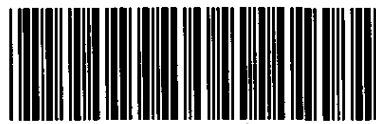


NES Group Limited

Annual report and financial statements
for the year ended 31 October 2023

Registered number: 03685787

TUESDAY



A03 *AD8FUV5* #298
30/07/2024
COMPANIES HOUSE

Officers and Professional Advisers

DIRECTORS

S.W. Buckley

S.F. Coton

REGISTERED OFFICE

Station House

Stamford New Road

Altrincham

Cheshire

WA14 1EP

BANKERS

The Royal Bank of Scotland plc

1 Hardman Boulevard

Manchester

M3 3AQ

United Kingdom

Deutsche Bank

345 Park Avenue

New York 10154

USA

HSBC Bank PLC

4 Hardman Square

Spinningfields

Manchester

M3 3EB

United Kingdom

Strategic Report

For the year ended 31 October 2023

The directors present the strategic report on the company for the year ended 31 October 2023.

Principal activity and business model

The principal activity of the company is that of a holding company and providing support to other members of the NES Fircroft group.

Strategy and objectives

The main strategy and objective of the company is to continue to act as a support function and to assist fellow group undertakings in achieving their strategic objectives and long-term vision.

Business review and key performance indicators

The company does not trade externally. The only costs incurred are support costs for the group operations. As such, the directors consider the administrative expenses of the company as key performance indicators. The administrative expenses incurred in the current year are £24,488,000 (2022: £21,309,000).

The company has net assets of £132,411,000 at 31 October 2023 (2022: £100,857,000). The financial position is shown in the balance sheet on page 8.

Principal risks and uncertainties

Financial risks

As part of its ordinary activities, the company is exposed to a number of financial risks, including liquidity risk, exchange rate risk and credit risk. The company has policies and procedures in place to monitor and manage these risks.

Liquidity risk relates to the company's ability to meet the cash flow requirements of the operations, while avoiding excessive levels of debt and breach of debt covenants. The company's borrowings are principally in the form of balances with other group companies.

Management continuously assesses the acknowledged exchange rate risk that the company is subject to at the present time. The company's exposure to exchange rate risk is continually monitored by management with appropriate steps taken to minimise the risk of adverse currency movements.

The company's credit risk is primarily attributable to its intercompany receivables, with the amounts presented in the balance sheet being net of allowances for doubtful receivables. The directors continuously review the ongoing value for any doubt and make any adjustments as necessary.

These risks are kept under constant review.

Strategic Report (continued)
For the year ended 31 October 2023

Statement by the directors of their statutory duties in accordance with Section 172(1) of the Companies Act 2006

The directors of the company must act in accordance with a set of general duties. These duties are detailed in section 172(1) (a) to (f), described below.

The company is a subsidiary of NES Global Talent Limited, which prepares financial statements on a consolidated basis and the directors of NES Group Limited are directors of NES Global Talent Limited. During the period, the directors have focused attention on how to deliver the best outcomes in order to promote the success of the NES Global Talent group (“the group”) and company for the benefit of the shareholders by taking a proactive approach to the management of all stakeholders including employees, customers, suppliers and the broader community. The proactive approach can be evidenced as follows:

- Directors meet monthly as part of the corporate board to discuss the market and trading updates, customer relationships, employee matters and other factors affecting the group and company, and to take any decisions around communications to key stakeholders including employees. Further information on the focus on diversity of employees is included in the financial statements of NES Global Talent Limited. Directors are regularly provided with updates on key customer relationships and are actively engaged in new and changing customer contract activity including emerging trends and incorporating feedback from customers and contractors when setting and reviewing the group and company strategy. Support is given to customers to develop new low carbon solutions by providing the technical workforce and skilled engineers.
- Regular forecasting, planning and cash updates are provided, to ensure that decisions taken focus on both the short and long term liquidity of the company.
- The directors take reasonable steps to ensure the culture of the group and company is being approached with an appropriate mindset. This is aligned to the strategy of the group and company outlined above.
- The directors seek to have a positive impact on the communities where we operate, providing employment opportunities and supporting local community initiatives and charitable activities. The group commits to donate \$10 per contractor each year to worthy causes, resulting in a pledge of over \$220,000 in 2023 to support cancer charities and youth employment initiatives globally.
- The directors ensure the group acts fairly to all members of the group, including holders of all classes of shares and minority shareholding groups, by working together to ensure the long term sustainable success of the group and company.
- The directors are committed year on year improvements in operational energy efficiency by continually reviewing its energy consumption with the aim of delivering on-going reductions in emissions. See the Environmental, Social and Corporate Governance section in the financial statements of NES Global Talent Limited for further detail regarding the impact of the group on the environment.

