Company Registration Number: 00921639

John Nixon Limited

Annual report and financial statements

for the year ended 31 December 2021

John Nixon Limited

Contents

John Nixon Limited

Officers and professional advisors

Directors

G T Murray
G R Nixon
T D King
M A Hayward
J M Hudson

Company secretary

J M Hudson

Registered office

City West Business Park
Scotswood Road
Newcastle upon Tyne
NE4 7DF

Bankers

Barclays Bank PLC
St Ann's Street
Quayside
Newcastle upon Tyne
NE1 3DX

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Auditor

Deloitte LLP
Statutory Auditor
1 Trinity Gardens
Newcastle Upon Tyne
NE1 2HF

John Nixon Limited

Strategic report

The Directors present their Strategic report for the year ended 31 December 2021.

Principal activities

John Nixon Limited (the 'Company') is involved in the hire, distribution and sale of construction plant and tools, portable accommodation, welfare cabins, welfare vans and portable toilets primarily to the building and civil engineering sectors. The Company operates throughout England and Scotland.

Review of the business

The results for the year show turnover of £72.6m (2020: £67.7m) and a pre-tax profit of £7.1m (2020: £0.8m). The net assets of the Company increased, year on year, by £3.7m to £31.6m (2020: £27.9m)

The Directors are pleased with results for 2021 and the improvements in utilisation and profitability that have been delivered following the refocussing of the business to concentrate on hire assets with higher utilisation, improved return on investment and shorter payback periods. These results also reflect the benefits to the business of the centralisation of all sales, breakdown and transport functions with key performance indicators showing 99% of calls being answered in under 9 seconds. This has allowed depots to focus on fulfilment, asset availability and product perfection.

We started the year with the launch of The Essential Guide – an evolution from our standard A4 catalogue, designed to provide both a more eco and user-friendly publication. This smaller, more compact A5 guide contained an overview of all of our main divisions, useful product information, key features and unique QR codes to take customers directly to the relevant pages of our website to find out more.

During 2021 the Company continued to fully serve its customers through the Covid-19 pandemic including those that were deemed 'essential' and 'on the front line of the supply chain' in the fight against the virus, prioritising the safety and wellbeing of all stakeholders. Where possible staff continued to work remotely with an increased use of information technology to improve both internal and external communication.

Demand for site accommodation and welfare facilities was extremely strong and remained stable throughout the year as we moved into and out of lockdown and with changing local restrictions. Projects that had been placed on hold in 2020 due to the pandemic gained traction and there was a general increase in activity on major infrastructure projects such as HS2 which continued to provide growth. The Company invested £27.9m (2020: £4.3m) in new plant, the transport fleet, and in the general infrastructure of the business to maintain the quality of the existing fleet and to allow for expansion.

In the second half of 2021 the market demand for new assets, raw materials and spare parts outweighed global supply and price inflation increased to the highest level in 24 years. The effects of the Suez Canal incident, a global short supply of steel and microchips and production line interruptions due to Covid-19 meant that suppliers were struggling to commit to agreed delivery schedules and we experienced delays in every area of the business.

In 2021 we introduced some new products into our fleet including cabbed dumpers, the Solar Smart Pod and HVO fuel delivery. Our Solar Pod was once again shortlisted for 'Rental Product of The Year' at the European Rental Awards – a fantastic achievement that this innovative product is still being recognised as a leader in the industry.

On 16 September 2021 the Company announced a major investment by Pricoa Private Capital, the private capital business of Prudential Financial, Inc., one of the largest life insurance and financial services firms in the world. The partnership with Pricoa was instigated to facilitate the exit of three shareholders and consolidate the shareholding of Graham Nixon, Chief Executive Officer and his father, the founder of the Company, John Nixon. This deal brought benefits to customers, employees and industry stakeholders as the investment accelerated the Company's growth strategy. The entire share capital of John Nixon Limited is now held by a newly incorporated company, NH Bidco Limited.

Strategic report (continued)

Key performance indicators

The Company's financial performance is assessed primarily by turnover, gross profit, profit before tax and EBITDA. These are reported in the management accounts and are reviewed by the Board and operational managers.

	Year to 31 December 2021	Year to 31 December 2020	Change %
Hire and service revenue (£'000)	65,178	54,914	18.7%
Statutory turnover (£'000)	72,568	67,659	7.3%
Gross profit margin (%)	39.6%	31.2%	8.4%
EBITDA (£'000)	23,432	18,013	30%
Pre-tax profit (£'000)	7,148	752	850%

Statutory turnover has increased by 7.3% from £67.7m in 2020 to £72.6m in 2021. The second quarter of 2020 was negatively impacted by the Covid-19 pandemic. With expansion of the hire fleet in 2021 and improved utilisation, hire revenue and the associated service revenue has increased by 18.7% (£10m) compared to 2020. This includes a significant increase in event related revenue associated with the relaxation of Covid-19 restrictions. Hire fleet sales for 2021 were 46% (£4.6m) lower than in 2020.

