000	*2022 £000*
Turnover	4	**24,744**	*22,615*
Cost of sales		**(18,889)**	*(17,078)*
Gross profit		**5,855**	*5,537*
Administrative expenses		**(2,855)**	*(2,914)*
Profit before tax	5	**3,000**	*2,623*
Taxation on profit	9	**2**	*(35)*
Profit for the financial year		**3,002**	*2,588*

There was no other comprehensive income for 2023 (2022: £NIL).

The notes on pages 14 to 27 form part of these financial statements.

The above results derived from continuing operations.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023

	Note		2023 £000		2022 £000
Fixed assets					
Tangible assets	10		**306**		*248*
			306		*248*
Current assets					
Debtors	11	**43,594**		*38,395*	
Cash at bank and in hand	12	**2,694**		*4,597*	
		46,288		*42,992*	
Creditors: amounts falling due within one year	13	**(25,777)**		*(25,425)*	
Net current assets			**20,511**		*17,567*
Total assets less current liabilities			**20,817**		*17,815*
Net assets			**20,817**		*17,815*
Capital and reserves					
Profit and loss account	16		**20,817**		*17,815*
Total equity			**20,817**		*17,815*

The financial statements were approved and authorised for issue by the board on 23 February 2024 and were signed on its behalf by:

DocuSigned by:
Martin Johnson
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M Johnson
Director

The notes on pages 14 to 27 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 June 2021	-	**15,227**	**15,227**
Profit for the year	-	**2,588**	**2,588**
At 1 June 2022	-	**17,815**	**17,815**
Profit for the year	-	**3,002**	**3,002**
At 31 May 2023	-	**20,817**	**20,817**

The notes on pages 14 to 27 form part of these financial statements.

1. General information

Project Centre Limited ("the Company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom. The Company's functional and presentational currency is pounds sterling (£).

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

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

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).

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

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Free Flow Topco Limited as at 31 May 2023 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

2.3 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

2. Accounting policies (continued)

2.3 Going concern (continued)

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 prepandemic, 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 it's exposure to the interest rate risk on it's 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.

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 tability 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. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

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

2.5 Pensions

Defined contribution pension plan

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

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

2. Accounting policies (continued)

2.6 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.

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.

2.7 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.

The estimated useful lives range as follows:

Fixtures and fittings	- 5 - 10 years
Computer equipment	- 3 - 5 years

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

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

2.8 Debtors

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

2. Accounting policies (continued)

2.9 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.

2.10 Creditors

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

2.11 Financial instruments

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 to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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. Accounting policies (continued)

2.12 Tax

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

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

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

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

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

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

3. Judgements in applying accounting policies 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.

Revenue Recognition:
Project revenue recognition requires estimation of the planned project hours and associated material costs, which determines the percentage completion of services revenue. On commencement of any project, an assessment of budgeted hours is needed for the agreed services. Projects are monitored on an ongoing basis and any changes identified on the project are updated in accordance with new information available ensuring revenue is recognised appropriately.

4. Turnover

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

	2023	*2022*
	£000	*£000*
Design and Consultancy	**24,744**	*22,615*
	24,744	*22,615*

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

		2023	*2022*
		£000	*£000*
Depreciation of owned assets	10	**165**	*192*

6. Auditors' remuneration

	2023 £000	2022 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**21**	*35*

Fees payable for the audit of the Company's annual financial statements were borne by another group company.

7. Employees

Staff costs were as follows:

	2023 £000	2022 £000
Wages and salaries	**11,163**	*10,982*
Social security costs	**1,271**	*1,222*
Cost of defined contribution scheme	**264**	*304*
	12,698	*12,508*

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

	2023 No.	2022 No.
Operational	**230**	*228*
Administration	**5**	*1*
	235	*229*

8. Directors' remuneration

No director received remuneration in the period (2022: £Nil) and pension contributions of £Nil (2022: £Nil).

All directors' costs were borne by another group company.

9. Taxation

	2023 £000	*2022 £000*
Total current tax	-	*-*
Deferred tax		
Origination and reversal of timing differences	(2)	*15*
Changes to tax rates	-	*5*
Adjustment in respect of previous periods	-	*15*
Total deferred tax (credit)/charge	(2)	*35*
Taxation (credit)/charge on profit on ordinary activities	(2)	*35*

9. 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:

	2023 **£000**	*2022* *£000*
Profit on ordinary activities before tax	**3,000**	*2,623*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2022 - 19%)	**600**	*498*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**13**	*6*
Changes in taxation rate	**-**	*5*
Non-taxable income	**-**	*(8)*
Group relief	**(853)**	*(714)*
Transfer pricing adjustments	**238**	*233*
Adjustments in respect of previous periods	**-**	*15*
Total tax (credit)/charge for the year	**(2)**	*35*

Factors that may affect future tax charges

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

10. Tangible fixed assets

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation			
At 1 June 2022	102	831	933
Additions	18	205	223
Disposals	-	(216)	(216)
At 31 May 2023	120	820	940
Depreciation			
At 1 June 2022	64	621	685
Charge for the year	17	148	165
Disposals	-	(216)	(216)
At 31 May 2023	81	553	634
Net book value			
At 31 May 2023	39	267	306
At 31 May 2022	*38*	*210*	*248*

11. Debtors

	2023 £000	2022 £000
Due after more than one year		
Deferred tax asset	91	89
	91	89
Due within one year		
Trade debtors	3,146	3,022
Amounts owed by group undertakings	40,159	33,367
Other debtors	61	56
Prepayments and accrued income	137	1,861
	43,594	38,395

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

12. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	2,694	4,597
	2,694	4,597

13. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	959	893
Amounts owed to group undertakings	21,062	19,566
Other taxation and social security	759	542
Other creditors	264	101
Accruals and deferred income	2,733	4,323
	25,777	25,425

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

14. Deferred taxation

	2023 £000	2022 £000
At beginning of year	89	124
Credited/(charged) to the profit or loss	2	(35)
At end of year	91	89

The deferred tax balance is made up as follows:

	2023 £000	2022 £000
Fixed asset timing differences	84	79
Short term timing differences - trading	7	10
	91	89
Comprising:		
Asset - due after one year	91	89
	91	89

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

15. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
2 *(2022 - 2)* Ordinary share of £1 each shares of £1.00 each	-	-

The Company has one class of ordinary share which carries no right to fixed income.

16. Reserves

Profit and loss account

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

17. 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 £64,000 (2022: £389,000).

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.

18. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £264,000 (2022: £304,000) . Contributions totalling £nil (2022: £nil) were payable to the fund at the balance sheet date and are included in creditors.

19. Ultimate Controlling Party

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

The smallest group of undertakings for which consolidated financial statements have been drawn up is that headed by Marston (Holdings) Limited. 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. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.