The directors are satisfied that S172 requirements have been performed to a high standard and in line with the code of conduct of all employees.

Strategic Report (continued)

For the year ended 31 October 2023

Environmental reporting

The NES Global Talent group fully supports the goals of the Paris Agreement as well as the target set by the UK Government of net zero emissions by 2050. The Renewables and Alternative Energies markets have developed at pace in recent years, a market in which we have continued to support our clients efforts to increase their focus on developing sustainable low carbon solutions by providing the engineers and technical workforce needed to support this.

In support of carbon neutral growth, the group monitor and offset 100% of our business travel, making our entire corporate air travel footprint carbon neutral. We seek to do business responsibly and continually strive to improve our environmental behaviours and footprint. We report our UK energy consumption in line with the Greenhouse Gas Protocol. The group's UK emissions have remained consistent with the prior reporting period (2022: 16%), and our global emissions reduced by 2% in 2023. This is consistent with our target for a year-on-year reduction in energy consumption.

Future outlook

Management expect the business to continue to act as a holding and support company.

The strategic report of NES Group Limited was approved by the board of directors and signed on its behalf on 29 July 2024 by:



S.W. Buckley

Director

Directors' Report

For the year ended 31 October 2023

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 October 2023.

Results and dividends

The financial statements for the year ended 31 October 2023 are set out on pages 7 to 21. The directors do not recommend the payment of a dividend (2022: no dividend). No dividends were paid in respect of prior periods during the year.

Going concern

After making enquiries and based on the assumptions outlined in note 1 to the financial statements, the directors have concluded that the company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements.

Matters included in the strategic report

In accordance with s414(C) (11) of the Companies Act, included in the strategic report is information relating to the future development and financial risk management policies (as part of principal risk and uncertainties) of the business which would otherwise be required by Schedule 7 of the 'Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in a directors' report.

Directors

The directors who served during the year and thereafter are as follows:

S.W. Buckley

S.F. Coton

Director indemnities

The group has indemnity insurance in place on behalf of all of its directors during the year, which remains in force at the date of this report.

Employees

The average number of staff during the year was 190 (2022: 155). Details of number of employees and related cost can be found in note 7 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of member of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and the company intranet. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

Auditor

For the year ended 31 October 2022, NES Group Limited was subject to a statutory audit. In the current year, the members have elected to take an exemption from the audit of its accounts in accordance with section 479 of the Companies Act 2006.

This report was approved by the board on 29 July 2024 and signed by its order,



S.W. Buckley

Director

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 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.

Profit and Loss Account

For the year ended 31 October 2023

	Notes	2023 £'000	2022 £'000
Administrative expenses		(24,488)	(21,309)
Other operating income	2	<u>48,698</u>	<u>40,195</u>
Operating profit		24,210	18,886
Interest payable and similar expenses	3	(31,662)	(18,695)
Interest receivable and similar income	4	30,312	21,310
Distributions received following intercompany loans forgiven		12,909	-
Exceptional items	6	<u>(1,356)</u>	<u>(373)</u>
Profit before taxation	5	34,413	21,128
Tax on profit	8	<u>(2,859)</u>	<u>(2,926)</u>
Profit for the financial year		<u>31,554</u>	<u>18,202</u>

All activity has arisen from continuing operations.

The company has no recognised gains or losses in either year other than the profit for each financial year shown above. Accordingly, a separate statement of comprehensive income has not been prepared.

The accompanying notes are an integral part of this profit and loss account.