Gross profit margins have increased by 8.4 percentage points from 31.2% in 2020 to 39.6% in 2021. Pre-tax profit and EBITDA have both increased for the year. This is due to; (i) higher utilisation of existing hire fleet assets; (ii) operational efficiency improvements across the business; (iii) expansion of the hire fleet. Global supply shortages have led to increased residual values for assets disposed of during the year and the margins achieved have been significantly improved on 2020.

Reconciliation of operating profit to EBITDA:

	Year to 31 December 2021	Year to 31 December 2020
Operating profit (£'000)	8,993	2,954
Depreciation, amortisation and impairment (£'000)	14,439	15,059
EBITDA (£'000)	23,432	18,013

Future developments

The trading environment in which the Company operates is expected to remain competitive for the foreseeable future, and the Directors remain confident that the Company can increase its market share and improve its trading performance.

By investing in the business, the Company will continue to increase the size of the hire fleet operating from a national depot network.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to aggressive pricing policies from both national and local competitors and volumes of non-residential construction projects.

Strategic report (continued)

Price risk

The Company operates in a competitive market. This could lead to the Company losing hires to its key competitors or a reduction in hire rates, both of which would result in reduced income. The Company manages this risk by providing value added services to its customers, having fast response times to customer queries and maintaining strong relationships with its customers. The Company also has an ongoing strategy to continually improve the efficiency of its operation and invest in new products for its hire fleet.

Trading risk

The Company is dependent on the economic activity in its trading area of England and Scotland. The Board continually assesses the trading environment in which it operates and ensures that the Company holds the correct quantity of assets to meet demand.

The United Kingdom has now left the European Union and the transition period came to an end on 31 December 2020. At the date of signing this report the business has not suffered any significant disruption.

The Board continuously assesses the potential risks associated with the Brexit process. The Company purchases equipment (generally new) from EU suppliers and sells equipment (generally ex hire fleet) to EU customers. The Company maintains a modern hire equipment fleet. If the import/export of equipment to/from EU countries experiences difficulties, then the business will reduce transactions and 'age' the fleet.

The business is capital intensive, relying on access to capital in order to invest in products for the hire and transport fleets. The Company maintains good relationships with a pool of funders to provide several sources of finance.

The recent conflict in Ukraine has led to significant increases in the cost of fuel. To alleviate the adverse cost of this to the business the Company has implemented a fuel surcharge for customer deliveries and collections. The Company also offer solar solutions to its customers to alleviate the impact of fuel costs to the operation of construction sites.

Financial risk management

The Company's activities expose it to a number of financial risks including interest rate risk, credit risk, exchange rate risk and liquidity risk. The Board reviews and sets policies for managing each of these risks and these are summarised below. The Company does not use derivative financial instruments for speculative purposes.

Interest rate risk

The Company operates with fixed interest rate loans and hire purchase agreements and variable rate bank funding. Any increase in interest rates will result in an increased finance cost and reduced profit for the year. This risk will only apply to new loans, new hire purchase agreements and variable rate bank funding and, as such, is already substantially mitigated. Further mitigation can be achieved by reducing capital expenditure, but this would depend on the assessment of demand for the product.

Credit risk

The Company's principal financial assets are bank balances and cash, and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. Credit checks are performed on potential and existing customers, and each has an appropriate credit limit set given the perceived risk. The Company has no significant concentration of credit risk, with exposure spread over a significant number of counterparties and customers.

Exchange rate risk

The Company purchases goods which are paid for in foreign currencies. Where these amounts are significant the Company contracts to purchase a proportion of the foreign currency in advance with the objective being to reduce its cash exposure to changes in exchange rates.

Strategic report (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company's policy is to ensure that cash is available within the invoice finance facility, whilst maintaining short, medium and long term funding arrangements.

The Company manages the repayment period of hire purchase debt to ensure it is appropriate to the type of assets being purchased.

Net current liabilities

Current liabilities include hire purchase agreements. These liabilities are secured primarily against long term assets that generate a cash stream which is sufficient to service the current liabilities as they fall due.

Impairment risk

The carrying value of fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment risk is managed by a continual assessment of the valuation, condition, and age of the hire fleet. A comprehensive asset replacement policy is utilised to mitigate this risk.

Section 172(1) statement

The Directors have a duty to promote the success of the Company for the benefit of its members as a whole, as set out in Section 172(1) of the Companies Act 2006.

In doing so, the Directors must have regard to the needs of, and impact on, our many stakeholders and other matters described in the section. This Section 172(1) Statement has been prepared in accordance with the new requirement to report how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act when performing this duty.

The Board has:

- established the Company's purpose, strategy, and values, and is satisfied that these and its culture reflect the needs of all those it serves.
- taken full responsibility for all aspects of the Company's business over the long term by preparing regular forecasts which show the potential impact of the strategic decisions.
- maintained a reputation for high standards of business conduct and demonstrated leadership and an approach to transparency and governance which engenders trust and ensures accountability for their actions.
- the range of skills and experience, including strong independent membership, enabling it to make decisions that address diverse customer and stakeholder needs.
- designed incentive schemes to retain key skills within the business and to drive a culture of growth and improvement.

