

Company Registration No. 07792361 (England and Wales)

**NEWTON INDUSTRIAL CONSULTANTS
HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2022**

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NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S Dyde T Wedgwood
Company number	07792361
Registered office	2 Kingston Business Park Kingston Bagpuize Abingdon Oxfordshire OX13 5FE
Auditor	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report for the year ended 31 August 2022.

Review of Business and Key Performance Indicators

The entire share capital of the company was purchased on 17 October 2021 by Newton Europe Bidco Limited. The company is now ultimately owned by Newton Group Holdings Limited. The company still owns the entire share capital of Newton Europe Limited.

The company generates income via dividends from Newton Europe Limited. The company earns interest from an intercompany loan to Newton Europe Limited and pays interest on an intercompany loan from Newton Europe Bidco Limited.

As a result the main KPI for the company is the financial performance of Newton Europe Limited (Newton). Newton's future growth remains dependent on the recruitment and development of exceptional people, developing long term client relationships, and delivering exceptional and sustainable value to these clients.

Principal risks and uncertainties

The principal risks facing the Newton business lie in the level of future turnover and the relatively fixed cost base. Strong operating margins and cash generation put the business in an excellent position to absorb any short-term risks from turnover volatility. The Newton business is also in a position which allows for investment in new business sectors that will help reduce exposure to any specific industry pressures in any given business sector, and the Directors continue to manage the business to prevent over-exposure to any particular industry sector.

The Newton business is committed to providing the best consultancy services to its customers. To meet this commitment, the business invests heavily in recruiting and retaining the highest performing people and has extensive systems in place to monitor staff wellbeing and performance.

Section 172(1) statement

The likely consequences of any decisions in the long term

The Directors understand the business and the evolving environment in which we operate. The strategy set by the Board is based on 3 key priorities – pipeline stability, maximizing impact and having an environment where everybody is thriving. We make all of our long term decisions through the lens of our guiding principles of high performance, fun and friendship.

The interests of the employees of the company

The company is a holding company for the principal subsidiary as set out in note 11 of the financial statements and has no employees.

The need to foster the company's business relationships with suppliers, customers and others

The company's ultimate parent is Newton Group Holdings Limited which indirectly owns 100% of the company and controls the group. The company's main stakeholder is therefore the group and its subsidiaries. In addition to this, the other main stakeholders are the lenders of the group finance facility. The board believe that effective communication and proactive engagement with the group and its subsidiaries, the lenders and financial sponsor is vital in establishing a mutual understanding of objectives

The desirability of the company maintaining a reputation for high standards of business conduct

The Board regularly reviews and approves clear frameworks, such as our Values, EDI principles and specific ethics & compliance manuals to ensure that high standards are maintained both within Newton and the business relationships we maintain. This, complemented by the way the Board is informed and monitors compliance with relevant governance standards, helps assure decisions are taken and that Newton acts in a way that promotes high standards of business conduct.

The need to act fairly between members of the company

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly between the Company's members.

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

On behalf of the board



.....
T Wedgwood

Director

24/05/23

Date:

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities

The principal activity of the company continued to be that of a holding company.

Results and dividends

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

Ordinary dividends were paid amounting to £300,000. The directors do not recommend payment of a final dividend.

Directors

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

S Dyde	(Appointed 17 October 2021)
T Wedgwood	
A Hawes	(Resigned 17 October 2021)
G Knight	(Appointed 17 October 2021 and resigned 17 February 2022)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon reporting

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

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

On behalf of the board



.....
T Wedgwood
Director

Date: 24/05/23
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NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Newton Industrial Consultants Holdings Limited (the 'company') for the year ended 31 August 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statement disclosures and reviewing tax computations prepared by external specialists.