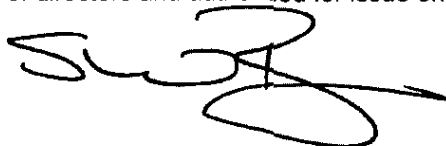
Balance Sheet

As at 31 October 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	9	-	-
Intangible assets	10	2,827	2,276
Tangible assets	11	536	286
Non-current other receivables	12	412,040	358,300
		<u>415,403</u>	<u>360,862</u>
Current assets			
Debtors	13	4,888	3,285
Cash at bank and in hand		34,258	24,247
		<u>39,146</u>	<u>27,532</u>
Creditors: Amounts falling due within one year	14	<u>(319,713)</u>	<u>(285,112)</u>
Net current liabilities		<u>(280,567)</u>	<u>(257,580)</u>
Total assets less current liabilities		134,836	103,282
Creditors: Amounts falling due after more than one year	15	<u>(2,425)</u>	<u>(2,425)</u>
Net assets		<u>132,411</u>	<u>100,857</u>
Capital and reserves			
Called-up share capital	17	3,702	3,702
Share premium account		597	597
Other reserves	18	2,060	2,060
Profit and loss account		126,052	94,498
Shareholder's funds		<u>132,411</u>	<u>100,857</u>

For the year ended 31 October 2023, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of NES Group Limited, registered company number 03685787, were approved by the board of directors and authorised for issue on 29 July 2024 and signed on its behalf by:



S.W. Buckley

Director

The accompanying notes are an integral part of this balance sheet.

Statement of Changes in Equity

For the year ended 31 October 2023

	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 November 2021	3,702	597	2,060	136,567	142,926
Profit for the year and total comprehensive income	-	-	-	18,202	18,202
Distributions (note 21)	-	-	-	(60,271)	(60,271)
At 31 October 2022	<u>3,702</u>	<u>597</u>	<u>2,060</u>	<u>94,498</u>	<u>100,857</u>
Profit for the year and total comprehensive income	-	-	-	31,554	31,554
At 31 October 2023	<u>3,702</u>	<u>597</u>	<u>2,060</u>	<u>126,052</u>	<u>132,411</u>

The accompanying notes are an integral part of this statement of changes in equity.

Notes to the Financial Statements

For the year ended 31 October 2023

1 Accounting policies

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

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.

a) General information and basis of accounting

NES Group Limited (the company) is a private company limited by shares and incorporated in the United Kingdom under the Companies Act and is registered in England and Wales.

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 the company is pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company has taken advantage of section 400 of the Companies Act 2006 in not producing consolidated financial statements, as it is a subsidiary of NES Global Talent Limited which itself produces consolidated financial statements. Copies of these financial statements are available from its registered office at Station House, Stamford New Road, Altrincham, Cheshire, WA14 1EP.

For the year ended 31 October 2022, NES Group Limited was subject to a statutory audit. In the current year, the members have elected to take an exemption from the audit of its accounts in accordance with section 479 of the Companies Act 2006.

b) Going concern

The performance, financial position and the key risks impacting the company are detailed in the Strategic report and Directors' report on pages 2 to 5. The directors believe that the company has adequate resources and working capital in place to continue trading for at least 12 months after the date of these accounts. The company is part of the NES Fircroft Bondco AS group (note 22), which manages its working capital on a combined basis. Based on this strong relationship between this company and this intermediate parent company, the directors are cognisant of the following disclosure which appears in the financial statements of NES Fircroft Bondco AS for the year ended 31 October 2023.

"The group has significant unutilised working capital financing facilities in place and manages its day-to-day working capital requirements through short and medium-term credit facilities which ensures that it can meet its liabilities as and when they fall due. The client base consists of customers with strong credit ratings and credit insurance is maintained for key clients, further reducing risk.

On 14 September 2022, NES Fircroft Bondco AS, the parent and immediate controlling party of the NES Fircroft Bondco group, secured committed funding via a senior secured bond which was used for the repayment of the senior term loan held within the group. The bond is due for repayment in 2026 and attracts a fixed interest rate at 11.75%. The group also secured committed funding via a \$72 million revolving credit facility which replaced the existing revolving credit facility. The new facility matures in 2026. In the year ended 31 October 2023 the revolving credit facility was increased to \$84 million. Subsequent to year end, the revolving credit facility was increased by \$6 million to \$90 million.

