

Newton Topco Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

16/01/23

Company Registration

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Newton Topco Limited

Company Information

Directors	P Anderson A Daynes T Falcon S Feast M Lethbridge M Puttick C J Jepson Reynolds
Company number	13409935
Registered office	69 Wilson Street London United Kingdom EC2A 2BB
Auditor	Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL

Newton Topco Limited

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Newton Topco Limited

Strategic Report

For the year ended 31 December 2022

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

Background

Gravity Global (Newton Topco Limited and its subsidiaries) is the world's most awarded marketing consultancy specialising in supporting B2B clients and those who operate in complex markets.

Newton Topco Limited was incorporated on 20 May 2021. It was dormant until 7 September 2021 when its subsidiary, Newton Bidco Limited, acquired Gravity Global Limited and its subsidiaries.

Newton Topco Limited is owned by the founders of Gravity Global and funds controlled by Elysian Capital, a UK private equity fund which specialises in working with entrepreneurial businesses. As part of the acquisition process, the founders of Gravity Global re-invested into the business and retain a very significant equity stake in the Group. The purpose of the investment from Elysian Capital is to provide Gravity Global with the financial resources to expand the Group. In the first half of 2022 Gravity Global made three acquisitions in the US adding further ABM, Hubspot, content, strategy and branding capabilities. In May 2023, Gravity Global acquired 9th Wonder, a US agency specialising in media buying and media targeting. Through this acquisition we not only added significant scale to our US operations, but we also acquired the 49% of our original US operations which were held by 9th Wonder. Further investments are planned over the next 24 months.

The business continued its excellent progress in 2022, building on growth delivered in previous years across all practice areas. In particular, the addition of the US entities supported new business activity in both the UK and US.

The consolidated accounts included in the following pages reflect the performance of the Group in the period from 1 January 2022 to 31 December 2022. The comparative results for 2021 are for the period 7 September 2021 to 31 December 2021. Like for like trading results for the full year 2021 and 2022 can be found in the consolidated accounts of Gravity Global Limited.

Fair review of the business

The directors are pleased with the performance of the Group in 2022.

Our staff continued to deliver outstanding work for our clients, and this is reflected in the 406 awards won during the year, a new record for the Group.

Like-for-like adjusted EBITDA grew strongly in the year. Cash generation also continued to be excellent in the period, ensuring that the Group has cash available to invest in people, operations and in acquisitions.

The directors are delighted to report that the Group underwent its second ESG audit in the period. This annual process gives the directors an opportunity to assess progress compared with prior year and provides a focus of delivering tangible progress year on year. Further improving our ESG credentials is important to our business, our staff and our clients. Our ESG initiatives are led by a board director who reports to the board monthly on our progress.

Principal risks and uncertainties

The Group regularly reviews business risk and aims to mitigate these risks wherever possible through its internal systems and controls and where appropriate, targeted staff training. The directors consider the Group's main commercial and financial risks to be:

Newton Topco Limited

Strategic Report (Continued)

For the year ended 31 December 2022

Economic uncertainty

In common with all businesses, the performance of the Group will be influenced by the general economic environment. The Group closely monitors leading market indicators particularly within those sectors in which our major clients and suppliers operate. In addition, we work closely with all of our clients and suppliers to ensure that we remain informed of how their businesses are performing and the key challenges they face. The Group reforecasts, as a minimum, on a quarterly basis and closely monitors its cash flow. It has historically and will continue to act promptly and decisively to address its business operations and cost base as and when trading or cash flow circumstances dictate.

Staff retention and cost inflation

In line with many businesses in the UK, staff retention and staff cost inflation have been challenges for the Group. We continue to monitor our staffing needs and are focused on providing high quality career opportunities for all staff.

Client retention

Our business is focused on delivering the very best in strategic thinking, research, creative and communications campaign planning, offering a premium service for our valued clients. We deliver this proactive approach every day by regularly monitoring and responding to our clients' needs and pre-agreed KPI's. Many of our clients work with us on a retained basis which provides greater contractual certainty for all parties.

Credit and cash flow risk

The Group, in common with all businesses, is potentially exposed to the risk of non-recovery of its debts. This risk is mitigated through close liaison with our clients, understanding their businesses and by credit checking where appropriate. Liquidity risk is managed by ensuring sufficient funds are available to meet debts as they fall due. At the year-end the Group had £9.0m of cash available to it, along with a further £1m available to be drawn down on the Group's RCF. The Group's long-term business forecasts and cash reserves support the view that the Group will have adequate resources to meet its debts as they fall due for the foreseeable future and for at least 12 months from the signing of these financial statements.

Interest rate risk

The Group's external bank loan has an interest rate which is partially calculated using the variable SONIA rate. The risk of changes in this rate is reviewed regularly by the Directors and is not currently considered to be a material risk to the Group.

Exchange rate fluctuations

An increasingly large proportion of the Group's revenues are generated in US Dollars and Euros. We ensure that such clients pay into US Dollar and Euro denominated bank accounts and use this cash to pay US Dollar and Euro costs which provides a partial natural hedge against exchange rate risks.

Development and performance

The Board's growth strategy is to expand the Group in both its existing markets (through new service lines and offerings) and overseas, by organic growth and, where appropriate, strategic partnerships and acquisitions. In a rapidly changing and competitive environment the priority of the directors is to build a strategic and focused consultancy dedicated to growing the Group's offering.

