

Nixon Williams Limited

Annual report and financial statements

For the year ended 31 October 2020



Registered number: 03120233

NIXON WILLIAMS LIMITED

Company information

Directors W J Catterick
D Crawford

Registered number 03120233

Registered office Optionis House
Ibis Court
Centre Park
Warrington
Cheshire
WA1 1RL

Independent auditors BDO LLP
Chartered Accountants and Statutory Auditor
3 Hardman Street
Spinningfields
Manchester
M3 3AT

NIXON WILLIAMS LIMITED

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NIXON WILLIAMS LIMITED

Strategic report

For the year ended 31 October 2020

Principal activity

The principal activity of the company during the year was as a specialist provider of fixed fee, limited company accountancy and tax services to contractors and freelancers.

Business review and future developments

Turnover fell by 7.4% to £5,552,455 (2019: grew 2.2% to £5,997,113) and profit before tax fell by 21.2% to £1,824,710 (2019: fell 3.6% to £2,332,629), along with a net decrease in client numbers of 17.1 % (2019: decrease 1.6%).

The decrease in revenue is driven by the decreasing client numbers as a result of the IR35 reforms as well as the ongoing pandemic. During the pandemic, the less active job market has driven a larger proportion of the client base onto non-trading packages, thus leading to decreased revenues. New offerings are available to the company's clients that will enable them to remain with company irrespective of the IR35 status of their elected assignment.

The Company has utilised a government support scheme to defer VAT payments owed between March 2020 and June 2020.

Given the nature of the business, the directors are of the opinion that analysis using any KPIs in addition to those already stated is not necessary for an understanding of the development, performance or position of the company. Although we expect the marketplace to be as competitive as ever, with continued focus on customer service and our extensive range of services we expect our turnover and EBITDA to grow in the foreseeable future.

Principal risks and uncertainties

The company has an active and robust corporate governance programme designed to manage strategic and tactical risks which could impact the business. Risks are clearly identified and monitored on a regular basis.

With clear objectives, and an experienced management team, the Company believes it is on course to continue its growth by being the pre-eminent, national provider of accountancy and tax services offered to contractors. The key risks and uncertainties currently facing the business are as follows:

Operating risk

Managing the Company's businesses is dependent upon the ability to process a large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, employee errors, failure to properly document transactions or to obtain proper internal authorisation, failure to comply with regulatory requirements and business principles, resource shortages, equipment failures, natural disasters or the failure of external systems.

Although the Company has implemented risk controls and loss mitigation actions, and resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in controlling the operational risks faced by the Company.

The Company recognises the competition within the marketplace however does not consider price risk to be a significant risk to the business.

Strategic report (continued)

Principal risks and uncertainties (continued)

Operating risk (continued)

The impact of the Covid-19 pandemic is far reaching across the economy and therefore, the availability of contractor placements has fallen. The impact of the pandemic has been taken into account in cashflow forecasts and rolling forecasts are maintained so that preventative actions can be taken should the pandemic further impact the Company's client numbers.

Liquidity risk

The Company has a low exposure to liquidity risks as it continues to generate free cash-flows and has sufficient liquid assets to manage any short-term liquidity issues. However, the Company continues to monitor its commitments and liabilities to ensure that the Company is not exposed to liquidity risks.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Fraud risk management

The Company has implemented risk controls and maintains such internal checks and accounting policies as it deems appropriate to prevent fraud within the Company.

Although resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in preventing fraud.

Legislation risk

The Company's business model is reliant on their ability to ensure recurring services are provided to current contractor and freelance customers. As such any legislative changes which may alter the employment nature of certain customers is considered a business risk to the company. This is mitigated through the variety of routes to market available to the Company.

This report was approved by the board on 2 June 2021 and signed on its behalf.



W J Catterick
Director

NIXON WILLIAMS LIMITED

Directors' report

For the year ended 31 October 2020

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

Directors

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

W J Catterick (Appointed 19 February 2020)

D Crawford

I Ahmed (Appointed 14 January 2020, resigned 30 September 2020)

K J Budge (Resigned 03 January 2020)

Business review and future developments

The profit of the company for the year was £1,825,560 (2019: £2,374,924) as noted on page 9.