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

1 Accounting policies (continued)

b) Going concern (continued)

The combined group facilities in place at 31 October 2023 consist of a \$84 million revolving credit facility, \$159 million of invoice discounting facilities and a senior secured bond of \$300 million. Despite the continued increase in trade since year end, the group had undrawn committed facilities of \$128 million at 31 January 2024, showing the group continues to have significant unutilised financing facilities in place.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group expects to operate within the level of its current facilities and covenants. Scenario analysis has been performed on these forecasts, taking into account upside and downside sensitivities to flex EBITDA by 10%. The key sensitivities within the forecasts are current and future growth in trading performance. As such, management would consider mitigating actions to manage the growth of the business in line with the facilities that are in place, if required. The forecasts showed ongoing compliance with financial covenants and no liquidity issues for the period to the end of July 2025.

A reverse stress test was also performed which shows that EBITDA would need to rise or fall by more than double the above sensitised amounts before a breach in financial covenants would occur. The directors consider the likelihood of such a scenario to be remote."

Subsequent to the year end, the group's revolving credit facility was increased to \$90 million, this facility matures in 2026. At 30 June 2024, the group had undrawn committed facilities of \$140 million, showing the group continues to have significant unutilised financing facilities in place. The latest available forecasts continue to show ongoing compliance with financial covenants and no liquidity issues for the period to August 2025.

The directors have a reasonable expectation that the NES Fircroft group has adequate resources to continue in operational existence for the foreseeable future and therefore support all subsidiaries. Accordingly, the company has adopted the going concern basis in preparing the financial statements.

c) Other operating income and interest income

Other income consists of franchise fee income charged to other group entities for the provision of support services and is recognised on an accruals basis. Interest income is recognised as interest accrues using the effective interest method.

d) Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

e) Exceptional items

Exceptional items are those that the directors consider need to be disclosed separately in the financial statements to provide a true and fair view by virtue of their size or incidence; all exceptional items are charged in arriving at profit before taxation in the financial statements.

f) Investments

Fixed asset investments are shown at cost, less provision for any impairment.

g) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. 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:

Leasehold improvements	-	over five years
Computer equipment	-	over three years

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

1 Accounting policies (continued)

g) *Tangible fixed assets (continued)*

Assets under the course of construction are recognised within intangible fixed assets where a project is ongoing but is not yet complete. Depreciation is not provided until the asset is fully complete and ready for use.

Residual value is calculated on prices prevailing at the date of acquisition.

h) *Intangible assets*

Intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is recognised in administrative expenses and is provided on all intangible 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 - over five years

Residual value is calculated on prices prevailing at the date of acquisition.

Assets under the course of construction are recognised within intangible fixed assets where a project is ongoing but is not yet complete. Amortisation is not provided until the asset is fully complete and ready for use.

i) *Pension costs*

The company makes contributions to the personal defined contribution pension schemes of certain employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. The pension balance owing at the year-end held on the balance sheet is £27,000 (2022: £28,000).

j) *Taxation*

Current 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 years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, 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 difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

k) *Foreign currency translation*

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 are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. All differences are taken to the profit and loss account.

l) *Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the available exemptions to not disclose:

- a) A statement of cash flows;
- b) Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the company is consolidated; and
- c) Key management personnel compensation in total.

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

1 Accounting policies (continued)

m) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

n) Other reserves

Other reserves arose as a result of a waiver of accrued preference share dividends and on the redemption of preference shares.

o) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

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 finance 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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

1 Accounting policies (continued)

o) Financial instruments (continued)

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.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

p) Critical accounting judgements

In the application of the company's accounting policies, 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 directors do not consider there to be any critical accounting judgements that must be applied.

q) Key sources of estimation uncertainty

The company makes estimates and assumption concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actuals results. The director do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to carry value of assets and liabilities within the next financial year.

