Nixon Williams Limited

Annual report and financial statements

For the year ended 31 October 2021

Registered number: 03120233

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

Contents

Strategic report
For the year ended 31 October 2021

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 20.5% to £4,415,128 (2020: fell 7.4% to £5,552,455) and profit before tax fell by 45.0% to £1,003,652 (2020: fell 21.2% to £1,824,710), along with a net decrease in client numbers of 23.1 % (2020: decrease 17.1 %).

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 the Company irrespective of the IR35 status of their elected assignment.

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.

On 20 September 2022 the Group had a change of ownership when Optionis Limited sold investment on Optionis Group Limited to Clareant Business Services Holdings 2 Limited. We draw your attention to Note 20 Post Balance Sheet Events which details the impact of this change.

Principal risks and uncertainties
The Group 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.

Strategic report (continued)

Principal risks and uncertainties (continued)
Operating risk (continued)

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

The impact of the Covid-19 pandemic and the cost of living crisis is far reaching across the economy and therefore, the availability of contractor placements has fallen. The impact of these factors has been taken into account in cashflow forecasts and rolling forecasts are maintained so that preventative actions can be taken should there be further impact on 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 31 October 2022 and signed on its behalf.

D Crawford
Director

Directors' report
For the year ended 31 October 2021

The directors present their report and audited financial statements for the year ended 31 October 2021.

Directors
The directors who served during the year to approval of financial statements were:
W J Catterick
D Crawford

Business review and future developments
The profit of the Company for the year was £1,003,970 (2020: £1,825,560) 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 (2020: £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.

Going concern
The Company has a net asset position as at 31 October 2021 of £15,268,357 (2020: £14,264,387) and has recorded a profit of £1,003,970 (2020: £1,825,560). The Group, of which Nixon Williams Limited is a part of, regularly review market and financial forecasts and has reviewed its trading prospects in its key markets. As a result, it believes its trading performance will demonstrate improvement in the coming years, and that liquidity will remain strong. Therefore, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The board has reviewed the latest forecasts of the Group and considered the obligations of the Group's financing arrangements. Following the change in control on 20 September 2022 the Group agreed an update to its funding structure and available facilities. As a result the Group's bank debt was reduced by £70.9m and the unsecured loan notes (£54.0m) and interest (£12.9m) were extinguished in full. Post this transaction the total Group bank debt and interest was reduced to £50m. Subsequently, on 27 October the Group also agreed an extension to its banking facilities with a new £10m facility agreed and in place until at least 31 December 2023.

Following these changes the Group expects to continue to operate well within its available facilities and with significant headroom to its requirements. As part of the refinancing the covenant tests for the Group were also amended and there are no tests falling due until 31 January 2024. Given the continued strong liquidity of the Group, the board has concluded that a going concern basis of preparation of the Group and Company financial statements is appropriate.

Directors' report (continued)

For the year ended 31 October 2021

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 profit or loss 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 31 October 2022 and signed on its behalf.

D Crawford
Director

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2021 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.

We have audited the financial statements of Nixon Williams Limited ("the Company") for the year ended 31 October 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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. 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.

Independence

We remain 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.

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.

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 report and financial statements other than the financial statements and our auditor's 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. 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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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'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.

Extent to which the audit was capable of detecting irregularities, including fraud

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.

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements.

These included but were not limited to those that relate to the form and content of the financial statements, such as the accounting policies, United Kingdom Generally Accepted Accounting Practice, the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off. Our audit procedures included, but were not limited to:

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

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Revenue year end cut-off procedures;
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords and manual journals to revenue and cash;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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'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.

DocuSigned by:
Gary Harding
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Gary Harding (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
31 October 2022

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 2021

	Note	2021 £	2020 £
Turnover	5	**4,415,128**	5,552,455
Administration expenses		**(3,411,476)**	(3,727,745)
Profit before taxation		**1,003,652**	1,824,710
Tax on profit	8	**318**	850
Profit for the financial year and total comprehensive income		**1,003,970**	1,825,560

The notes on pages 12 to 22 form part of these financial statements.

All operations relate to continuing activities.

There is no other comprehensive income for the year (2020 - £nil).