Stakeholder engagement

The Company has a wide range of stakeholders. Much of the stakeholder engagement takes place at an operational level. The Board reviews Company performance across a wide range of subjects at each meeting through key performance indicators and management reports. This information provides a balanced view of our engagement with our key stakeholder groups.

Employees - The Board understands the importance of the Company's employees to the long-term success of the business and are proud of the record of retaining staff, evidenced by the large number of long-serving employees. Long service awards are presented to staff for achieving milestones on the third, fifth year and tenth year of employment and then at additional ten year intervals thereafter. The Directors further recognise that the provision of extensive employee benefits is a fantastic way to contribute towards the health and wellbeing of staff as well as encouraging desired behaviours, achievements, values, and skills.

Strategic report (continued)

Customers - Live Chat functionality has been added to our website, offering customers another convenient way to get in touch and speak to a member of the team to get answers to any questions they may have in real-time. We also launched 'My Online Account', a facility which allows customers to securely sign up and log in to get instant access to their Nixon Hire account online and manage almost all aspects of their account themselves including pricing, contracts and invoices. During 2021 a new Site Services Team was introduced, dedicated to making the process of dealing with any equipment breakdowns or repairs as easy as possible.

Suppliers - Developing collaborative relationships with key players in the supply chain to aid in process improvement, cost management and product/service innovation.

Community – Young people are offered experience and training via work experience and apprenticeships. The Company supports the government Kickstart program which enables unemployed young people to gain work experience with a view to full time employment.

Environment - Over recent years the Company has heavily invested into its ever-growing renewables fleet due to the significant benefits for both customers and the environment. The Solar Pod was the first renewables product brought into the fleet in 2018 and has since evolved into a range of models which have been picked up by a large number of customers within the UK and internationally. Across customer sites in 2021 this fantastic product saved almost 2,843 tonnes of carbon emissions – the equivalent of planting over 124,000 trees (see page 8 for the Company's energy and carbon reporting statistics).

The Directors consider, both individually and together, that they have acted to promote the long term success of the Company for the benefit of its members as a whole during the year ended 31 December 2021, in accordance with their duties under Section 172 of the Companies Act.

Approved by the Board and signed on its behalf by:

G R Nixon
Director

21-09-2022

City West Business Park
Scotswood Road
Newcastle upon Tyne
NE4 7DF

John Nixon Limited

Directors' report

The Directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2021. The principal risks and uncertainties, financial risk management, significant events since the year end and an indication of future developments in the business have been discussed within the Strategic report and form part of this report by cross reference.

Dividends

The results for the year are set out in detail on page 14. Dividends totalling £1,065,274 (2020: £153,816) were paid to shareholders during the year. No final dividend is proposed for the year ended 31 December 2021. The profit for the year of £4,722,705 (2020: £190,819) minus dividends of £1,065,274 (2020: £153,816) has been transferred to reserves.

Directors

The Directors who served during the year and to the date of this report were as follows:

J Nixon (resigned 16 September 2021)
S J Smith (resigned 30 April 2021)
G T Murray (appointed 1 October 2021)
G R Nixon
T D King
M A Hayward
A L Blackwood (resigned 16 September 2021)
B J Brown (resigned 16 September 2021)
C E Nixon (resigned 16 September 2021)
N McDiarmid (resigned 28 January 2022)
K M Blackwood (resigned 28 January 2022)
J M Hudson (appointed 22 June 2022)

Indemnification of and insurance cover for Directors and officers

Directors and officers of the Company benefit from directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition, Directors of the Company are indemnified in accordance with Article 79 of the Company's articles of association to the maximum extent permitted by law, such indemnities being qualified third party indemnities. Neither the insurance nor the indemnities provide cover where the relevant Director or officer has acted fraudulently or dishonestly.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, Company notice boards and online communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Strategic report and the Directors' report further describe the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies, and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through an invoice financing facility secured against trade debtors. The Company finances its capital expenditure via hire purchase finance (repayable between 1 to 5 years).

The Company continues to proactively manage working capital needs and the Directors consider that following their review of the Company's investment in the hire fleet to date, the business is well placed to react to changing market conditions. As a consequence, the Directors believe that the Company will be able to manage its business and liquidity risks. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Board continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Energy and carbon reporting

We have reported on all sources of greenhouse gas emission and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

	2021 Kwh 000's	2021 Tonnes of CO2
Emissions from gas purchased for own use	960	177
Emissions from electricity purchased for own use	1,484	335
Emissions from combustion of fuel for transport purposes	13,267	309
Emissions from external hauliers used for transport purposes	8,948	19
Emissions from business travel in Company, rental, and employee-owned vehicles	814	209
Total	25,473	1,049

	2021 Kwh	2021 Tonnes of CO2
Intensity ratio per £100,000 turnover	0.03	0.69

The Company's energy and carbon footprint cover scope 1, 2 and 3 emissions from 1 January 2021 to 31 December 2021. The footprint is calculated using the most up to date conversion factors from the Department for Business, Energy, and Industrial Strategy.

