

Company registration number 03606174 (England and Wales)

NICHOLAS ASSOCIATES GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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NICHOLAS ASSOCIATES GROUP LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 23

NICHOLAS ASSOCIATES GROUP LIMITED

COMPANY INFORMATION

Directors	Mr N G W Cragg Mr B J Allen Mr A N Boorman Mr P M Brammer
Secretary	Mrs M Cragg
Company number	03606174
Registered office	Reginald Arthur House Percy Street Rotherham South Yorkshire S65 1ED
Auditor	Xeinadin Audit Ltd Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD

NICHOLAS ASSOCIATES GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

Analysis of performance:

The Company continues to experience increased competitor activity - in a labour constrained market – together with an increased cost base which is driving down its margins in its traditional labour market, however the business is seeking to mitigate this by continuing to promote an enhanced candidate experience and the development of complimentary service offerings to our clients. The Company seeks to offer an alternative proposition to that of a traditional labour agency.

The Company's long-term strategy continues to be that of sustainable profitable growth and the enhancement of shareholder value through our Apprentice to Boardroom offering.

Current trading:

Despite the continued disruptions to Global Supply chains caused by COVID-19 & Brexit, the Directors have successfully managed the business throughout 2021 and are pleased to report that the business has traded profitably.

The Directors continue to believe that being an ethical, financially stable and fully compliant business will ensure further opportunities will continue in the foreseeable future.

Principal risks and uncertainties

Analysis of Principal Risks:

Commercial risk

In line with many businesses our cash flow and income fluctuates as a result of factors outside our control.

In order to minimise this risk we operate across a broad spectrum of business sectors serving a wide client base. The company continues to develop key relationships by seeking to provide value added services to our clients across all our markets.

The exit from the EU & the changing work dynamics which have been an effect of the COVID-19 outbreak have resulted in a reduction in the availability of labour. The labour market remains tight and the Company continues to focus and invest in the candidate experience in order to increase the attractiveness of working for the Company.

Economic risk

The Company's funding is primarily provided by an invoice finance facility with Variable interest rates and as such the Company's profitability can be affected by large movements in Base Rates.

During the year the Company has experienced margin pressure from competitors across all our markets.

The costs of entry to the market are often relatively low however the requirement for increased levels of compliance by both regulators and market drivers in some sectors offer opportunities for the Company to differentiate itself.

Credit and Liquidity risk

The Company's principal financial assets are cash and trade debtors & as such the Company seeks to ensure sufficient liquidity is available to meet the Company's foreseeable cash requirements, through regular scenario forecasting. The company manages credit risk through the adherence to credit limits, the regular review of payment history, debt collection targets and credit insurance facilities.

NICHOLAS ASSOCIATES GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Operational risk

The Company remains committed to the training, development and welfare of its staff and recognise their importance in the continued success to the Company.

The Company continues to be reliant on a number of technology systems. In order to minimise that risk the business continually reviews its disaster recovery plan with particular emphasis on the ability to cope with the loss of one of these systems. In the short to medium term the Company is also reliant upon the senior board members to deliver the strategy of developing key client relationships through the provision of value added services.

The COVID-19 outbreak created uncertainty in both the UK & Global economy, which affected the demand for the Company's services both adversely in the Aviation & Permanent Recruitment sectors and whilst that the outbreak has now been widely brought under control, any further viral outbreaks could re-introduce that risk.

Development and performance

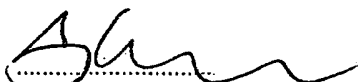
Future Developments

The Group has continued to develop its management information systems in order to improve operating efficiency and to ensure the highest levels of compliance standards. The Group will continue to develop and enhance its systems and commercial offerings, in order to enhance both its and its client's sustainable profitability.

Key performance indicators

	<u>2021</u>	<u>2020</u>
Gross Profit Percentage	14.76%	13.16%
Current Ratio	1.15	1.17
Operating EBITDA	£1,184,279	£807,048

On behalf of the board



Mr B J Allen
Director

Date: 28/9/2022

NICHOLAS ASSOCIATES GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of providers of temporary staff.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,200,000. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr N G W Cragg

Mr B J Allen

Ms L H Gainsford

(Resigned 1 February 2021)

Mr A N Boorman

Mr P M Brammer

Political donations

No political donations have been made during the year. A total of £31,372 (2020: £4,502) charitable donations have been made.