Financial risk management

Measures taken towards financial risk management are enumerated within the Strategic report on pages 1 and 2 above.

Dividends

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

Directors liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties subject to conditions set up in Section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

NIXON WILLIAMS LIMITED

Directors' report (continued)

For the year ended 31 October 2020

Going concern

The company has a net asset position as at 31 October 2020 of £14,264,387 (2019: £12,438,827) and has recorded a profit of £1,825,560 (2019: £2,374,924). The company is also a guarantor of the Group loan arrangements and as such the going concern assessment of the company is dependent on the going concern assessment of the Optionis Group. The company forecasts are accumulated into the group forecasts alongside the forecasts of the other companies within the group.

The board has reviewed the latest forecasts of the group and considered the obligations of the group's financing arrangements. The group continues to operate well within its existing facilities and there are no concerns at this time in relation to the group's ability to meet its quarterly covenants. Given the continued strong liquidity of the group, the board has concluded that a going concern basis of preparation of its consolidated financial statements is appropriate.

These forecasts have been prepared taking account of the current and potential impacts of the Covid-19 pandemic and the IR35 reforms may have on the recruitment market volatility. As part of this review the directors' considered specific assumptions and risks to achieving forecast outcomes and have considered liquidity as well as the ability to operate within the group's current financing facilities which are subject to covenant tests. The going concern status of the company is reliant on legislation surrounding the contractor industry, the IR 35 reforms may drive contractors into an employment status, however these accountancy clients can remain within the group with packages being offered to easily move between the group's accountancy and umbrella offerings. The forecasts also took into account the substantial growth being seen during early 2021 in the Umbrella CGU which directly impacts both profitability but also the group's liquidity position favourably. During the current year the group met all covenant tests and based on the forecast will do so throughout the review period through to June 2022.

The group has also undertaken reverse stress tests of the forecasts assessing what deviation from budget would be required in both clients numbers and Umbrella working capital at each test date for the group to breach its covenants tests. Based on the current performance and trends in the business it would require a significant deviation for there to be a breach. Based on the forecasts, and the reverse stress testing performed, the directors do not consider there is any outcome that could be reasonably foreseen that would cast doubt on the company's ability to continue as a going concern.

NIXON WILLIAMS LIMITED

Directors' report (continued)

For the year ended 31 October 2020

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the statement of comprehensive income of the company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Disclosure of information to auditor

The directors at the time when this Directors' report is approved have confirmed that:

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

Independent auditor

The auditor, BDO LLP, have indicated their willingness to continue in office. A resolution that they be reappointed will be proposed at the annual general meeting.

This report was approved by the board on 2 June 2021 and signed on its behalf.



W J Catterick
Director

NIXON WILLIAMS LIMITED

Independent auditor's report to the members of Nixon Williams Limited

Opinion

We have audited the financial statements of Nixon Williams Limited ("the Company") for the year ended 31 October 2020 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor 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

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

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

NIXON WILLIAMS LIMITED

Independent auditor's report to the members of Nixon Williams Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 and 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.

Independent auditor's report to the members of Nixon Williams Limited (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 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 report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor report.

Use of our report

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

Not signed by:

Gary Harding

GARY HARDING (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester, UK

2 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NIXON WILLIAMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2020

		2020	2019
	Note	£	£
Turnover	5	5,552,455	5,997,113
Administration expenses		(3,727,745)	(3,664,484)
Profit before taxation		1,824,710	2,332,629
Tax on profit	8	850	42,295
Profit for the financial year and total comprehensive income		1,825,560	2,374,924

The accompanying notes form part of the financial statements.

All operations relate to continuing activities.