The Strategic report contains further information on environmental stakeholder engagement by the Board. The aim as a Company is to reduce our carbon footprint by 10% year on year in line with being carbon neutral by 2025.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In line with recognised good practice the Directors are running a procurement exercise for audit services and will appoint a new auditor in the coming months.

John Nixon Limited

Directors' report (continued)

Approved by the Board and signed on its behalf by:

G R Nixon

Director

21. 09. 2022

City West Business Park
Scotswood Road
Newcastle upon Tyne
NE4 7DF

John Nixon Limited

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of John Nixon Limited (the 'Company'):

- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related Notes 1 to 24.

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.

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 Financial Reporting Council's (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.

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

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered 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.

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and HMRC VAT guidance; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included COVID-19 regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition:
  - Risks:
    - Cut-off of revenue associated with hire revenue, which may lead to revenue being recognised in the incorrect accounting period.
  - Procedures:
    - Assess the design and implementation of relevant controls.
    - Review a sample of year-end sales to ensure that the revenue was recognised in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we

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

tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Paul Hewitson FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Newcastle upon Tyne, United Kingdom

21 September 2022

John Nixon Limited

Profit and loss account
For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	72,568,131	67,659,301
Cost of sales		(43,818,485)	(46,580,313)
Gross profit		28,749,646	21,078,988
Administrative expenses		(20,379,270)	(19,776,636)
Other operating income		623,389	1,651,219
Operating profit		8,993,765	2,953,571
Finance costs (net)	4	(1,845,294)	(2,201,079)
Profit before taxation	5	7,148,471	752,492
Tax on profit	9	(2,425,766)	(561,673)
Profit for the financial year		4,722,705	190,819

All of the Company's results are derived from continuing operations.

John Nixon Limited

Balance sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	404,221	672,040
Tangible assets	12	81,934,282	71,976,797
Debtors	14	1,189,039	-
		83,527,542	72,648,837
Current assets			
Stocks	13	574,577	412,673
Debtors	14	15,947,086	13,570,134
Cash at bank and in hand		4,719,843	7,313,685
		21,241,506	21,296,492
Creditors: Amounts falling due within one year	15	(32,459,691)	(30,039,862)
Net current liabilities		(11,218,185)	(8,743,370)
Total assets less current liabilities		72,309,357	63,905,467
Creditors: Amounts falling due after more than one year	16	(34,466,485)	(32,044,485)
Provisions for liabilities	17	(6,255,146)	(3,930,687)
Net assets		31,587,726	27,930,295
Capital and reserves			
Called-up share capital	19	103,020	103,020
Profit and loss account		31,484,706	27,827,275
Shareholders' funds		31,587,726	27,930,295

The financial statements of John Nixon Limited (registered number 00921639) were approved by the Board of Directors and authorised for issue on 21-09- 2022. They were signed on its behalf by

G R Nixon

Director

City West Business Park
Scotswood Road
Newcastle upon Tyne
NE4 7DF

John Nixon Limited

Statement of changes in equity
For the year ended 31 December 2021

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2020	103,020	27,790,272	27,893,292
Profit for the year and total comprehensive income	-	190,819	190,819
Dividends paid on equity shares (Note 10)	-	(153,816)	(153,816)
At 31 December 2020	103,020	27,827,275	27,930,295
Profit for the year and total comprehensive income	-	4,722,705	4,722,705
Dividends paid on equity shares (Note 10)	-	(1,065,274)	(1,065,274)
At 31 December 2021	103,020	31,484,706	31,587,726

John Nixon Limited

Cash flow statement
For the year ended 31 December 2021

	Note	2021 £	2020 £
Net cash inflow from operating activities	20	17,326,907	22,459,930
Cash flows from investing activities			
Proceeds from sale of equipment		5,897,192	10,570,469
Purchase of equipment		(27,779,894)	(3,793,170)
Purchase of intangible fixed assets		(97,006)	(12,320)
Interest received		-	6,074
Net cash (outflow) inflow from investing activities		(21,979,708)	6,771,053
Cash flows used in financing activities			
Dividends paid		(1,065,274)	(153,816)
Repayments of borrowings		(1,378,482)	(112,251)
Repayments of obligations under finance lease		(18,230,978)	(17,174,431)
New finance leases		24,581,883	1,097,274
Interest paid		(1,848,190)	(2,208,740)
Net cash inflow (outflow) used in financing activities		2,058,959	(18,551,964)
Net (decrease) increase in cash and cash equivalents		(2,593,842)	10,679,019
Cash and cash equivalents at beginning of year		7,313,685	(3,365,334)
Cash and cash equivalents at end of year		4,719,843	7,313,685

Analysis of changes in net debt	At 31 December 2020 £	Cash flows £	New finance leases £	At 31 December 2021 £
Cash and cash equivalents				
Cash at bank and at hand	4,307,337	(2,497,894)	-	1,809,443
Invoice finance facility	3,006,348	(95,948)	-	2,910,400
	7,313,685	(2,593,842)	-	4,719,843
Borrowings				
Bank loan (Notes 15, 16)	(1,388,235)	1,388,235	-	-
Finance leases (Notes 15, 16)	(47,591,517)	18,230,978	(24,581,881)	(53,942,420)
At 31 December 2021	(48,979,752)	19,619,213	(24,581,881)	(53,942,420)
Total net debt	(41,666,067)	17,025,371	(24,581,881)	(49,222,577)

John Nixon Limited

Notes to the financial statements
For the year ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

John Nixon Limited is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The Company is registered in England and the address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 2-6.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of John Nixon Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Strategic report and the Directors' report further describe the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies, and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through an invoice financing facility secured against trade debtors. The Company finances its capital expenditure via hire purchase finance (repayable between 1 to 5 years).