Information security

Loss of the IT network or data held within it could result in significant reputational and financial damage. The Group has a dedicated IT function, with skill and experience in maintaining and monitoring the IT infrastructure. Business data is regularly backed up and stored in secure off-site locations. Email and internet filtering technology and firewall software is in place to restrict the impact of cyber-attacks. Regular notifications are sent to staff regarding the importance of remaining vigilant of phishing emails.

Newton Topco Limited

Strategic Report (Continued)

For the year ended 31 December 2022

Tax risk

All transactions undertaken by the Group have a business purpose and a commercial rationale. The Group does not engage in any aggressive tax planning and does not implement structures purely for tax planning purposes. In relation to tax compliance, it is the policy of the Group to fully comply with all applicable tax rules, regulations and disclosure requirements; submit all tax returns by their due dates and pay all applicable taxes as they fall due. The group uses appropriately qualified and trained employees to look after the Group's tax affairs and uses external advisors as appropriate.

Key Performance Indicators

The key performance indicators monitored by the directors are those that best demonstrate the financial performance and strength of the Group. Specifically, we look at year-on-year trends as follows:

- Profit and loss account
 - Net revenue growth (gross profit)
 - Staff cost to net revenue ratio
 - Underlying EBITDA margin
- Balance sheet and liquidity
 - Operating cash conversion
 - Short term cash flow forecasting

Given the short trading period in 2021, the prior year comparable data for Newton Topco Limited and its subsidiaries is of limited use. The accounts for Gravity Global Limited provide greater clarity on the trading performance of the Group with a full year on year comparison available.

The consolidated Group balance sheet is healthy with total assets of £61.1m (2021: £47.2m).

The Group had £9.0m (2021: £4.7m) of cash at 31 December 2022 meaning that the Group has sufficient working capital to meet its obligations as they fall due over the next period.

Underlying operating cash conversion was greater than 100% during 2022 which the directors are extremely pleased with.

Events after the reporting date

On 9th May 2023, the Group acquired 9th Wonder, a US agency specialising in media buying and media targeting. Through this acquisition, we not only added significant scale to our US operations, but we also acquired the 49% of our original US operations which were held by 9th Wonder.

On behalf of the board

Mark Lethbridge

M Lethbridge
Director

15 August 2023

Newton Topco Limited

Directors' Report

For the year ended 31 December 2022

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

Principal activities

The principal activity of the company is that of a holding company. The principal activity of the group is that of an integrated marketing services consultancy.

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. 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:

P Anderson
A Daynes
T Falcon
S Feast
M Lethbridge
M Puttick
C J Jepson Reynolds

Auditor

Moore Kingston Smith LLP were appointed as auditor to the group 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.

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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mark Lethbridge

M Lethbridge
Director

15 August 2023

Newton Topco Limited

Directors' Responsibilities Statement

For the year ended 31 December 2022

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Newton Topco Limited

Independent Auditor's Report

To the Members of Newton Topco Limited

Opinion

We have audited the financial statements of Newton Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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 group's and parent 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.

Newton Topco Limited

Independent Auditor's Report (Continued)

To the Members of Newton Topco Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

Newton Topco Limited

Independent Auditor's Report (Continued)

To the Members of Newton Topco Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Newton Topco Limited

Independent Auditor's Report (Continued)

To the Members of Newton Topco Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks 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 to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Newton Topco Limited

Independent Auditor's Report (Continued)

To the Members of Newton Topco Limited

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.

Moore Kingston Smith LLP

Esther Carder (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

15 August 2023

Chartered Accountants
Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL

Newton Topco Limited

Group Profit and Loss Account

For the year ended 31 December 2022

		Year ended 31 December 2022 £	Period ended 31 December 2021 £
	Notes		
Turnover	3	43,780,981	8,224,814
Cost of sales		(16,921,304)	(2,822,750)
Gross profit		26,859,677	5,402,064
Administrative expenses		(20,041,994)	(3,829,208)
Amortisation		(4,744,126)	(1,352,533)
Other operating income		812	-
Operating profit	4	2,074,369	220,323
Interest receivable and similar income	8	969	1,012
Interest payable - cash items	10	(899,609)	(773,698)
Interest payable - non cash items	10	(3,309,962)	(1,014,014)
Fair value gains and losses	9	-	(12,800)
Loss before taxation		(2,134,233)	(1,579,177)
Tax on loss	11	(764,500)	(150,531)
Loss for the financial year		(2,898,733)	(1,729,708)
Loss for the financial year is attributable to:			
- Loss attributable to owners of the parent company		(3,235,987)	(1,729,708)
- Profit attributable to non-controlling interests		337,254	-
		(2,898,733)	(1,729,708)

Newton Topco Limited

Group Statement of Comprehensive Income

For the year ended 31 December 2022

	Year ended 31 December 2022 £	Period ended 31 December 2021 £
Loss for the year	(2,898,733)	(1,729,708)
Other comprehensive loss		
Currency translation loss taken to retained earnings	(294,348)	-
Total comprehensive loss for the year	<u>(3,193,081)</u>	<u>(1,729,708)</u>
 Total comprehensive loss for the year is attributable to:		
- Owners of the parent company	(3,556,485)	(1,729,708)
- Non-controlling interests	363,404	-
	<u>(3,193,081)</u>	<u>(1,729,708)</u>