The audit engagement team identified the risk of management override of internal controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries, other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hywel Pegler

Hywel Pegler (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG

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25/05/23

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2022

		2022	2021
	Notes	£	£
Administrative expenses		(4,337)	(114,452)
Interest receivable and similar income	6	24,804,611	10,000,000
Interest payable and similar expenses	7	(1,758,225)	(333,488)
Profit before taxation		23,042,049	9,552,060
Tax on profit	8	-	-
Profit for the financial year		23,042,049	9,552,060

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	10		30,600,252		35,323,425
Current assets					
Debtors	12	45,228,250		729,134	
Cash at bank and in hand		18,236		2,443,683	
		45,246,486		3,172,817	
Creditors: amounts falling due within one year	13	(36,452,314)		(1,783,024)	
Net current assets			8,794,172		1,389,793
Total assets less current liabilities			39,394,424		36,713,218
Creditors: amounts falling due after more than one year	14		-		(17,542,309)
Net assets			39,394,424		19,170,909
Capital and reserves					
Called up share capital	15		53		71
Share premium account	16		20,559,602		3,281,714
Capital redemption reserve	16		148		118
Other reserves	16		-		4,723,173
Profit and loss reserves	16		18,834,621		11,165,833
Total equity			39,394,424		19,170,909

24/05/23

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



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T Wedgwood
Director

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 September 2020		75	991,312	111	4,913,056	15,333,100	21,237,654
Year ended 31 August 2021:							
Profit and total comprehensive income for the year		-	-	-	-	9,552,060	9,552,060
Issue of share capital	15	30	2,290,402	-	-	-	2,290,432
Dividends	9	-	-	-	-	(5,023,500)	(5,023,500)
Own shares acquired		-	-	-	-	(8,695,827)	(8,695,827)
Redemption of shares	15	(34)	-	7	(189,883)	-	(189,910)
Balance at 31 August 2021		71	3,281,714	118	4,723,173	11,165,833	19,170,909
Year ended 31 August 2022:							
Profit and total comprehensive income for the year		-	-	-	-	23,042,049	23,042,049
Issue of share capital	15	12	17,277,888	-	(4,723,173)	-	12,554,727
Dividends	9	-	-	-	-	(300,000)	(300,000)
Redemption of shares	15	(30)	-	30	-	(15,073,261)	(15,073,261)
Balance at 31 August 2022		53	20,559,602	148	-	18,834,621	39,394,424

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

Newton Industrial Consultants Holdings Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 2 Kingston Business Park, Kingston Bagpuize, Abingdon, Oxfordshire, OX13 5FE.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Newton Group Holdings Limited. These consolidated financial statements are available from its registered office, 2 Kingston Business Park, Kingston Bagpuize, Abingdon, Oxfordshire, United Kingdom, OX13 5FE.

Going concern

Newton Industrial Consultants Holdings Limited is a member of the Newton Group Holdings Limited group. At the time of approving the financial statements, the directors have considered the financial position of the company and the group and, based on forecasts prepared and confirmed available facilities, they have a reasonable expectation that the company and group has adequate resources to continue in operation existence for the foreseeable future.

Therefore, the directors have concluded that there is no material uncertainty about the ability of the company or group to continue as a going concern and that it remains appropriate to prepare the financial statements on a going concern basis.

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Fixed asset investments

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

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include amounts owed by group undertakings, other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including other creditors, loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Taxation

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Employee benefits

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

Share-based payments

Historically Newton Industrial Consultant Holdings Limited issued equity-settled share options to certain employees of the company's subsidiary, Newton Europe Limited, which were measured at fair value and contained within other reserves. As a result of the change in ownership of Newton Industrial Consultant Holdings Limited all share options were exercised in the year and the associated share schemes were closed.

Equity-settled share-based payments were measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date was expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment was made to equity.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Amounts due from group undertakings

The amounts owed from undertakings are disclosed in note 12. Whilst there are currently no repayment terms with regards this debt, the management remain confident of full recovery. The debt has been recognised as due within one year since the balance is repayable on demand.

Investments in subsidiaries

To determine whether there are indicators of impairment of the company's investments, the factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

3 Employees

The company had no employees in the current or prior year.

4 Directors' remuneration

The directors were remunerated via other group companies.