The Company continues to proactively manage working capital needs and the Directors consider that following their review of the Company's investment in the hire fleet to date, the business is well placed to react to changing market conditions. As a consequence, the Directors believe that the Company will be able to manage its business and liquidity risks. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Board continues to adopt the going concern basis of accounting in preparing the annual financial statements.

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% straight line per annum
Short leasehold land and buildings	over the length of the lease
Plant, office furniture and vehicles	10% - 33% straight line per annum
Plant for hire	5% - 100% straight line per annum

Depreciation is charged in the profit and loss to cost of sales and administration expenses.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The carrying value of fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible fixed assets and other intangibles

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment.

Amortisation is provided on all intangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	33% - 50% straight line per annum
Goodwill	20% straight line per annum
Other intangible assets	25% straight line per annum

Depreciation is charged in the profit and loss to administration expenses.

Investment property

Land and buildings which are not used for trading purposes are held as investment properties and are recorded at market value. Any increase or decrease in valuation is recorded in the profit and loss account.

Purchase of goodwill

Purchased goodwill is capitalised in the year in which it arises and amortised over its useful life up to a maximum of 5 years with a full year's charge for amortisation in the year of acquisition. The Directors regard 4-5 years to be reasonable to match the contract/life of what was purchased.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1. Accounting policies (continued)

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when:

(a) the contractual rights to the cash flows from the financial asset expire or are settled,

(b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or

(c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled, or expires.

Stocks

Stocks consist of goods for resale and consumables and are valued at the lower of cost and net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Net realisable value is based on estimated selling price less all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving, or defective items where appropriate.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit or loss account. If an asset appreciates in value, we will not recognise the increase in value in the profit or loss account.

Impairment is charged in the profit and loss to cost of sales and administration expenses.

1. Accounting policies (continued)

Taxation

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

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

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

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (deferred) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be deferred (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

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

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

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

Deferred tax assets and liabilities are offset only if:

(a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax.

Turnover is recognised as goods are delivered and services rendered to customers. Where turnover relates to hire activities, revenue is recognised on a straight-line basis over the period of hire. Turnover arising from the sale of assets is recognised when the asset is delivered to or collected by the customer and a signed goods receipt note is received. Turnover arising from the provision of services to customers is recognised upon completion of the relevant work.

The turnover and pre-tax profit, which arises in the United Kingdom, are attributable to the Company's principal activity.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Interest receivable

Interest receivable represents amounts due to the Company in respect of finance leases and is recognised in the period to which it relates.

1. Accounting policies (continued)

Interest payable

Interest payable represents amounts due from the Company in respect of finance leases and debt and is recognised in the period to which it relates.

Other operating income

Rental income from property due to the Company is recognised in the period to which it relates.

Government grants receivable during the year in respect of the Coronavirus Job Retention Scheme are recognised under the accruals convention in the period to which they relate.

Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All differences are taken to the profit and loss account.

Leases

The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The Directors' assessment is that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of tangible and intangible assets

Upon identification of an impairment indicator, management would determine whether tangible or intangible assets were impaired by an estimation of their value in use to the Group. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. Flexing the discount rate does not have a material impact on asset impairment as, where value in use falls, the assumed market value of the asset limits or negates any resulting charge. For example, each 1% change in the discount rate leads to a 0.3% change in impairment value. The Directors are confident that the sensitivity of the discount rate in the present value calculation is therefore not a significant risk.

Doubtful debt provision

On a monthly basis management utilise internal tools and external credit reference agencies to assist in a review of current debtor balances to determine their collectability. Upon identification of doubtful debts, the Company makes an appropriate provision based on the individual circumstances. At the balance sheet date an amount of £256,758 has been provided for as a doubtful debt provision.

3. Turnover

An analysis of the Company's turnover by class of business is set out below.

	2021 £	2020 £
Hire revenue	55,820,884	47,691,026
Service revenue	9,357,163	7,222,965
Hire fleet disposal sales	5,364,651	9,960,719
Sales of new equipment and parts	2,025,433	2,784,591
	72,568,131	67,659,301

All revenue is derived from trading in the United Kingdom and thus the Directors do not deem it necessary to provide a geographical split of revenue.