Newton Topco Limited

Group Balance Sheet

As at 31 December 2022

	Notes	2022 £	2021 £
ASSETS			
Fixed assets			
Goodwill	12	40,359,190	38,307,984
Other intangible assets	12	306,375	55,500
Total intangible assets		40,665,565	38,363,484
Tangible assets	13	233,689	173,976
		40,899,254	38,537,460
Current assets			
Debtors	17	11,134,555	3,916,177
Cash at bank and in hand		9,035,018	4,743,731
		20,169,573	8,659,908
Total assets		61,068,827	47,197,368
EQUITY			
Capital and reserves			
Called up share capital	23	9,400	9,390
Share premium account		930,600	929,610
Retained losses		(5,286,193)	(1,729,708)
Equity attributable to owners of the parent company		(4,346,193)	(790,708)
Non-controlling interest		840,798	-
Total equity		(3,505,395)	(790,708)
LIABILITIES			
Provisions for liabilities			
Deferred tax liability	21	112,766	46,886
Creditors: amounts falling due after more than one year			
Long term loan	19	10,577,611	8,874,310
Shareholder loan notes	19	21,757,371	19,815,401
Preferred ordinary shares	19	10,822,161	9,928,588
Other creditors	20	2,300,763	2,273,261
		45,457,906	40,891,560
Creditors: amounts falling due within one year	18	19,003,550	7,049,630
Total equity and liabilities		61,068,827	47,197,368

Newton Topco Limited

Group Balance Sheet (Continued)

As at 31 December 2022

The financial statements were approved by the board of directors and authorised for issue on 15 August 2023 and are signed on its behalf by:

Mark Lethbridge

M Lethbridge
Director

Newton Topco Limited

Company Balance Sheet

As at 31 December 2022

	Notes	2022 £	2021 £
ASSETS			
Fixed assets			
Investments	14	1,230,808	1,230,808
Current assets			
Debtors falling due after more than one year	17	5,981,771	5,590,441
Debtors falling due within one year	17	3,892,486	3,891,485
		9,874,257	9,481,926
Total assets		11,105,065	10,712,734
EQUITY			
Capital and reserves			
Called up share capital	23	9,400	9,390
Share premium account		930,600	929,610
Retained losses		(672,096)	(182,979)
Total equity		267,904	756,021
LIABILITIES			
Creditors: amounts falling due after more than one year			
Loans and overdrafts	19	10,822,161	9,928,588
Creditors: amounts falling due within one year			
	18	15,000	28,125
Total equity and liabilities		11,105,065	10,712,734

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £489,117 (2021 - £182,979 loss).

The financial statements were approved by the board of directors and authorised for issue on 15 August 2023 and are signed on its behalf by:

Mark Lethbridge

M Lethbridge
Director

Company Registration No. 13409935

Newton Topco Limited

Group Statement of Changes in Equity For the year ended 31 December 2022

	Share capital	Share premium account	Retained losses	Equity attributable to owners of the parent company	Non-controlling interest	Total
	£	£	£	£	£	£
Balance at 20 May 2021	-	-	-	-	-	-
Period ended 31 December 2021:						
Loss and total comprehensive income for the period	-	-	(1,729,708)	(1,729,708)	-	(1,729,708)
Issue of share capital	9,390	929,610	-	939,000	-	939,000
Balance at 31 December 2021	9,390	929,610	(1,729,708)	(790,708)	-	(790,708)
Year ended 31 December 2022:						
Loss for the year	-	-	(3,235,987)	(3,235,987)	337,254	(3,244,110)
Other comprehensive loss:						
Currency translation differences	-	-	(320,498)	(320,498)	-	(320,498)
Amounts attributable to non-controlling interests	-	-	-	-	26,150	26,150
Total comprehensive income for the year	-	-	(3,556,485)	(3,556,485)	363,404	(3,193,081)
Issue of share capital	10	990	-	1,000	-	1,000
Acquisition of subsidiary	-	-	-	-	477,394	477,394
Balance at 31 December 2022	9,400	930,600	(5,286,193)	(4,346,193)	840,798	(3,505,395)

Newton Topco Limited

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Notes	Share capital £	Share premium account £	Retained losses £	Total £
Balance at 20 May 2021		-	-	-	-
Period ended 31 December 2021:					
(Loss) and total comprehensive income for the period		-	-	(182,979)	(182,979)
Issue of share capital	23	9,390	929,610	-	939,000
Balance at 31 December 2021		9,390	929,610	(182,979)	756,021
Year ended 31 December 2022:					
(Loss) and total comprehensive income for the year		-	-	(489,117)	(489,117)
Issue of share capital	23	10	990	-	1,000
Balance at 31 December 2022		9,400	930,600	(672,096)	267,904