2 Other operating income

	2023	2022
	£'000	£'000
Franchise fees	48,698	40,195

3 Interest payable and similar expenses

	2023	2022
	£'000	£'000
Bank interest	447	803
Foreign exchange loss	4,923	-
Interest payable to group undertakings	26,292	17,892
	<u>31,662</u>	<u>18,695</u>

4 Interest receivable and similar income

	2023	2022
	£'000	£'000
Foreign exchange gain	-	1,948
Interest receivable from group undertakings	30,312	19,362
	<u>30,312</u>	<u>21,310</u>

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

5 Profit before taxation

Profit before taxation is stated after charging:

	2023 £'000	2022 £'000
Depreciation of tangible fixed assets	185	159
Amortisation of intangible assets	798	865
Auditor's remuneration:		
- fees payable to the company's auditor for the audit of the company's financial statements	-	123
- fees payable to the company's auditor for tax advisory services to the company	-	6

The auditor's remuneration for the audit of the company's financial statements pursuant to legislation is £nil (2022: £123,000), given the company no longer requires a statutory audit, (see accounting policy 1a for further information).

6 Exceptional expenditure

	2023 £'000	2022 £'000
Restructuring costs	1,356	373

Restructuring costs – relate to various restructuring activities.

7 Staff costs

Particulars of employees, are as shown below:

	2023 £'000	2022 £'000
Employee costs during the year amounted to:		
Wages and salaries	13,661	11,048
Social security costs	1,007	867
Other pension costs	242	157

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

	2023 Number	2022 Number
Administration	190	155

The total amounts for directors' remuneration were as follows:

	2023 £'000	2022 £'000
Emoluments	1,178	1,381

During the year 1 (2022: 1) director accrued benefits under money purchase pension schemes. The above amounts for remuneration include the following in respect of the highest paid director:

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

7 Staff costs (continued)

	2023 £'000	2022 £'000
Emoluments	621	724

8 Tax on profit

The tax charge comprises:

	2023 £'000	2022 £'000
<i>Current tax</i>		
Current tax	3,252	2,940
Adjustment in respect of prior periods	(403)	-
Total current tax charge	2,849	2,940
<i>Deferred tax</i>		
Origination and reversal of timing differences	75	-
Adjustment in respect of prior periods	(65)	(13)
Total deferred tax charge/(credit) (see note 16)	10	(13)
Total tax charge	2,859	2,927

The differences between the total tax shown and the amount calculated by applying the blended (2022: standard) rate of UK corporation tax to the profit before tax are as follows:

	2023 £'000	2022 £'000
Profit before tax	34,413	21,128
Profit before tax multiplied by the blended (2022: standard) rate of corporation tax in the UK of 22.5% (2022: 19.0%)	7,743	4,014
Effects of:		
(Income not taxable)/expenses not deductible for tax purposes	(2,860)	189
Adjustments in respect of prior periods	(403)	-
Group relief claimed for nil consideration	(2,135)	(939)
Deferred tax on short-term timing differences not previously recognised	75	-
Adjustment in respect of withholding taxes	1,504	775
Impact of overseas subsidiaries being taxed locally and in the UK	(1,000)	(1,100)
Deferred tax prior year adjustment	(65)	(13)
Tax charge for the year	2,859	2,926

UK corporation tax is calculated at 22.5% (2022: 19.0%) of the estimated taxable profit or loss for the year. This is a hybrid corporation tax rate following the increase in the standard rate of corporation tax in the United Kingdom from 19% to 25% effective from 1 April 2023.

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

8 Tax on profit (continued)

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the future corporation tax rates substantively enacted by the balance sheet date. Deferred tax assets are only recognised to the extent that it is considered probable that future taxable profits will be available to utilise the asset.

9 Investments

The company has investments in the following subsidiary undertakings. All subsidiary undertakings are incorporated in the United Kingdom and registered in England and Wales.

Company name	Principal activity	Holding	%
NESCO Holdings Limited	Holding company	Ordinary	100
NES Trustees Limited	Trustee company	Ordinary	100
NES IT Limited	Provision of technical recruitment agency services	Ordinary	100
Aim Academy Limited	Provision of services to the group	Ordinary	100
North Eagle Star Limited	Provision of services to the group	Ordinary	100

The registered address of all of the company's subsidiary undertakings is Station House, Stamford New Road, Altrincham, Cheshire, WA14 1EP.