John Nixon Limited

Notes to the financial statements
For the year ended 31 December 2021

4. Finance costs (net)

	2021 £	2020 £
Interest payable and similar expenses	1,845,294	2,207,153
Interest receivable and similar income	-	(6,074)
	1,845,294	2,201,079

Interest receivable and similar income

	2021 £	2020 £
Finance leases	-	6,074
	-	6,074

Interest payable and similar expenses

	2021 £	2020 £
Bank loans and invoice finance facility	24,131	65,449
Finance leases and hire purchase contracts	1,821,163	2,141,704
	1,845,294	2,207,153

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of owned tangible fixed assets (Note 12)	4,683,626	4,990,273
Depreciation of leased tangible fixed assets (Note 12)	9,390,607	9,631,536
Amortisation of intangible fixed assets (Note 11)	364,825	392,417
Impairment of tangible fixed assets (Note 12)	-	45,088
Operating lease rentals	1,129,836	1,134,931
Cost of stock recognised as an expense	1,675,830	2,476,993
Impairment of stock recognised as an expense (included within cost of sales)	38,140	25,828
Profit on disposal of fixed assets	(2,149,019)	(1,669,035)
Rent receivable	(68,116)	(37,452)
Foreign exchange losses (gains)	5,369	(784)
Government grant (included within other operating income)	(34,731)	(1,613,767)

The Government grant represents amounts receivable during the year in respect of the Coronavirus Job Retention Scheme.

Notes to the financial statements
For the year ended 31 December 2021

6. Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £105,000 (2020: £60,000). This fee covers all companies within the NH Holdco Limited Group.

Fees payable to Deloitte LLP for non-audit services to the Company were:

For tax compliance services £25,866 (2020: £23,825).

For professional services £73,055 (2020: nil).

7. Staff numbers and costs

The average monthly number of employees (including executive Directors) was:

	2021 Number	2020 Number
Workshop and stores	307	316
Administration	200	205
	507	521

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	16,105,749	14,917,751
Social security costs	1,422,984	1,439,750
Other pension costs	595,289	557,172
	18,124,022	16,914,673

Notes to the financial statements
For the year ended 31 December 2021

8. Directors' remuneration and transactions

	2021 £	2020 £
Directors' remuneration		
Emoluments	896,129	1,343,095
Company contributions to money purchase pension schemes	36,043	24,686
	932,172	1,367,781

	2021 Number	2020 Number
The number of Directors who:		
Are members of a money purchase pension scheme	3	7

	2021 £	2020 £
Remuneration of the highest paid Director:		
Emoluments	178,125	233,904
Accrued pension	-	-
Lump sum	-	-

Directors' advances, credits and guarantees

Details of transactions with Directors during the year are disclosed in Note 23.

John Nixon Limited

Notes to the financial statements
For the year ended 31 December 2021

9. Tax on profit

The tax charge comprises:	2021 £	2020 £
Current tax		
UK corporation tax charge on profit for the year	101,307	-
Adjustment in respect of previous years	-	(2,115)
Total current tax charge	101,307	(2,115)
Deferred tax		
Origination and reversal of timing differences	971,684	203,004
Adjustment in respect of previous years	1,419	133
Effect of changes in tax rates	1,351,356	360,651
Total deferred tax charge	2,324,459	563,788
Total tax charge per profit and loss account	2,425,766	561,673

The tax charge for the year can be reconciled to the profit and loss account as follows:

	2021 £	2020 £
Profit for the year	6,627,929	752,492
Tax on profit at standard UK tax rate of 19% (2020: 19%)	1,259,307	142,973
Effects of:		
Expenses not deductible	76,612	54,278
Super-deduction	(220,915)	-
Gains/ rollover relief	(42,013)	5,751
Adjustment from previous years	1,419	(1,982)
Tax rate changes	1,351,356	360,653
Tax charge for the year	2,425,766	561,673
Tax expense reported in the profit and loss account	2,425,766	561,673

Finance Act 2021, which was enacted in May 2021, included an increase to the main rate of corporation tax to 25% from April 2023. As a result of this, the deferred tax balances expected to reverse after the new rate comes into effect on 1 April 2023 have been recognised at 25%.

John Nixon Limited

Notes to the financial statements
For the year ended 31 December 2021

10. Dividends on equity shares

Amounts recognised as distributions to equity holders:

	2021	2020
	£	£
A Ordinary Shares (39.6p per share (2020: 39.6p))	153,816	153,816
Ordinary Shares (88.4p per share (2020: £nil))	911,458	-
	1,065,274	153,816

Interim dividends paid during 2020 and 2021 are shown above. No final dividend is proposed for the year ended 31 December 2021 (2020: £nil).

11. Intangible fixed assets

	Other intangible Assets	*Goodwill*	Computer *software*	*Total*
	£	£	£	£
Cost				
At 1 January 2021	600,000	1,160,680	133,327	1,894,007
Additions	-	-	97,006	97,006
At 31 December 2021	600,000	1,160,680	230,333	1,991,013
Amortisation				
At 1 January 2021	344,186	757,822	119,959	1,221,967
Charge for the year	153,488	184,635	26,702	364,825
At 31 December 2021	497,674	942,457	146,661	1,586,792
Net book value				
At 31 December 2021	102,326	218,223	83,672	404,221
At 31 December 2020	255,814	402,858	13,368	672,040

The amortisation charge for the year is included within administrative expenses in the profit and loss account.