NIXON WILLIAMS LIMITED

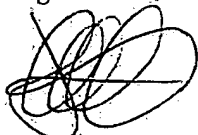
STATEMENT OF FINANCIAL POSITION

As at 31 October 2020

	Note	2020	2019
Fixed assets		£	£
Intangible assets	9	39,416	58,907
Tangible assets	10	413,961	432,571
		<u>453,377</u>	<u>491,478</u>
Current assets			
Debtors	11	14,423,160	13,240,532
Cash at bank and in hand		341,979	234,900
		<u>14,765,139</u>	<u>13,475,432</u>
Creditors: amounts falling due within one year	12	<u>(834,861)</u>	<u>(1,467,954)</u>
Net current assets		<u>13,930,278</u>	<u>12,007,478</u>
Total assets less current liabilities		14,383,655	12,498,956
Provisions for liabilities	13	<u>(119,268)</u>	<u>(60,129)</u>
Net assets		<u>14,264,387</u>	<u>12,438,827</u>
Capital and reserves			
Called up share capital	15	1,000	1,000
Retained earnings	16	14,263,387	12,437,827
Total Equity		<u>14,264,387</u>	<u>12,438,827</u>

The financial statements were approved by the board of directors on 2 June 2021.

Signed on behalf of the board of directors:



W J Catterick
Director

NIXON WILLIAMS LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 October 2020**

	Called-up share capital £	Retained Earnings £	Total Equity £
At 1 November 2018	1,000	10,062,903	10,063,903
Profit and total comprehensive income for the financial year	-	2,374,924	2,374,924
At 31 October 2019	1,000	12,437,827	12,438,827
Profit and total comprehensive income for the financial year	-	1,825,560	1,825,560
At 31 October 2020	1,000	14,263,387	14,264,387

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Company information

Nixon Williams Limited (03120233) is a limited liability company, limited by shares as noted in note 1, incorporated and domiciled in England & Wales.

The Registered Office is Optionis House, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis as modified by the recognition of certain financial assets and liabilities measured at fair value through statement of comprehensive income.

The financial statements are presented in Sterling (£) which is the functional currency and rounded to the nearest £.

The individual financial statements of Nixon Williams Limited have also adopted the following disclosure exemptions:

- categories of financial instruments;
- key management personnel disclosure;
- items of income, expenses, gains or losses relating to financial instruments;
- exposure to and management of financial risks;
- the requirement to present a statement of cash flows and related notes; and
- related party disclosures relating to transactions entered into between two or more wholly owned members of the group.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Basis of preparation (continued)

Going concern

The company has a net asset position as at 31 October 2020 of £14,264,387 (2019: £12,438,827) and has recorded a profit of £1,825,560 (2019: £2,374,924). The company is also a guarantor of the Group loan arrangements and as such the going concern assessment of the company is dependent on the going concern assessment of the Optionis Group. The company forecasts are accumulated into the group forecasts alongside the forecasts of the other companies within the group.

The board has reviewed the latest forecasts of the group and considered the obligations of the group's financing arrangements. The group continues to operate well within its existing facilities and there are no concerns at this time in relation to the group's ability to meet its quarterly covenants. Given the continued strong liquidity of the group, the board has concluded that a going concern basis of preparation of its consolidated financial statements is appropriate.

These forecasts have been prepared taking account of the current and potential impacts of the Covid-19 pandemic and the IR35 reforms may have on the recruitment market volatility. As part of this review the directors' considered specific assumptions and risks to achieving forecast outcomes and have considered liquidity as well as the ability to operate within the group's current financing facilities which are subject to covenant tests. The going concern status of the company is reliant on legislation surrounding the contractor industry, the IR 35 reforms may drive contractors into an employment status, however these accountancy clients can remain within the group with packages being offered to easily move between the group's accountancy and umbrella offerings. The forecasts also took into account the substantial growth being seen during early 2021 in the Umbrella CGU which directly impacts both profitability but also the group's liquidity position favourably. During the current year the group met all covenant tests and based on the forecast will do so throughout the review period through to June 2022.

The group has also undertaken reverse stress tests of the forecasts assessing what deviation from budget would be required in both client numbers and Umbrella working capital at each test date for the group to breach its covenants tests. Based on the current performance and trends in the business it would require a significant deviation for there to be a breach. Based on the forecasts, and the reverse stress testing performed, the directors do not consider there is any outcome that could be reasonably foreseen that would cast doubt on the company's ability to continue as a going concern.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Professional Indemnity Provision

The Company provides for both specific known claims and calculated expected future claims. The provision is based on various factors, such as historical data, current outstanding client claims and management's knowledge of probable settlement costs.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Principal accounting policies

4.1 Intangible assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of the intangible assets over its estimated useful life, using the straight-line method. Intangibles are amortised over the following useful economic lives:

- Computer software 3 years

4.2 Tangible Assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Long term leasehold improvements Period of lease
- Fixtures, fittings and office equipment 4 years

4.3 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in statement of comprehensive income.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

4.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Principal accounting policies (continued)

4.5 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in statement of comprehensive income in the year it arises.