Newton Topco Limited

Group Statement of Cash Flows

For the year ended 31 December 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	31	8,628,801		155,249	
Interest paid		(778,988)		(786,498)	
Income taxes paid		(247,058)		(326,795)	
Net cash inflow/(outflow) from operating activities		7,602,755		(958,044)	
Investing activities					
Purchase of businesses		(4,123,920)	(12,971,569)		
Purchase of intangible assets		(195,375)	(55,500)		
Purchase of tangible assets		(207,301)	-		
Proceeds on disposal of tangible fixed assets		-	4,840		
Payment of deferred consideration		(251,870)	-		
Interest received		-	1,012		
Net cash used in investing activities		(4,778,466)		(13,021,217)	
Financing activities					
Proceeds from issue of shares		1,000	6,700,014		
Proceeds from new loan notes		-	12,118,883		
Proceeds of new bank loans		2,239,735	9,881,444		
Repayment of bank loans		(1,050,000)	(10,000,000)		
Net cash generated from financing activities		1,190,735		18,700,341	
Net increase in cash and cash equivalents		4,015,024		4,721,080	
Cash and cash equivalents at beginning of year		4,743,731		-	
Effect of foreign exchange rates		276,263		22,651	
Cash and cash equivalents at end of year		9,035,018		4,743,731	

Newton Topco Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1 Accounting policies

Company information

Newton Topco Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 69 Wilson Street, London, EC2A 2BB.

The group consists of Newton Topco Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company.

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

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated group financial statements consist of the financial statements of the parent company Newton Topco Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

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

The directors highlight that the profit and loss account includes a significant number of non-cash items relating to the acquisition of subsidiaries and the revaluation of other non-cash equity instruments. By way of an example, the Group generated £10.4m (2021: £6.6m) of operating cash over the whole of 2022 which the directors are very pleased with. The Group also finished the year with £9.0m (2021: £4.7m) of cash reserves which provides significant liquidity.

As at the balance sheet date the Group had consolidated total assets of £61.1m. Within the liabilities on the balance sheet there are the shareholder loan notes (£21.8m) and shareholder preferred ordinary shares (£10.8m) which have to be shown as liabilities for accounting purposes but which the directors and shareholders view as being equity instruments which will most likely only fall due for payment upon a future sale of the Group. Taking this into account the Group balance sheet is very healthy.

As a result, the directors believe that the Group and Company will be able to continue to meet their liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements. Consequently the financial statements have been prepared on a going concern basis.

1.4 Reporting period

The company and the group's financial statements are presented for the full period ending 31 December 2022.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	20% straight line
----------	-------------------

1.8 Tangible fixed assets

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

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

Leasehold improvements	Over the life of the lease
Fixtures and fittings	20% - 33% straight line
Computer equipment	25% - 33% straight line

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

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Cash and cash equivalents

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

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.12 Financial instruments

The group 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 in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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.

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 group 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 group after deducting all of its liabilities.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preferred ordinary shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest 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 that do not meet the conditions in FRS 102 paragraph 11.9 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 the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.14 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.17 Leases

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

1.18 Government grants

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

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

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Revenue recognition

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to management review.

Depreciation

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment and note 1.8 for the useful economic lives for each class of asset.

Amortisation

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 12 for the carrying amount of the intangible assets and notes 1.6 and 1.7 for the useful economic lives for each class of asset.

Deferred consideration

The group made an estimation of the deferred value of consideration on acquisitions in the year. When assessing the value, management considered the discounted cash flows up to the date of deferred consideration date.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Provisions

Provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Rendering of services	43,780,981	8,224,814
	<u>43,780,981</u>	<u>8,224,814</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	7,612,945	4,006,589
Europe	5,632,754	1,659,543
United States	25,886,419	1,335,450
Rest of the world	4,648,863	1,223,232
	<u>43,780,981</u>	<u>8,224,814</u>
	2022 £	2021 £
Other revenue		
Interest income	969	1,012
Grants received	812	-
	<u>812</u>	<u>-</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(275,294)	(23,815)
Research and development costs	30,086	18
Depreciation of owned tangible fixed assets	115,968	42,057
(Profit)/loss on disposal of tangible fixed assets	-	130
Amortisation of intangible assets	4,744,126	1,352,533
Operating lease charges	801,949	128,021
	<u>4,744,126</u>	<u>1,352,533</u>

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15,265	11,000
Audit of the financial statements of the company's subsidiaries	136,093	94,000
	<u>151,358</u>	<u>105,000</u>
For other services		
Taxation compliance services	<u>18,850</u>	<u>14,100</u>

6 Employees

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

Group 2022 Number	Group 2021 Number	Company 2022 Number	Company 2021 Number
226	143	-	-

Their aggregate remuneration comprised:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	14,763,852	2,712,495	-	-
Social security costs	1,141,093	996,433	-	-
Pension costs	233,168	155,732	-	-
	<u>16,138,113</u>	<u>3,864,660</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	762,343	253,068
Company pension contributions to defined contribution schemes	10,305	3,313
	<u>772,648</u>	<u>256,381</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

7 Directors' remuneration

(Continued)

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

	2022 £	2021 £
Remuneration for qualifying services	206,646	77,563
Company pension contributions to defined contribution schemes	1,321	440

The key management personnel are the same as the directors of the Company.