Disabled persons

It is the Group's policy to give full and fair consideration to suitable applications from disabled persons. Once employed, disabled persons receive equal opportunities for training, career development and promotion. Opportunities exist for employees of the Group who become disabled to continue their employment or to be trained for other positions within the

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Employees are kept aware of developments within the Group through an Annual Seminar and regular briefings which include the publication of a Core Brief from the Senior Management Team. These include presentations by subsidiary management covering the future budgets. Employee involvement is further encouraged through the the Staff Forum which has a direct line of communication to the Chief Executive.

Auditor

In accordance with the company's articles, a resolution proposing that Xeinadin Audit Limited be reappointed as auditor of the company will be put at a General Meeting.

NICHOLAS ASSOCIATES GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

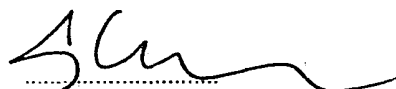
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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. 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr B J Allen
Director

Date: 28/9/2022

NICHOLAS ASSOCIATES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICHOLAS ASSOCIATES GROUP LIMITED

Opinion

We have audited the financial statements of Nicholas Associates Group Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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.

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.

NICHOLAS ASSOCIATES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHOLAS ASSOCIATES GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context relating to the reporting framework (The Companies Act 2006) and relevant taxation compliance regulations.

In addition, we also concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements, being those laws relating to data protection and GDPR guidelines and also Coronavirus regulations.

We understood how the company is complying with these frameworks and regulations by making enquiries of management and those responsible for compliance and corroborated these enquiries with reviews of board minutes and any available correspondence with legal advisors.

NICHOLAS ASSOCIATES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHOLAS ASSOCIATES GROUP LIMITED

We assessed that there were risks of material impact on the financial statements from irregularities, including fraud from the override of controls by management, timing and recognising of income and in the manipulation of the company's key performance indicators to meet targets.

Audit response to risks identified

We carried out procedures to respond to these risks, including enquiries of management about their systems and controls to identify these risks of irregularities, testwork to review a sample of journal entries made during the year, reviewing and testing assumptions made on accounting estimates for management biases and testing the timing and recognition of revenue.

Our audit procedures were designed to respond to risks of material misstatements 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 more sophisticated acts, including concealment, collusion or deliberately failing to record transactions through intentional misrepresentation.

There are inherent limitations within an audit, even though it has been properly planned and carried out in accordance with auditing standards and we cannot be responsible for preventing non-compliance and cannot be expected to detect non compliance with all laws and regulations.

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.



Christopher Holder BA BFP FCA (Senior Statutory Auditor)
For and on behalf of Xeinadin Audit Ltd

29/09/2022

**Accountants &
Statutory Auditor**

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

NICHOLAS ASSOCIATES GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	61,913,693	52,546,322
Cost of sales		(52,778,048)	(45,630,657)
Gross profit		9,135,645	6,915,665
Administrative expenses		(8,275,620)	(6,856,954)
Other operating income		198,556	624,641
Operating profit	4	1,058,581	683,352
Interest receivable and similar income	7	6	-
Interest payable and similar expenses	8	(162,768)	(186,691)
Profit before taxation		895,819	496,661
Tax on profit	9	(198,877)	(106,896)
Profit for the financial year		696,942	389,765

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NICHOLAS ASSOCIATES GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Profit for the year	696,942	389,765
Other comprehensive income	-	-
Total comprehensive income for the year	<u>696,942</u>	<u>389,765</u>

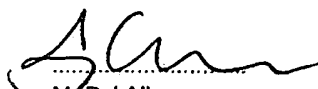
NICHOLAS ASSOCIATES GROUP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Goodwill	11		50,000		-
Other intangible assets	11		120,691		148,360
Total intangible assets			170,691		148,360
Tangible assets	12		194,464		182,285
Investments	13		29,597		29,597
			394,752		360,242
Current assets					
Debtors	15	11,774,005		15,467,590	
Cash at bank and in hand		1,466,892		482,301	
			13,240,897		15,949,891
Creditors: amounts falling due within one year	16	(11,491,534)		(13,628,913)	
Net current assets			1,749,363		2,320,978
Total assets less current liabilities			2,144,115		2,681,220
Creditors: amounts falling due after more than one year	17		-		(34,047)
Net assets			2,144,115		2,647,173
Capital and reserves					
Called up share capital	20		1,004		1,004
Other reserves	21		(179,999)		(179,999)
Profit and loss reserves	22		2,323,110		2,826,168
Total equity			2,144,115		2,647,173