The company recognises a provision for dilapidations which represents the best estimate of future reparation costs in relation to leases occupied by the company.

4.6 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting years using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Principal accounting policies (continued)

4.6 Taxation (continued)

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future year, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Except for changes arising on the initial recognition of a business combination, the tax expense / (income) is presented either in statement of comprehensive income, other comprehensive income or equity depending on the transaction that resulted in the tax expense / (income).

4.7 Turnover

Fee income represents the fair value of consideration received or receivable and represents the amounts receivable for services provided during the year to clients. Fair value reflects the amount agreed in the form of contractual charges for each type of service. Fee income is stated net of Value Added Tax and recharges for disbursements.

Services provided to clients are recognised straight line over the year of service. Services provided to clients during the year which at the balance sheet date have not been invoiced to clients are recognised as fee income and accrued within the statement of financial position. Amounts which have been invoiced as at the year-end but where the service has not been delivered at that time are included within deferred income within the statement of financial position. Amounts are not allocated to specific services given that services occur evenly throughout the year.

4.8 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the year in which they are incurred.

4.9 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Principal accounting policies (continued)

4.9 Financial instruments (continued)

4.9.1 Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

4.9.2 Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Turnover

All turnover is generated from the rendering of similar services and is reviewed by the directors on a single segment basis. The company trades within one geographical location, the United Kingdom.

6. Profit before taxation

	2020	2019
	£	£
Operating lease charges	103,158	107,549
Amortisation	25,986	19,945
Depreciation	21,117	15,282

Fees payable to the company's auditor of £15,260 (2019: £15,260) for the audit of the company's financial statements, are borne by a fellow group company. No recharge is made to the company for such costs.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Directors and employees

Staff costs during the year were as follows:

	2020	2019
	£	£
Wages and salaries	1,666,087	1,698,786
Social security costs	162,082	154,983
Other pensions costs	43,030	42,754
	<u>1,871,199</u>	<u>1,896,523</u>

The average number of employees of the Company during the year was:

	2020	2019
	Number	Number
Operations	<u>53</u>	<u>61</u>

The employee costs include the cost of operational staff working directly for the Company, in addition to a proportion of the Optionis Group central staff costs. These are allocated between the Optionis Group companies.

The employee numbers include the operational staff that work directly for the Company.

All staff costs were borne by Optionis Group Limited which operates as a centralised cost centre. Recharges are made to subsidiary companies for operational staff at a reasonable margin. The remaining centralised staff remain employees of Optionis Group Limited with these costs recharged to the other group companies as a management charge.

Total directors' emoluments in the year were £750,581 (2019: £529,870).

The directors' emoluments in 2020 and 2019 for all directors were paid by Optionis Group Limited, a fellow group company. No recharges were made to the company for the director's services and the directors do not believe it possible to apportion the remuneration between the companies.

The highest paid director received remuneration of £280,000 (2019: £237,557).

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Tax on profit

The tax credit is based on the result for the year and represents:

	2020	2019
	£	£
UK corporation tax	-	-
Adjustments in respect of previous years	-	(50,262)
Total current tax	-	(50,262)
Deferred taxation:		
Origination and reversal of timing differences	(269)	7,967
Adjustment in respect of previous years	(1,122)	-
Effect of changes in tax rates	541	-
Tax credit on profit	<u>(850)</u>	<u>(42,295)</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%). The differences are explained as follows:

	2020	2019
	£	£
Profit before taxation	<u>1,824,710</u>	<u>2,332,629</u>
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19%	346,695	443,200
Expenses not deductible for tax purposes	4,577	6,369
Prior year adjustments	(1,122)	(50,262)
Group relief received for nil payment	(351,541)	(435,116)
Difference in tax rates	541	-
Deferred tax not recognised	-	(6,486)
Tax credit on profit	<u>(850)</u>	<u>(42,295)</u>

Factors affecting future tax charges

The Finance (No.2) Act 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. These reductions were substantively enacted on 26 October 2015. The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17% from 1 April 2020. This was substantively enacted on 6 September 2016.