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	-	19
Other interest income	969	993
Total income	969	1,012

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	19
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9 Amounts written off investments

	2022 £	2021 £
Amounts written back to/(written off) financial assets held at cost	-	(12,800)

10 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	862,327	675,550
Shareholder loan note interest	1,814,224	560,542
Other interest on financial liabilities	127,746	151,546
	2,804,297	1,387,638
Other finance costs:		
Unwinding of discount on provisions	474,419	116,352
Preferred ordinary share dividends	893,573	276,088
Other interest	37,282	7,634
Total finance costs	4,209,571	1,787,712

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	696,170	121,109
Adjustments in respect of prior periods	-	3,290
Total UK current tax	696,170	124,399
Foreign current tax on profits for the current period	3,460	-
Total current tax	699,630	124,399
Deferred tax		
Origination and reversal of timing differences	64,870	26,132
Total tax charge	764,500	150,531

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Loss before taxation	(2,134,233)	(1,579,177)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i>	(405,504)	(300,044)
Tax effect of expenses that are not deductible in determining taxable profit	-	580
Tax effect of expenses that aren't deductible	83,630	57,331
Corporate interest restriction	-	56,619
Unutilised tax losses carried forward	-	(2,391)
Preferred ordinary share dividends	169,779	52,457
Effect of change in corporation tax rate	(3,527)	10,137
Amortisation on assets not qualifying for tax allowances	880,547	256,981
Other non-reversing timing differences	(53,282)	-
Other permanent differences	8,247	-
Pre acquisition sales	-	7,866
Effect of overseas tax rates	5,047	3,378
Under/(over) provided in prior years	(5,119)	18,420
Deferred tax not adjusted on business combinations	84,682	(8,157)
Other tax items	-	(2,646)
Taxation charge	764,500	150,531

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 January 2022	39,660,517	55,500	39,716,017
Additions	6,432,507	250,875	6,683,382
Revaluation	362,825	-	362,825
At 31 December 2022	46,455,849	306,375	46,762,224
Amortisation and impairment			
At 1 January 2022	1,352,533	-	1,352,533
Amortisation charged for the year	4,744,126	-	4,744,126
At 31 December 2022	6,096,659	-	6,096,659
Carrying amount			
At 31 December 2022	40,359,190	306,375	40,665,565
At 31 December 2021	38,307,984	55,500	38,363,484

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

13 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	20,006	88,332	106,553	214,891
Additions	-	10,740	101,516	112,256
Business combinations	-	63,425	-	63,425
At 31 December 2022	20,006	162,497	208,069	390,572
Depreciation and impairment				
At 1 January 2022	3,601	19,112	18,202	40,915
Depreciation charged in the year	2,325	59,600	54,043	115,968
At 31 December 2022	5,926	78,712	72,245	156,883
Carrying amount				
At 31 December 2022	14,080	83,785	135,824	233,689
At 31 December 2021	16,405	69,220	88,351	173,976

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

14 Fixed asset investments

	Notes	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Investments in subsidiaries	15	-	-	1,230,808	1,230,808

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

14 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 January 2022 and 31 December 2022

1,230,808

Carrying amount

At 31 December 2022

1,230,808

At 31 December 2021

1,230,808

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

15 Subsidiaries

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

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Gravity London Limited	1	Integrated Marketing Services	Ordinary	-	100.00
Gravity Oxford Ltd	2	Strategic and Creative Marketing Communications Solutions	Ordinary	-	100.00
Gravity Global Performance Marketing Ltd	3	Digital Marketing	Ordinary	-	100.00
AGA Consult Limited	1	Dormant	Ordinary	-	100.00
AGA Public Relations Limited	1	Dormant	Ordinary	-	100.00
Gravity Worldwide Limited	1	Dormant	Ordinary	-	100.00
Gravity Global Digital Ltd	1	Digital Marketing	Ordinary	-	100.00
Gravity Global Shared Services Sp. Zoo	4	Software Development Services	Ordinary	-	100.00
Larsen Walsh Consultants Limited	1	Strategic and Creative Marketing Communications Solutions	Ordinary	-	100.00
Gravity Global Limited	1	Intermediate holding company	Ordinary	-	100.00
Newton Bidco Limited	1	Intermediate holding company	Ordinary	-	100.00
Newton Midco Limited	1	Intermediate holding company	Ordinary	100.00	-
Gravity Global US Holdings, Inc.	5	Holding company	Ordinary	-	100.00
Gravity Global Holdings LLC	5	Holding company	Ordinary	-	51.00
Gravity Global Houston LLC	5	Strategic and Creative Marketing Communication Solutions	Ordinary	-	51.00
Morsekode LLC	6	Strategic and Creative Marketing Communication Solutions	Ordinary	-	51.00
Mojo Media Labs, LLC	7	ABM Specialist Marketing Services	Ordinary	-	51.00

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

15 Subsidiaries

(Continued)

Registered office addresses:

- 1 69 Wilson Street, London, United Kingdom, EC2A 2BB
- 2 Wooden Barn, Little Baldon, Oxford, United Kingdom, OX44 9PU
- 3 47-49 Colegate, Norwich, United Kingdom, NR3 1DD
- 4 Tarnowska 18, 33-300 Nowy Sacz, Poland
- 5 1313 N. Market Street, Suite 5100, Wilmington, Delaware, 19801, United States
- 6 333 S 7th St 100, Minneapolis, Minnesota 55402, United States
- 7 8500 Keystone Crossing #420, Indianapolis, IN 46240, United States

All of the above subsidiaries have been included within the consolidated results however Gravity Oxford Ltd, Gravity Global Performance Marketing Ltd, Gravity Global Digital Ltd and Larsen Walsh Consultants Ltd were exempt from an audit by virtue of s479A of Companies Act 2006.