The financial statements were approved by the board of directors and authorised for issue on 28/9/2022 and are signed on its behalf by:


Mr B J Allen
Director

Company Registration No. 03606174

NICHOLAS ASSOCIATES GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2020	1,004	(179,999)	2,436,403	2,257,408
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	389,765	389,765
Balance at 31 December 2020	1,004	(179,999)	2,826,168	2,647,173
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	696,942	696,942
Dividends	-	-	(1,200,000)	(1,200,000)
10				
Balance at 31 December 2021	1,004	(179,999)	2,323,110	2,144,115

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Nicholas Associates Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Reginald Arthur House, Percy Street, Rotherham, South Yorkshire, S65 1ED.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of its parent company Nicholas Associates Holdings Limited. These consolidated financial statements are available from its registered office, Reginald Arthur House, Percy Street, Rotherham, Yorkshire, S65 1ED.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents net invoiced sales, excluding value added tax. Turnover is recognised upon the raising of a weekly invoice following the receipt of employee timesheets.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is to be amortised on a systematic basis over its expected life, which is 10 years, with the first year's charge commencing in the year ended 31 December 2022.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software amortised evenly over its estimated useful life of 10 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	33% on cost, 33% and 25% on reducing balance
Motor vehicles	33% and 25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

Debtors and creditors receivable/payable with a year

Debtors and creditors are recorded at transaction price receivable or payable within one year. Any losses arising from impairment are recognised in the profit and loss account within administrative expenses.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less impairment.

Investments

Investments are initially recognised at fair value which is the transaction price excluding transaction costs. They are subsequently measured at fair value through profit or loss if the shares are publicly traded or their fair value if this can otherwise be measured reliably. Other investments are measured at cost less impairment.

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Fixed asset investment valuations

The basis of valuation is shown in the accounting policies.

3 Turnover and other revenue

	2021	2020
	£	£
Other significant revenue		
Interest income	6	-
Grants received	117,149	531,924
	<u>117,149</u>	<u>531,924</u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(117,149)	(531,924)
Fees payable to the company's auditor for the audit of the company's financial statements	16,205	14,250
Depreciation of owned tangible fixed assets	95,234	91,081
Loss on disposal of tangible fixed assets	2,795	4,946
Amortisation of intangible assets	27,669	27,669
Operating lease charges	256,318	274,983
	<u>256,318</u>	<u>274,983</u>

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Administrative Employees	261	216
Subcontractors	2,923	2,661
Total	<u>3,184</u>	<u>2,877</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	6,578,496	5,217,088
Social security costs	520,688	436,573
Pension costs	149,486	178,947
	<u>7,248,670</u>	<u>5,832,608</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	321,653	402,020
Company pension contributions to defined contribution schemes	29,811	58,644
	<u>351,464</u>	<u>460,664</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	107,117	116,377
Company pension contributions to defined contribution schemes	14,651	34,067
	<u>121,768</u>	<u>150,444</u>

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Interest on bank deposits	6	-
		<u> </u>	<u> </u>
8	Interest payable and similar expenses	2021	2020
		£	£
	Interest on bank overdrafts and loans	162,768	186,691
		<u> </u>	<u> </u>
9	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	191,167	106,896
	Adjustments in respect of prior periods	7,710	-
		<u> </u>	<u> </u>
	Total current tax	198,877	106,896
		<u> </u>	<u> </u>
	The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:		
		2021	2020
		£	£
	Profit before taxation	895,819	496,661
		<u> </u>	<u> </u>
	Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	170,206	94,366
	Tax effect of expenses that are not deductible in determining taxable profit	4,330	7,805
	Adjustments in respect of prior years	7,710	-
	Group relief	-	(6,862)
	Depreciation on assets not qualifying for tax allowances	16,631	11,587
		<u> </u>	<u> </u>
	Taxation charge for the year	198,877	106,896
		<u> </u>	<u> </u>
10	Dividends	2021	2020
		£	£
	Interim paid	1,200,000	-
		<u> </u>	<u> </u>

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 January 2021	-	276,691	276,691
Additions	50,000	-	50,000
At 31 December 2021	<u>50,000</u>	<u>276,691</u>	<u>326,691</u>
Amortisation and impairment			
At 1 January 2021	-	128,331	128,331
Amortisation charged for the year	-	27,669	27,669
At 31 December 2021	<u>-</u>	<u>156,000</u>	<u>156,000</u>
Carrying amount			
At 31 December 2021	<u>50,000</u>	<u>120,691</u>	<u>170,691</u>
At 31 December 2020	<u>-</u>	<u>148,360</u>	<u>148,360</u>