NIXON WILLIAMS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 October 2021

	Note	2021	2020
Fixed assets		**£**	£
Intangible assets	9	**25,794**	39,416
Tangible assets	10	**29,036**	413,961
		54,830	453,377
Current assets			
Debtors	11	**16,597,153**	14,423,160
Cash at bank and in hand		**327,178**	341,979
		16,924,331	14,765,139
Creditors: amounts falling due within one year	12	**(1,599,741)**	(834,861)
Net current assets		**15,324,590**	13,930,278
Total assets less current liabilities		**15,379,420**	14,383,655
Provisions for liabilities	13	**(111,063)**	(119,268)
Net assets		**15,268,357**	14,264,387
Capital and reserves			
Called up share capital	15	**1,000**	1,000
Retained earnings	16	**15,267,357**	14,263,387
Total Equity		**15,268,357**	14,264,387

The notes on pages 12 to 22 form part of these financial statements.

The financial statements were approved by the board of directors on 31 October 2022.

Signed on behalf of the board of directors:

D Crawford
Director
Company registration no: 03120233

NIXON WILLIAMS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2021

	Called-up share capital £	Retained Earnings £	Total Equity £
At 1 November 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**
Profit and total comprehensive income for the financial year	-	1,003,970	**1,003,970**
At 31 October 2021	**1,000**	**15,267,357**	**15,268,357**

The notes on pages 12 to 22 form part of these financial statements.

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 15, 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.

Going concern

The Company has a net asset position as at 31 October 2021 of £15,268,357 (2020: £14,264,387) and has recorded a profit of £1,003,970 (2020: £1,825,560). The Group, of which Nixon Williams Limited is a part of, regularly review market and financial forecasts and has reviewed its trading prospects in its key markets. As a result, it believes its trading performance will demonstrate improvement in the coming years, and that liquidity will remain strong. Therefore, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The board has reviewed the latest forecasts of the Group and considered the obligations of the Group's financing arrangements. Following the change in control on 20 September 2022 the Group agreed an update to its funding structure and available facilities. As a result the Group's bank debt was reduced by £70.9m and the unsecured loan notes (£54.0m) and interest (£12.9m) were extinguished in full. Post this transaction the total Group bank debt and interest was reduced to £50m. Subsequently, on 27 October the Group also agreed an extension to its banking facilities with a new £10m facility agreed and in place until at least 31 December 2023.

2. Basis of preparation (continued)

Going concern (continued)

Following these changes the Group expects to continue to operate well within its available facilities and with significant headroom to its requirements. As part of the refinancing the covenant tests for the Group were also amended and there are no tests falling due until 31 January 2024. Given the continued strong liquidity of the Group, the board has concluded that a going concern basis of preparation of the Group and Company financial statements is appropriate.

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.

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.

4. Principal accounting policies (continued)

4.3 Impairment of assets (continued)
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.

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 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.

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 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.

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.

4. Principal accounting policies (continued)

4.9 Financial instruments (continued)

4.9.1 Financial assets (continued)

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.

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

The profit before taxation for the year is stated after charging:

	2021	2020
	£	£
Operating lease charges	**106,737**	103,158
Amortisation	**21,022**	25,986
Depreciation	**26,714**	21,117
Loss on disposal	**188,110**	-

Fees payable to the Company's auditor of £16,025 (2020: £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.

7. Directors and employees

Staff costs during the year were as follows:

	2021	2020
	£	£
Wages and salaries	**1,551,778**	1,666,087
Social security costs	**88,771**	162,082
Other pensions costs	**40,683**	43,030
	1,681,232	1,871,199

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

	2021	2020
	Number	Number
Operations	**45**	53

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 £470,476 (2020: £750,581).

7. Directors and employees (continued)

The highest paid director received remuneration of £300,308 (2020: £280,000).

The directors' emoluments in 2021 and 2020 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.