16 Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	9,123,277	3,514,674	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	47,620,453	35,256,308	10,837,161	9,956,713

17 Debtors

	Group 2022	Group 2021	Company 2022	Company 2021
Trade debtors	6,815,027	2,833,432	-	-
Corporation tax recoverable	24,910	-	-	-
Amounts owed by group undertakings	-	-	3,892,486	3,891,485
Other debtors	2,291,960	267,066	-	-
Prepayments and accrued income	2,001,574	815,605	-	-
	11,133,471	3,916,103	3,892,486	3,891,485

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

17 Debtors

(Continued)

Amounts falling due after more than one year:

Amounts owed by group undertakings	-	-	5,981,771	5,590,441
Deferred tax asset (note 21)	1,084	74	-	-
	<u>1,084</u>	<u>74</u>	<u>5,981,771</u>	<u>5,590,441</u>
Total debtors	11,134,555	3,916,177	9,874,257	9,481,926

18 Creditors: amounts falling due within one year

	Notes	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	19	590,000	1,050,000	-	-
Trade creditors		4,012,987	1,334,608	-	-
Corporation tax payable		694,978	222,577	-	-
Other taxation and social security		1,630,380	587,928	-	-
Other creditors		4,282,509	858,851	-	-
Accruals and deferred income		7,792,696	2,995,666	15,000	28,125
		<u>19,003,550</u>	<u>7,049,630</u>	<u>15,000</u>	<u>28,125</u>

19 Loans and overdrafts

		Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans		11,167,611	9,924,310	-	-
Preferred ordinary shares		10,822,161	9,928,588	10,822,161	9,928,588
Shareholder loan notes		21,757,371	19,815,401	-	-
		<u>43,747,143</u>	<u>39,668,299</u>	<u>10,822,161</u>	<u>9,928,588</u>
Payable within one year		590,000	1,050,000	-	-
Payable after one year		<u>43,157,143</u>	<u>38,618,299</u>	<u>10,822,161</u>	<u>9,928,588</u>

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

19 Loans and overdrafts

(Continued)

The bank loans are secured by fixed charges over the assets of group companies. See note 25 for further details.

During the year, the group drew down bank loans under its existing facilities totalling \$2,700,000 (2021: £10,500,000) to fund the acquisition of group companies. The group has four facilities available, being Facility A, B, C and a revolving credit facility. At year end the outstanding liabilities were as follows:

Facility A £2,450,000 (2021: £3,000,000) – included within this loan in the accounts are capitalised costs of £185,567.

Facility B £7,000,000 (2021: £7,000,000) – included within this loan in the accounts are capitalised costs of £432,989.

Facility C \$2,700,000 (2021: \$nil) – in GBP £2,237,735 (2021: £nil) – included within this loan in the accounts are capitalised costs of £67,192.

Revolving Credit Facility £nil (2021: £500,000).

Interest is charged on the loans with an interest margin between 4.5% - 5% per annum plus SONIA. Term Facility A is repayable by variable quarterly repayments and the short term element has been disclosed within creditors due within one year. Facility C is repayable by variable quarterly repayments starting in 2024. All loans are fully repayable by the maturity date between 2026 and 2027.

The group and company has issued preferred ordinary shares for £nil (2021: £9,652,500) in the year. The preferred ordinary shares accrue 9% dividends compounded per annum. Total dividends accrued in the year amounted to £893,573 (2021: £276,088) and the total accrued dividends balance at the year end is £1,169,661 (2021: £276,088). The group has issued shareholder loan notes for £328,987 (2021: £19,597,500) in the year. The shareholder loan notes accrue 9% interest compounded per annum. Total interest accrued in the year amounted to £1,814,224 (2021: £560,542) and the total interest balance at the year end is £2,045,779 (2021: £560,542). Included within shareholder loan notes are £383,240 of capitalised costs.

20 Other creditors falling due after one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other creditors	2,300,763	2,273,261	-	-

Other creditors falling due after more than one year includes deferred share consideration totalling £2,300,763 (2021: £2,273,261) relating to liabilities that in the future will be settled partially by issuance of group equity and debt instruments, or, at the group's option, partially by cash consideration. As at 31 December 2022, the deferred share consideration is in relation to the acquisition by Gravity Global Holdings LLC of Morsecode LLC and Mojo Media Labs LLC.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	(112,766)	(46,886)	1,084	74

The company has no deferred tax assets or liabilities.

	Liabilities 2022 £	Assets 2022 £
Movements in the year:		
Liability/(Asset) at 1 January 2022	46,886	(74)
Charge/(credit) to profit or loss	65,880	(1,010)
Liability/(Asset) at 31 December 2022	112,766	(1,084)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	233,168	155,732

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. At year end, the amounts outstanding in respect of pension contributions payable is £18,490 (2021: £17,100).