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

5 Share-based payment transactions

The company had two share option schemes for employees of the company's subsidiary Newton Europe Limited.

Core Share Option Scheme

Under this scheme there were two classes of share options in issue - salary sacrifice options and ex-gratia options. All the options were exercisable for £0.00001 per share. The options enabled 1 ordinary £0.00001 share to be issued for every option exercised.

The salary sacrifice and ex-gratia options vested in accordance with the rules of the scheme. Any options lapsed at the earlier of 10 years from the date of grant, when the holder ceased to be an eligible employee or when the company was sold.

When a recipient left employment with the group, the group historically repurchased any shares acquired through the exercise of their share options based on conditions in existence at the time, whilst any unexercised options were cancelled.

Prior to the acquisition of Newton Industrial Consultants Holdings Limited, all share options were exercised and the share schemes were subsequently closed.

Movements in the salary sacrifice options and the weighted average exercise price (WAEP) for the year were:

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 September	82,792	123,408	0.00001	0.00001
Granted	-	18,306	-	0.00001
Exercised	(82,792)	(58,922)	0.00001	0.00001
Outstanding at 31 August	-	82,792	-	0.00001
Exercisable at 31 August	-	82,792	-	0.00001

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2022**

5 Share-based payment transactions (Continued)

Movements in the ex-gratia share options and the weighted average exercise price (WAEF) for the year were as follows:

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 September	209,871	299,995	0.00001	0.00001
Granted	-	34,956	-	0.00001
Forfeited	(1,919)	(16,623)	0.00001	0.00001
Exercised	(207,952)	(108,457)	0.00001	0.00001
Outstanding at 31 August	-	209,871	-	0.00001
Exercisable at 31 August	-	105,969	-	0.00001

Within the core share option scheme options were registered under the Enterprise Management Incentive (EMI) scheme. At the year end, there were nil (2021: 71,807) options within the Salary sacrifice and nil (2021: 124,178) within the Ex-gratia scheme which are under EMI.

Senior Share Option Scheme:

This scheme was open to senior employees within the group. All the options were exercisable for a price per share specific to each individual's option award. The options enabled 1 ordinary £0.00001 share to be issued for every option exercised. The options vested immediately and any options lapsed at the earlier of 30 years from the date of grant or where the holder ceases to be an eligible employee or when the company is sold. Prior to the acquisition of Newton Industrial Consultants Holdings Limited, all share options were exercised and the share schemes were subsequently closed.

Movements in share options and the weighted average exercise price (WAP) for the year were:

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 September	895,071	1,098,076	19.30338	14.48126
Granted	-	174,994	-	23.31836
Forfeited	-	(207,499)	-	14.35977
Exercised	(895,071)	(170,500)	19.30338	15.77716
Outstanding at 31 August	-	895,071	-	19.30338
Exercisable at 31 August	-	895,071	-	19.30338

Liabilities and expenses

The fair value of the share options were calculated using the Black Scholes pricing model which was considered to be the most appropriate valuation method of measuring fair value.

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2022**

6 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest receivable from group companies	1,962,302	-
Income from fixed asset investments		
Income from shares in group undertakings	22,842,309	10,000,000
Total income	<u>24,804,611</u>	<u>10,000,000</u>

7 Interest payable and similar expenses

	2022 £	2021 £
Interest payable to group undertakings	<u>1,758,225</u>	<u>333,488</u>

8 Taxation

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	<u>23,042,049</u>	<u>9,552,060</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	4,377,989	1,814,891
Tax effect of income not taxable in determining taxable profit	(3)	(1,900,000)
Group relief	(37,947)	85,109
Group income	<u>(4,340,039)</u>	<u>-</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

In the budget on 3 March 2021, the UK Government announced an increase in the main rate of corporation tax in the UK from 19% to 25% on profits over £250,000 with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

9 Dividends

	2022 £	2021 £
Interim paid	<u>300,000</u>	<u>5,023,500</u>

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2022**

10 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	11	30,600,252	35,323,425