Subsidiary
undertakings
£'000

Cost and net book value

At 1 November 2022 and 31 October 2023

-

10 Intangible assets

The movement in the year was as follows:

	Assets under construction	Computer software	Total
	£'000	£'000	£'000
Cost			
At 1 November 2022	99	7,409	7,508
Transfers	(38)	38	-
Additions	321	1,028	1,349
At 31 October 2023	382	8,475	8,857
Amortisation			
At 1 November 2022	-	5,232	5,232
Charge for the year	-	798	798
At 31 October 2023	-	6,030	6,030
Net book value			
At 31 October 2023	382	2,445	2,827
At 1 November 2022	99	2,177	2,276

Amortisation of intangible assets is included within administrative expenses in the profit and loss account.

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

11 Tangible fixed assets

The movement in the year was as follows:

	Leasehold improvements £'000	Computer equipment £'000	Total £'000
Cost			
At 1 November 2022	113	581	694
Additions	10	425	435
At 31 October 2023	123	1,006	1,129
Depreciation			
At 1 November 2022	51	357	408
Charge for the year	22	163	185
At 31 October 2023	73	520	593
Net book value			
At 31 October 2023	50	486	536
At 1 November 2022	62	224	286

12 Non-current other receivables

	2023 £'000	2022 £'000
Amounts falling due after one year:		
Amounts owed by group undertakings	412,040	358,300

Amounts owed by group undertakings are unsecured and repayable on demand. Interest is charged at a rate of between 2%-10% (2022: 2%-8%).

13 Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Corporation tax	647	465
Other debtors	346	1,298
Prepayments and accrued income	1,984	1,024
Value added tax	1,911	498
	4,888	3,285

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

14 Creditors: Amounts falling due within one year

	2023	2022
	£'000	£'000
Bank overdraft	14,992	4,000
Trade creditors	1,364	2,512
Amounts owed to group undertakings	298,981	274,417
Other taxation and social security creditors	196	56
Deferred tax liability (see note 16)	89	79
Accruals and deferred income	4,091	4,048
	<u>319,713</u>	<u>285,112</u>

Amounts owed to group undertakings are unsecured and repayable on demand. Interest is charged at a rate of 2%-10% (2022: 2%-8%).

15 Creditors: Amounts falling due after more than one year

	2023	2022
	£'000	£'000
Preference shares	<u>2,425</u>	<u>2,425</u>

This balance consists of 556,700 'A' redeemable preference shares of £1 each and 1,868,450 'B' redeemable preference shares of £1 each. The shares carry no entitlement to dividend and were due to be redeemed for cash at a price of £1 per share on 1 November 2008. However, due to insufficient distributable reserves, the shares have not yet been redeemed. Holders of the redeemable preference shares have one vote for every share held but only on a resolution for the winding-up of the company and on a resolution affecting the rights attached to the shares.

On the return of assets whether in a winding-up or reduction of capital or otherwise, the assets and retained profits of the company available for distribution among the members will be applied as follows: the 'A' and 'B' preference shares will be redeemed at par; the preferred ordinary shareholders will be paid the amounts credited as paid up on the preferred ordinary shares; the ordinary shareholders will be paid the amounts credited as paid up those ordinary shares; the remainder will be distributed to ordinary shareholders, preferred ordinary shareholders and deferred shares in proportions depending on the value and nature of the consideration.

The preference shares are redeemable at any time, however the directors do not anticipate that the shares will be redeemed within the next 12 months. Accordingly, the preference shares are disclosed within amount falling due after more than one year.

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

16 Deferred tax

At 31 October 2023, there is a deferred tax liability recognised in respect of capital allowances in excess of depreciation, and a deferred tax asset recognised in respect of other short term timing differences.

	2023 £'000	2022 £'000
Beginning of the year	79	92
Prior year adjustments - (credit)	(65)	(13)
Charge for the year	75	-
End of the year liability	<u>89</u>	<u>79</u>

	2023 £'000	2022 £'000
Accelerated capital allowances	146	135
Other short term timing differences	(57)	(56)
	<u>89</u>	<u>79</u>

It is not possible to reliably estimate when the deferred tax liability will reverse. There are no unrecognised deferred tax balances (2022: £nil).