23 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of 1p each	542,252	542,252	5,423	5,423
Ordinary B shares of 1p each	307,748	307,748	3,077	3,077
Ordinary C1 shares of 1p each	90,000	89,000	900	890
	940,000	939,000	9,400	9,390

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

23 Share capital

(Continued)

	2022 Number	2021 Number	2022 £	2021 £
Preferred ordinary share capital Issued and fully paid				
Preferred ordinary A shares of 1p each	6,157,762	6,157,762	61,578	61,578
Preferred ordinary B shares of 1p each	3,494,738	3,494,738	34,947	34,947
	<u>9,652,500</u>	<u>9,652,500</u>	<u>96,525</u>	<u>96,525</u>
Preferred ordinary shares classified as liabilities			<u>96,525</u>	<u>96,525</u>

During the year, the group and company issued 1,000 C1 ordinary shares of £0.01 each for a total consideration of £1,000. This issue gave rise to share premium of £990.

During the prior period the group and company issued the following shares:

542,252 Ordinary A shares of £0.01 each for a total consideration of £542,252.
307,748 Ordinary B shares of £0.01 each for total consideration of £307,748.
89,000 Ordinary C1 shares of £0.01 each for total consideration of £89,000.
6,157,762 Preferred ordinary A shares of £0.01 each for total consideration of £6,157,762.
3,494,738 Preferred ordinary B shares of £0.01 each for total consideration of £3,494,738.

The above prior period transactions gave rise to an aggregate total share premium of £10,485,585.

Ordinary A and ordinary B and ordinary C1 shareholders are entitled to full voting rights. The entitlement of dividend income is as determined by the company amongst the holders of ordinary shares. Preferred ordinary A shareholders and preferred ordinary B shareholders have no voting rights and have no automatic right to distribution but the company may determine with respect to any ordinary share to distribute dividends.

The group and company issued preferred ordinary shares for £nil (2021: £9,652,500) in the year. The preferred ordinary shares accrue 9% dividends compounded per annum. Total dividends accrued in the year amounted to £893,573 (2021: £276,088) and the total outstanding balance at the year end is £10,822,161 (2021: £9,928,588). The preferred ordinary shares are included in long term liabilities.

The preferred ordinary shares are included within long term liabilities within the accounts for statutory reporting purposes, however directors and shareholders view these as equity instruments, and treat them accordingly for internal reporting purposes.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

24 Acquisition of a business

On 2 March 2022, the group acquired 51% of Gravity Global Holdings LLC. The cost of the acquisition comprised of cash consideration and contingent deferred consideration

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Tangible fixed assets	13,820	-	13,820
Trade debtors	58,048	-	58,048
Prepayments and accrued income	85,832	-	85,832
Other creditors	(74,978)	-	(74,978)
Accruals and deferred income	(186,833)	-	(186,833)
Total identifiable net assets	(104,111)	-	(104,111)
Non-controlling interests			(53,006)
Goodwill			1,452,205
Total consideration			1,399,199
The consideration was satisfied by:			£
Cash and deal fees			1,072,591
Deferred consideration			326,608
			1,399,199

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

24 Acquisition of a business

(Continued)

On 3 March 2022, the group acquired 51% of Morsekode LLC. The cost of the acquisition comprised of cash consideration and contingent deferred consideration.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Property, plant and equipment	9,062	-	9,062
Trade and other receivables	744,930	-	744,930
Cash and cash equivalents	490,486	-	490,486
Trade and other payables	(958,817)	-	(958,817)
Tax liabilities	(3,266)	-	(3,266)
Total identifiable net assets	282,395	-	282,395
Non-controlling interests			(138,373)
Goodwill			1,320,735
Total consideration			1,334,108
The consideration was satisfied by:			£
Cash and deal fees			735,069
Deferred consideration			478,588
Cash in escrow			120,451
			1,334,108

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

24 Acquisition of a business

(Continued)

On 12 May 2022, the group acquired 51% of Mojo Media Labs LLC. The cost of the acquisition comprised of cash consideration and contingent deferred consideration.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Intangible assets	254,845	-	254,845
Property, plant and equipment	2,660	-	2,660
Trade and other receivables	257,052	-	257,052
Cash and cash equivalents	604,526	-	604,526
Trade and other payables	(321,785)	-	(321,785)
Total identifiable net assets	797,298	-	797,298
Non-controlling interests			(390,035)
Goodwill			3,545,179
Total consideration			3,952,442
The consideration was satisfied by:			£
Cash and deal fees			2,314,945
Deferred consideration			1,637,497
			3,952,442

25 Financial commitments, guarantees and contingent liabilities

A composite guarantee has been given to the group's bank loan lenders in respect of any debts or liabilities owing to the lenders by any party to the guarantee. The parties to the guarantee are the companies listed below:

Gravity Global Limited
Gravity London Limited
Gravity Oxford Ltd
Gravity Global Performance Marketing Ltd
Gravity Global Digital Ltd
Larsen Walsh Consultants Limited

At the balance sheet date, the group's indebtedness to its lenders was £11,687,735 (2021: £10,500,000).

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

26 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in relation to leasehold properties, which fall due as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Within one year	504,238	339,664	-	-
Between two and five years	698,210	70,618	-	-
	<u>1,202,448</u>	<u>410,282</u>	<u>-</u>	<u>-</u>

27 Capital commitments

As part of the acquisition of Gravity Global Holdings LLC, the group is obliged to purchase the remaining 49% of equity Gravity Global Holdings LLC by 30 September 2025. As at 31 December 2022, the group was in negotiations to purchase this 49% and the purchase was finalised on 9 May 2023.