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 September 2021	35,323,425
Exercise of share options	(4,723,173)
At 31 August 2022	30,600,252
Carrying amount	
At 31 August 2022	30,600,252
At 31 August 2021	35,323,425

11 Subsidiaries

Details of the company's subsidiaries at 31 August 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Newton Europe Limited	2 Kingston Business Park, Kingston Bagpuize, Abingdon, Oxfordshire, OX13 5FE	Operational improvement consultants	Ordinary	100.00

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Amounts owed by group undertakings	45,228,250	-
Other debtors	-	729,134
	45,228,250	729,134

Amounts owed by group undertakings are unsecured, accrue interest at 6% and are repayable on demand.

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2022**

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	36,452,314	-
Other creditors	-	1,783,024
	<u>36,452,314</u>	<u>1,783,024</u>

Amounts owed to group undertakings are unsecured, accrued interest at 6% and are repayable on demand.

14 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	-	17,542,309
	<u>-</u>	<u>17,542,309</u>

15 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
A Ordinary shares of 0.0003p each	2,850,000	2,850,000	9	4
B Ordinary shares of 0.001p each	2,850,000	2,850,000	29	29
C Ordinary shares of 0.001p each	210,000	210,000	2	2
D Ordinary shares of 0.001p each	-	950,952	-	15
Ordinary shares of 0.001p each	1,316,342	139,989	13	1
E Ordinary shares of 0.0007p each	-	2,850,000	-	20
	<u>7,226,342</u>	<u>9,850,941</u>	<u>53</u>	<u>71</u>

A, B, C, D and Ordinary share classes have a right to receive notice of, attend and vote at a general meeting of the company. The A, B, C, D and Ordinary shares have a right to participate in a dividend and are ranked equally for a return of capital, after E Ordinary shares have been paid their nominal value. The shares are not redeemable.

A Ordinary shareholders may, prior to the declaration of a dividend, elect that some or all of the A Ordinary shares shall not receive a dividend and instead the equivalent number of E Ordinary shares shall receive a dividend.

E Ordinary shares have no voting rights and are not entitled to participate in dividend distributions unless a majority of A Ordinary shareholders elect not to receive dividends on a certain number of shares and that instead an equivalent dividend is paid on the same number of E Ordinary shares. On a return of capital the E Ordinary shares are entitled to their nominal value only in priority to any distribution to the other share classes. The shares are not redeemable.

On 17 October 2021, 2,850,000 E Ordinary shares with a total aggregate amount of £19.95 were repurchased by the company at par, and subsequently cancelled. On the same day, 950,952 D ordinary shares with a total aggregate nominal value of £9.51 were repurchased by the company for total consideration of £14,688,346.

On 17 October 2021, 1,176,935 Ordinary shares with a par value of 0.001p, were issued on the exercise of share options for total consideration of £17,277,900.

NEWTON INDUSTRIAL CONSULTANTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

16 Reserves

Share premium

Cumulative premium arising on the issue of new shares in the company.

Capital redemption reserve

Cumulative par value of shares purchased by the company.

Other reserves

Cumulative effect of the fair value of share options vested in the group share option scheme, net of deferred tax.

Profit and loss reserves

Cumulative profits or losses net of dividends paid.

17 Related party transactions

During the year dividends of £nil (2021: £4,845,000) were paid to directors.

At the year end £nil (2021: £652,574) was due from A M Hawes and £nil (2021: £41,509) was due from T D Wedgwood. No interest was accruing on these loans.

18 Ultimate controlling party

Newton Europe Bidco Limited acquired Newton Industrial Consultants Holdings Limited on 17 October 2021 and is the immediate parent company.

Newton Group Holdings Limited, a company incorporated in England and Wales, is the ultimate parent company and is the smallest and largest entity in which the accounts are consolidated. The group accounts can be obtained from 2 Kingston Business Park, Kingston Bagpuize, Abingdon, Oxfordshire, United Kingdom, OX13 5FE.

The directors consider Newton Group Holdings Limited to be the ultimate controlling party.