John Nixon Limited

Notes to the financial statements
For the year ended 31 December 2021

12. Tangible fixed assets

	Investment property £	Freehold land and buildings £	Short leasehold land and buildings £	Plant, office furniture & vehicles £	Plant for hire £	Total £
Cost						
At 1 January 2021	466,335	1,909,616	905,639	13,364,746	109,049,437	125,695,773
Additions	-	421,500	206,568	4,047,611	23,104,215	27,779,894
Disposals	-	-	-	(2,192,886)	(10,526,677)	(12,719,563)
At 31 December 2021	466,335	2,331,116	1,112,207	15,219,471	121,626,975	140,756,104
Depreciation						
At 1 January 2021	166,335	1,350,580	479,131	8,752,122	42,970,808	53,718,976
Charge for the year	-	59,956	130,693	1,784,901	12,098,683	14,074,233
Disposals	-	-	-	(2,055,730)	(6,915,657)	(8,971,387)
At 31 December 2021	166,335	1,410,536	609,824	8,481,293	48,153,834	58,821,822
Net book value						
At 31 December 2021	300,000	920,580	502,383	6,738,178	73,473,141	81,934,282
At 31 December 2020	300,000	559,036	426,508	4,612,624	66,078,629	71,976,797

Assets held under finance leases included above:

	Investment property £	Freehold land and buildings £	Short leasehold land and buildings £	Plant, office furniture & vehicles £	Plant for hire £	Total £
Net book value						
At 31 December 2021	-	-	-	5,354,270	60,912,377	66,266,647
At 31 December 2020	-	-	-	3,544,761	54,726,942	58,271,703

Assets held under finance leases

Included within the above are fixed assets with a net book value of £66,266,647 (2020: £58,271,703) in respect of assets held under finance leases and hire purchase contracts. Depreciation of £9,390,607 (2020: £9,631,536) was charged on these assets.

Where the Company acquires assets under finance leases the agreements are repaid over a maximum period of 60 months at a commercial rate of interest. Title to the assets passes to the Company either at the end of the agreement or upon earlier settlement.

13. Stocks

	2021 £	2020 £
Raw materials and consumables	491,366	351,010
Finished goods and goods for resale	83,211	61,663
	574,577	412,673

14. Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	14,123,894	12,456,522
Corporation tax recoverable	-	58,581
Prepayments and accrued income	1,102,650	1,036,370
Amounts due from group undertakings	200,000	-
Other debtors	520,542	18,661
	15,947,086	13,570,134
Amounts falling due after more than one year:		
Amounts due from group undertakings	1,189,039	-
Total debtors	17,136,125	13,570,134

Amounts due from group undertakings

Amounts due from group undertakings represents monies due from NH Bidco Limited, the immediate parent undertaking and are non-interest bearing.

Other debtors

Other debtors of £520,542 represent monies due to the Company from an insurance claim that has been settled in full after the balance sheet date. In 2020 £18,661 represented amounts due under the Coronavirus Job Retention Scheme.

Notes to the financial statements
For the year ended 31 December 2021

15. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and invoice finance facility	-	108,652
Obligations under finance leases and hire purchase contracts	19,475,935	16,826,616
Trade creditors	7,316,029	4,305,323
Corporation tax	101,870	-
Other taxes and social security	718,284	3,755,536
Other creditors	-	8,908
Accruals and deferred income	4,847,573	5,034,827
	32,459,691	30,039,862

In August 2019, the Company agreed a £10m sales invoice financing facility with Barclays Bank PLC secured on the trade debtors and un-invoiced accrued revenue of the business. The invoice financing facility is repayable on demand. Interest is charged on the facility at 1.5% over the base rate.

On 13 November 2020 the Company, entered into a 5 year secured term loan with Barclays Bank PLC. The provisions of the loan agreement provided for an interest coupon of 2.48% above Barclays Bank base rate and annual capital repayments of £141,168 (with a lump sum repayment of the outstanding balance at maturity). The loan was repaid in full on 16 September 2021.

16. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans	-	1,279,584
Obligations under finance leases and hire purchase contracts	34,466,485	30,764,901
	34,466,485	32,044,485

Obligations under finance leases and hire purchase contracts are mainly for the acquisition of equipment for hire and are typically repayable over 60 months.

John Nixon Limited

Notes to the financial statements
For the year ended 31 December 2021

16. Creditors amounts falling due after more than one year (continued)

Bank loans and invoice finance facility

Borrowings are repayable as follows:

	2021	2020
	£	£
Between one and two years	-	112,154
Between two and five years	-	346,964
After five years	-	820,465
On demand or within one year	-	108,652
	-	1,388,235
Finance leases		
Between one and two years	15,230,934	14,388,593
Between two and five years	19,235,551	16,376,308
After five years	-	-
On demand or within one year	19,475,935	16,826,616
	53,942,420	47,591,517
Total borrowings including finance leases		
Between one and two years	15,230,934	14,500,747
Between two and five years	19,235,551	16,723,272
After five years	-	820,465
On demand or within one year	19,475,935	16,935,268
	53,942,420	48,979,752