17 Called-up share capital

	2023 £'000	2022 £'000
<i>Allotted, called-up and fully-paid</i>		
610,000 ordinary shares of 1p each	6	6
8,626,416 preferred ordinary shares of 1p each	86	86
361,000,000 deferred shares of 1p each	3,610	3,610
	<u>3,702</u>	<u>3,702</u>

Deferred shares carry no right to share in any distribution until at least £100 million has been distributed on each ordinary share and preferred ordinary share. Once such amount has been distributed, the deferred shares will rank *pari passu* with the other classes of shares.

Holders of deferred shares have one vote for every share held but are not entitled to vote at any general meeting of the company.

18 Other reserves

Other reserves arose as a result of a waiver of accrued preference share dividends and on the redemption of preference shares.

Notes to the Financial Statements (continued)

For the year ended 31 October 2023

19 Guarantees and other financial commitments

The company has entered into a joint guarantee and indemnity in respect of bank facilities granted to fellow subsidiaries amounting to £nil at 31 October 2023 (2022: £6,724,000).

On 3 October 2013, the company entered into a joint guarantee to a credit agreement. During the year ended 31 October 2018, these banking facilities were refinanced and extended up to a value of \$335 million (equivalent of GBP: £259 million). On 18 September 2020, the group entered into a business combination with the Fircroft group. As part of the transaction, the banking facilities were extended up to a value of \$347 million (equivalent £271 million). £190 million of the facilities were drawn down at 31 October 2021. On 14 September 2022, NES Fircroft Bondco AS, a member of the wider NES Fircroft Bondco group, secured committed funding via a senior secured bond which was used to fully repay these facilities. The bond totalling \$300 million, (equivalent to £258 million), was listed on Borse Frankfurt on 11 October 2022, and is due for repayment in 2026. On the 25 August 2023 the bond was listed on the Oslo Bors. The company is part of a new joint guarantee of the bond and new RCF of \$72 million, (equivalent to £62 million), during the year the new revolving credit facility was increased by \$12 million to \$84 million, (equivalent to £72 million). Subsequent to the year end this was then increased by a further \$6 million to \$90 million (equivalent to £74 million).

20 Related party transactions

FRS 102 Section 33.1A does not require disclosure of transactions entered into between two or more members of the group, provided that any subsidiary which is a party to the transaction is a wholly owned member. These transactions were therefore not disclosed in these financial statements.

AEA Investors LP and Akastor AS are limited partners of NES Global Talent LP (note 22).

Management fees of £500,000 (2022: £500,000) payable to AEA Investors LP and £112,000 payable to Akastor AS (2022: £100,000) were charged to profit and loss during the year. Expenses paid on behalf of AEA Investors LP and Akastor AS were £198,000 (2022: £109,000). Amounts owing to AEA Investors LP at the balance sheet date are £156,000 (2022: £125,000) and amounts owing to Akastor AS at the balance sheet date are £77,000 (2022: £25,000).

21 Distributions

Distributions shown in the Statement of changes in equity for the year ended 31 October 2022 related to loan balance write offs between NES Group Limited and other group entities on 1 November 2021.

22 Ultimate parent company and ultimate controlling party

The directors consider NES Global Talent Limited, a company incorporated in England and Wales, to be the ultimate parent company. NES Global Talent Limited is wholly owned by NES Global Talent LP, a Scottish limited partnership, of which the limited partners are funds managed and advised by AEA Investors LP, certain co-investors and management. The registered office and place of business of NES Global Talent LP is Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG. The general partner of NES Global Talent LP is NES Global Talent GP Limited which is controlled by AEA Management (Cayman) Limited.

The parent undertaking of the largest group in which these financial statements are consolidated is NES Global Talent Limited. The parent undertaking of the smallest group in which these financial statements are consolidated is NES Fircroft Bondco AS, a company incorporated in Norway. Copies of the financial statements of NES Global Talent Limited are available from its registered office at Station House, Stamford New Road, Altrincham, Cheshire, WA14 1EP. Copies of NES Fircroft Bondco AS financial statements are available from its registered office at Snarøyveien 36, 1364 Fornebu, Norway.