12 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
At 1 January 2021	719,184	250	719,434
Additions	80,698	30,329	111,027
Disposals	(100,140)	(250)	(100,390)
At 31 December 2021	<u>699,742</u>	<u>30,329</u>	<u>730,071</u>
Depreciation and impairment			
At 1 January 2021	537,149	-	537,149
Depreciation charged in the year	92,957	2,277	95,234
Eliminated in respect of disposals	(96,776)	-	(96,776)
At 31 December 2021	<u>533,330</u>	<u>2,277</u>	<u>535,607</u>
Carrying amount			
At 31 December 2021	<u>166,412</u>	<u>28,052</u>	<u>194,464</u>
At 31 December 2020	<u>182,035</u>	<u>250</u>	<u>182,285</u>

13 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	14	<u>29,597</u>	<u>29,597</u>

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Action 4 Business Ltd	Reginald Arthur House, Percy Street, Rotherham, South Yorkshire S65 1ED	Dormant company	Ordinary	100.00
Cenfra Limited	Reginald Arthur House, Percy Street, Rotherham, South Yorkshire, SE65 1ED	Dormant company	Ordinary	100.00
Relay Recruitment Limited	Reginald Arthur House, Percy Street, Rotherham, South Yorkshire, SE65 1ED	Dormant Company	Ordinary	100.00
Apprentice Employment Agency Limited	Reginald Arthur House, Percy Street, Rotherham, South Yorkshire, SE65 1ED	Dormant Company	Ordinary	100.00
The Centre for Food Robotics and Automation Limited	Reginald Arthur House, Percy Street, Rotherham, South Yorkshire, SE65 1ED	Dormant Company	Ordinary	100.00
Titans Rugby Limited	New Ebury House, South Grove, Rotherham, South Yorkshire, S60 2AF	Rugby Union Club	Ordinary A	41.66
Titans Rugby Limited	New Ebury House, South Grove, Rotherham, South Yorkshire, S60 2AF	Rugby Union Club	Ordinary Members	38.16

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Action 4 Business Ltd	4	-
Cenfra Limited	1	-
Relay Recruitment Limited	29,592	-
Apprentice Employment Agency Limited	800	-
The Centre for Food Robotics and Automation Limited	820	-
Titans Rugby Limited	(743,991)	71,730

15 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	9,354,832	12,312,762
Amounts owed by group undertakings	1,775,150	2,464,619
Other debtors	269,900	479,060
Prepayments and accrued income	374,123	211,149
	<u>11,774,005</u>	<u>15,467,590</u>

The company has financing arrangements whereby certain of its debts are financed on a recourse basis. The terms of the arrangements are such that, prior to payment, an advance may be made by the finance company against those debtors. In such an event the company bears an element of the slow payment risk. As a result of the adoption by the company of the terms of 'Reporting of Substance of transactions' under FRS 102 Section 12, amounts received of £4,999,792 (2020: £7,693,714) in respect of debtors factored have been included within creditors.

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Creditors: amounts falling due within one year	Notes	2021 £	2020 £
Factored debts	18	4,999,792	7,693,714
Other borrowings	18	31,442	5,953
Trade creditors		4,120,948	4,337,772
Amounts owed to group undertakings		64,380	64,593
Corporation tax		191,167	106,896
Other taxation and social security		435,171	249,303
Other creditors		308,581	351,859
Accruals and deferred income		1,340,053	818,823
		<u>11,491,534</u>	<u>13,628,913</u>

17 Creditors: amounts falling due after more than one year	Notes	2021 £	2020 £
Other borrowings	18	-	34,047
		<u>-</u>	<u>34,047</u>

18 Loans and overdrafts		2021 £	2020 £
Factored debts		4,999,792	7,693,714
Other borrowings		31,442	40,000
		<u>5,031,234</u>	<u>7,733,714</u>
Payable within one year		5,031,234	7,699,667
Payable after one year		-	34,047
		<u>5,031,234</u>	<u>7,733,714</u>

A debenture was created in April 2018 to secure all monies due on factored debts to Close Brothers, including a fixed and floating charge over all of the company's undertakings and assets.