Notes to the financial statements
For the year ended 31 December 2021

17. Provisions for liabilities

	Deferred taxation £	Other £	Total £
Provision at 1 January 2021	3,629,187	301,500	3,930,687
Adjustment in respect of prior years	1,419	-	1,419
Deferred tax charge for the year	2,323,040	-	2,323,040
Provision at 31 December 2021	5,953,646	301,500	6,255,146

Deferred tax

Deferred tax is provided as follows:

	2021 £	2020 £
Fixed asset timing differences	6,081,133	3,811,976
Short term timing differences	(127,487)	(100,556)
Losses	-	(82,233)
	5,953,646	3,629,187
Deferred tax (assets)		
Recoverable after more than 12 months	(127,487)	(182,789)
	(127,487)	(182,789)
Deferred tax liabilities		
Payable after more than 12 months	6,081,133	3,811,976
	6,081,133	3,811,976

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority.

Other

Other provisions relate to a dilapidation provision on leasehold properties and other property maintenance provisions. These liabilities will be payable as the leases expire between 1 and 15 years.

John Nixon Limited

Notes to the financial statements
For the year ended 31 December 2021

18. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2021	2020
	£	£
Financial assets (at amortised cost)		
Debt instruments measured at amortised cost:		
Trade and other debtors (Note 14)	14,123,894	12,456,522
Cash at bank and in hand	4,719,843	7,313,685
	18,843,737	19,770,207

	2021	2020
	£	£
Financial liabilities (at amortised cost)		
Measured at amortised cost:		
Loans payable (Notes 15, 16)	-	1,388,235
Trade creditors, accruals and other creditors (Note 15)	12,163,601	9,340,150
Obligations under finance leases (Notes 15, 16)	53,942,420	47,591,517
	66,106,021	58,319,902

John Nixon Limited

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For the year ended 31 December 2021

19. Called-up share capital and reserves

	2021 £	2020 £
Allotted, called-up and fully-paid		
1,030,200 ordinary shares of 10p each	103,020	103,020

The Company has the following classes of ordinary shares:

1,030,200 Ordinary shares of 10p each	103,020	-
387,850 A Ordinary shares of 10p each	-	38,785
367,850 B Ordinary shares of 10p cach	-	36,785
54,900 C Ordinary shares of 10p each	-	5,490
54,900 D Ordinary shares of 10p each	-	5,490
54,900 E Ordinary shares of 10p each	-	5,490
54,900 F Ordinary shares of 10p each	-	5,490
54,900 G Ordinary shares of 10p each	-	5,490

All share classes carry equal voting rights and have no right to fixed income.

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

20. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2021 £	2020 £
Operating profit	8,993,765	2,953,571
Adjustment for:		
Depreciation/amortisation/impairment (Notes 11, 12)	14,439,058	15,059,314
Profit on sale of tangible fixed assets (Note 5)	(2,149,019)	(1,669,035)
Taxation	59,144	(2)
Operating cash flow before movement in working capital	21,342,948	16,343,848
(Increase)/decrease in stocks (Note 13)	(161,904)	425,449
(Increase)/decrease in debtors (Note 14)	(2,235,534)	2,608,992
(Decrease)/increase in creditors (Notes 15, 16)	(229,564)	3,080,291
(Increase) in intercompany debtors	(1,389,039)	-
Increase in provisions (Note 17)	-	1,350
Cash generated by operations	17,326,907	22,459,930

Non-cash transactions

During the year, the Company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £24,581,881 (2020: £1,598,622).

21. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

Land and buildings

	2021 £	2020 £
- within one year	210,000	430,833
- between one and five years	642,667	1,096,517
- after five years	5,727,518	5,425,447
	6,580,185	6,952,797

Vehicles

	2021 £	2020 £
- within one year	93,849	241,592
- between one and five years	485,831	739,581
- after five years	-	-
	579,680	981,173

22. Employee benefits

The Company operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £595,289 (2020: £557,172). Contributions totalling £92,432 (2020: £83,881) were payable to the funds at the year end and are included in creditors.

23. Related party transactions

Directors' transactions

Credit transaction with Director:

A rent of £11,669 (2020: £20,000) for land that the Company operates from was paid to one of the Directors. During the year this land was purchased by the Company for £200,000 and rent is no longer payable.

A rent of £120,000 (2020: £120,000) for a property that the Company operates from was paid to a pension fund of which certain Directors are members. This property is subject to a 10 year lease which expired in February 2022 and is in the process of being renewed.

Other related party transactions

The total remuneration for key management personnel for the year totalled £880,445 (2020: £1,367,781).

24. Controlling parties

The Company's immediate parent undertaking is NH Bidco Limited (Company number 13351734) which is registered in England and Wales.

The Company's financial statements are consolidated into the financial statements of NH Holdco Limited (Company number 13351885) which is the ultimate parent undertaking.

The registered office for NH Bidco Limited and for NH Holdco Limited is City West Business Park, Scotswood Road, Newcastle upon Tyne, NE4 7DF.