A budget resolution to cancel the reduction in the main rate from 19% to 17% was given statutory effect under the Provisional Collection of Taxes Act 1968 and substantively enacted on 17 March 2020. Accordingly, deferred tax balances are valued at 19%.

The March 2021 Budget announced future tax rises to 25%, this increased rate will take effect from 2023 and its impact will be considered in future years deferred tax and corporation tax assessments.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Intangible assets

	Computer software £
Cost	
At 1 November 2019	112,969
Additions	6,495
At 31 October 2020	119,464
Accumulated Amortisation	
At 1 November 2019	54,062
Charge for the year	25,986
At 31 October 2020	80,048
Net book amount at 31 October 2020	39,416
Net book amount at 31 October 2019	58,907

10. Tangible assets

	Long term leasehold properties £	Office equipment £	Total £
Cost			
At 1 November 2019	432,341	77,093	509,434
Additions	-	2,507	2,507
At 31 October 2020	432,341	79,600	511,941
Accumulated Depreciation			
At 1 November 2019	38,878	37,985	76,863
Charged in the year	3,459	17,658	21,117
At 31 October 2020	42,337	55,643	97,980
Net book value at 31 October 2020	390,004	23,957	413,961
Net book value at 31 October 2019	393,463	39,108	432,571

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Debtors

	2020	2019
	£	£
Trade debtors	27,765	50,054
Amounts owed by group undertakings	14,333,522	13,110,087
Other debtors	2,361	3,093
Prepayments and accrued income	59,512	77,298
	<u>14,423,160</u>	<u>13,240,532</u>

Trade debtors are stated net of provisions of £475 (2019: £9,350).

Amounts owed to the Company are unsecured, interest free and repayable on demand.

12. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	40,063	15,181
Amounts owed to group undertakings	304,735	1,216,783
Taxation and social security costs	366,215	94,617
Other creditors	18,380	47,108
Accruals and deferred income	105,468	94,265
	<u>834,861</u>	<u>1,467,954</u>

Amounts owed by the Company are unsecured, interest free and repayable on demand.

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Provisions for liabilities

	Dilapidations	Deferred tax	Other provisions	Total
	£	£	£	£
At 1 November 2019	22,794	5,722	31,613	60,129
Additions	63,066	-	1,140	64,206
Utilised	-	(850)	(4,217)	(5,067)
At 31 October 2020	85,860	4,872	28,536	119,268

The dilapidations provision relates to the best estimate of future reparation costs in relation to leases occupied by the Company. The provision is expected to be utilised in line with the cessation of each of the leases.

Within other provisions, the Company recognises a provision for the risk of Professional Indemnity claims arising from current or former customers. The provision is measured based on trend analysis of historical claims raised against the company which the directors believe to be appropriate.

14. Deferred taxation

The deferred taxation provision is provided for at 19% in the financial statements, is set out below:

	2020	2019
	£	£
Provision at start of year	(5,722)	2,245
Credited/(Charged) in the profit and loss	850	(7,967)
Provision at end of year	(4,872)	(5,722)

15. Called up share capital

	2020	2019
	£	£
Authorised, allotted and fully paid: 1000 (2019: 1,000) ordinary shares of £1 each	1,000	1,000

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Statement of comprehensive income account – includes all current and prior year retained profits and losses.

17. Leasing commitments

The company's future minimum operating lease payments are as follows:

	2020	2019
	£	£
Within one year	-	103,158
Between one and five years	-	438,422
In over five years	-	28,134

The lease payments in 2019 were associated with the occupation of a building, the contractual obligation to fulfil the terms of the lease now lies with another company within the Optionis Group, and therefore the Company has no further minimum lease payments.

18. Transactions with related parties

The company has taken advantage of the exemption available within FRS 102 Section 33 not to disclose transactions with fellow wholly owned group undertakings.

19. Ultimate controlling party

The company's immediate parent undertaking is Optionis Group Limited by virtue of its shareholding. Optionis Limited is deemed the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the consolidated statements can be obtained from the company Secretary at the company's address.

In the opinion of the directors, there is no ultimate controlling party of the Group.