19 Retirement benefit schemes		2021 £	2020 £
Defined contribution schemes			
Charge to profit or loss in respect of defined contribution schemes		149,486	178,947
		<u>149,486</u>	<u>178,947</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Share capital		
	2021	2020
	£	£
Ordinary share capital issued and fully paid		
Ordinary of £1 each	1,000	1,000
Preference of £1 each	4	4
	<u>1,004</u>	<u>1,004</u>
21 Other reserves		
		£
At the beginning of the prior year		(179,999)
At the end of the prior year		(179,999)
At the end of the current year		<u>(179,999)</u>
22 Profit and loss reserves		
	2021	2020
	£	£
At the beginning of the year	2,826,168	2,436,403
Profit for the year	696,942	389,765
Dividends declared and paid in the year	(1,200,000)	-
At the end of the year	<u>2,323,110</u>	<u>2,826,168</u>
23 Financial commitments, guarantees and contingent liabilities		

The company has entered into separate unlimited cross and multilateral guarantees in respect of any indebtedness between Nicholas Associates Holdings Limited, and the bank in relation to overdraft and amounts advanced under invoice finance agreements. The total contingent liability of the company under guarantees at 31 December 2021 was £4,999,792 (2020: £7,693,714).

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	111,517	139,896
Between two and five years	139,740	130,425
In over five years	7,207	-
	<u>258,464</u>	<u>270,321</u>
Reduction in rent payments recognised in profit or loss arising from the COVID-19 pandemic	-	15,333
	<u>-</u>	<u>15,333</u>

25 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

Mr N G W Cragg

During the year the director charged interest to the company of 4,298 (2020: £11,157) in respect of amounts owed by the company during the year. During the year Mr Cragg made drawings of £23,227 (2020: £62,861). At the year end Mr Cragg was owed £144,234 (2020: £238,035) by the company. This amount is included within directors' loan accounts.

During the year the company paid rental payments to Mr Cragg of £8,000 (2020: £8,000) for the use of his personally owned property of 6 Percy Street, Rotherham.

The company also made rental payments to Mr Cragg's personal pension scheme of £24,000 (2020: £24,000) for the use of 2,4,8 Percy Street.

Mr B J Allen

During the year the director charged interest to the company of £182 (2020: £368) in respect of amounts owed by the company during the year.

At the year end Mr Allen was owed £3,921 (2020: £597) by the company. This amount is included within directors' loan accounts.

NICHOLAS ASSOCIATES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Related party transactions

(Continued)

Mrs M Cragg

During the year the director charged interest to the company of £413 (2020: £368) in respect of amounts owed by the company during the year.

At the year end Mrs M Cragg, wife of director Mr N Cragg was owed £26,179 (2020: £25,783) by the company. This amount is included within other creditors.

In addition during the year pension contributions of £22,000 (2020: £22,673) were made to Mrs M Cragg's personal pension fund.

Titans Rugby Limited (Previously Rotherham RUFC (2004) Ltd)

During the year the company sponsored Titans Rugby Limited to the value of £18,167 (2020: £30,500) for whom Nicholas Associates Group Limited have a non-controlling shareholding. At the year end the amount owing to Titans Rugby Limited was £nil (2020: £nil).

Titans Community Foundation

During the year the company made purchases of £nil (2020: £800) from Titans Community Foundation for whom Mr N Cragg is a director. At the year end the amount owing to Titans Community Foundation was £nil (2020: £nil).

Badsley Moor Limited

During the previous year the company received a loan of £40,000 from Badsley Moor Limited for whom Mr N Cragg is a director. Interest of 5% is being charged on this loan. At the year end the amount owing to Badsley Moor Limited was £31,442 (2020: £40,000).

Phase Worldwide

During the year the company made purchases of £nil (2020: £1,000) from Phase Worldwide for whom Mr N Cragg is a trustee. At the year end the amount owing to Phase Worldwide was £nil (2020: £nil).

Workpays (TE) Limited

At the year end the company was owed £nil (2020: £17,350) by Workpays (TE) Limited a company for whom Mr B J Allen is a director of. This amount is included within other debtors.

E People Personnel Limited

At the year end the company was owed £252,473 (2020: £307,473) by E People Personnel Limited, a company Mr B J Allen is a director of. This amount is included within other debtors.

26 Ultimate controlling party

Nicholas Associates Holdings Limited is regarded by the directors as being the company's ultimate parent company.

The Company's ultimate controlling party is Mr N Cragg, the majority shareholder and a director of Nicholas Associates Holdings Limited.