8. Tax on profit

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

	2021	2020
	£	£
UK corporation tax	-	-
Adjustments in respect of previous years	-	-
Total current tax	-	-
Deferred taxation:		
Origination and reversal of timing differences	**(3,984)**	(269)
Adjustment in respect of previous years	**3,385**	(1,122)
Effect of changes in tax rates	**281**	541
Tax credit on profit	**(318)**	(850)

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%). The differences are explained as follows:

	2021	2020
	£	£
Profit before taxation	**1,003,652**	1,824,710
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19%	**190,694**	346,695
Expenses not deductible for tax purposes	**37,910**	4,577
Prior year adjustments	**3,385**	(1,122)
Group relief received for nil payment	**(232,371)**	(351,541)
Difference in tax rates	**281**	541
Deferred tax not recognised	**(217)**	-
Tax credit on profit	**(318)**	(850)

Factors affecting future tax charges

In the Spring budget 2021, the government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. The proposal to increase the rate to 25% was substantively enacted in May 2021 and as such the effect is included in the calculation of the deferred tax provisions as at the reporting date. This will affect the calculation of future deferred tax charges.

9. Intangible assets

	Computer software £
Cost	
At 1 November 2020	119,464
Additions	7,400
At 31 October 2021	**126,864**
Accumulated Amortisation	
At 1 November 2020	80,048
Charge for the year	21,022
At 31 October 2021	**101,070**
Net book amount at 31 October 2021	**25,794**
Net book amount at 31 October 2020	39,416

10. Tangible assets

	Long term leasehold properties £	Office equipment £	Total £
Cost			
At 1 November 2020	432,341	79,600	**511,941**
Disposals	(403,391)	-	**(403,391)**
At 31 October 2021	**28,950**	**79,600**	**108,550**
Accumulated Depreciation			
At 1 November 2020	**42,337**	**55,643**	**97,980**
Charge for the year	16,061	10,653	**26,714**
Disposals	(45,180)	-	**(45,180)**
At 31 October 2021	**13,218**	**66,296**	**79,514**
Net book value at 31 October 2021	**15,732**	**13,304**	**29,036**
Net book value at 31 October 2020	390,004	23,957	413,961

NIXON WILLIAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Debtors

	2021	2020
	£	£
Trade debtors	**27,202**	27,765
Amounts owed by Group undertakings	**16,316,841**	14,333,522
Other debtors	**172,100**	2,361
Prepayments and accrued income	**81,010**	59,512
	16,597,153	14,423,160

Trade debtors are stated net of provisions of £1,373 (2020: £475).

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

12. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**62,107**	40,063
Amounts owed to Group undertakings	**1,269,691**	304,735
Taxation and social security costs	**164,149**	366,215
Other creditors	**18,615**	18,380
Accruals and deferred income	**85,179**	105,468
	1,599,741	834,861

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

13. Provisions for liabilities

	Dilapidations	Deferred tax	Other provisions	Total
	£	£	£	£
At 1 November 2020	85,860	4,872	28,536	**119,268**
Additions	-	-	15,000	**15,000**
Utilised	-	(318)	(22,887)	**(23,205)**
At 31 October 2021	**85,860**	**4,554**	**20,649**	**111,063**

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 25% (2020 - 19%) in the financial statements, is set out below:

	2021	2020
	£	£
Provision at start of year	**(4,872)**	(5,722)
Credited in the profit and loss	**318**	850
Provision at end of year	**(4,554)**	(4,872)

15. Called up share capital

	2021	2020
	£	£
Authorised, allotted and fully paid:		
1,000 (2020: 1,000) ordinary shares of £1 each	**1,000**	1,000

16. Reserves

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

Retained earnings – includes all current and prior year retained profits and losses.

17. Leasing commitments

There are nil (2020: nil) future minimum operating lease payments.

The lease payments in 2021 and 2020 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. During the financial year, 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.

20. Post balance sheet events

Post year end the Group issued loan notes of £4.6m to Sovereign Capital Partners in exchange for cash.

On 20 September 2022 the Group had a change of ownership when Optionis Limited sold it's investment in Optionis Group Limited to Clareant Business Services Holdings 2 Limited. Following the change in ownership the ultimate parent of the Group became Clareant Business Services Holdings Limited, a company incorporated in the United Kingdom. A copy of the financial statements can be obtained from the Company Secretary at the Company's address, being 125 London Wall, 6th Floor, London, England, EC2Y 5AS.

As part of the change in control the Group funding structure was amended. As a result the Groups bank debt was reduced by £70.9m and the unsecured loan notes (£54.0m) and interest (£12.9m) were extinguished in full.