As at 31 December 2022, the value of this capital commitment totals £4,733,857.

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

28 Related party transactions

As permitted by FRS 102 Section 33 "related party disclosures", the financial statements do not disclose transactions with the wholly owned subsidiaries on the basis that group financial statements are prepared.

During the year, the group issued loan notes with a nominal value of £328,987 (2021: £11,501,953) to Elysian Capital III LP and £nil (2021: £1,000,170) to Elysian Capital Executive Management III LP. The loan notes bear interest at 9% compounded per annum. The group and Elysian Capital LLP are related parties due to the existence of common members/directorships and because the private equity funds, Elysian Capital III LP and Elysian Capital Executive Management III LP, which are managed by Elysian Capital LLP, own a controlling interest in Newton Topco Limited. Total interest accrued during the year is £1,064,785 (2021: £328,987) and £92,590 (2021: £28,608) respectively and the total outstanding balances at the year end are £12,895,725 (2021: £11,830,940) and £1,121,368 (2021: £1,028,778) respectively.

During the year, the group provided services to a company in which a director is related by virtue of family interest. The total value of services provided was £4,200 (2021: £1,400). As at 31 December 2022, there was deferred income of £350 (2021: £350) and an amount of £840 (2021: £2,340) due to Gravity London Limited in relation to these services.

During the year, the group made purchases totalling £193,086 (2021: £77,640) from Statik Space Limited, which is a related party by virtue of common directorship. As at 31 December 2022, an amount of £109,086 (2021: £77,640) was outstanding at year end.

As at 31 December 2022, there was a balance of £128 (2021: £83) due from one of the Directors of Gravity Global Digital Ltd and a balance of £94 (2021: £418) due from one of the Directors of Larsen Walsh Consultants Limited. All director loans are repayable on demand and are included within other debtors due within one year. In the prior period the group issued loan notes to three Directors, each Director received loan notes with nominal value of £2,244,640. The loan notes bear interest at 9% compounded per annum. Total interest accrued during the year for each Director amounted to £207,796 (2021: £64,203) and the total outstanding balance at the year end is £2,516,639 (2021: £2,308,843) per director.

During the year, the group and company issued preferred ordinary shares for £nil (2021: £5,665,141) to Elysian Capital III LP and £nil (2021: £492,621) to Elysian Capital Executive Management III LP. The preferred ordinary shares accrue 9% dividends compounded per annum. Total dividends accrued in the year amounted to £524,446 (2021: £162,039) and £45,604 (2021: £14,090) respectively and the total outstanding balances at the year end are £6,351,626 (2021: £5,827,180) and £552,315 (2021: £506,711) respectively.

During the year, the group and company has issued preferred ordinary shares to three Directors, each Director received preferred ordinary shares of £nil (2021: £1,105,570). The preferred ordinary shares accrue 9% dividends compounded per annum. Total dividends accrued in the year for each Director amounted to £102,347 (2021: £31,622) and the total outstanding balance at the year end is £1,239,540 (2021: £1,137,192) per director.

The group was charged £51,463 (2021: £15,625) in the year for a range of monitoring services by Elysian Capital LLP. The amount outstanding at year end was £41,663 (2021: £15,625).

Newton Topco Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

29 Events after the reporting date

On 9 May 2023, Gravity Global US Holdings Inc, acquired 100% of the share capital of Fogarty & Klein, Inc, a US incorporated company and 9th Wonder Global LLC, a US limited liability company. Post the acquisition of Fogarty & Klein, Inc, the group now owns 100% of Gravity Global Holdings LLC, Gravity Global Houston LLC, Morsekode LLC and Mojo Media Labs LLC.

30 Controlling party

The company and group are controlled by Elysian Capital III LP of 1 Southampton Street, London, WC2R 0LR, on the basis that it controls a controlling interest in the voting rights of the share capital of Newton Topco Limited. The smallest and largest group in which the results of the company are consolidated is that headed by itself.

31 Cash generated from group operations

	2022 £	2021 £
Loss for the year after tax	(2,898,733)	(1,729,708)
Adjustments for:		
Taxation charged	764,500	150,531
Finance costs	4,209,571	1,787,712
Investment income	(969)	(1,012)
(Gain)/loss on disposal of tangible fixed assets	(37)	574
Amortisation and impairment of intangible assets	(4,744,126)	1,352,533
Depreciation and impairment of tangible fixed assets	115,968	42,057
Foreign exchange gains on cash equivalents	(632,369)	(23,815)
Other gains and losses	(363,404)	12,800
Movements in working capital:		
(Increase)/decrease in debtors	(4,104,283)	2,218,331
Increase/(decrease) in creditors	6,794,431	(3,655,918)
Cash generated from operations	8,628,801	154,085

32 Analysis of changes in net debt - group

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	4,743,731	4,291,287	9,035,018
Borrowings excluding overdrafts	(39,668,299)	(4,078,844)	(43,747,143)
	<u>(34,924,568)</u>	<u>212,443</u>	<u>(34,712,125)</u>