

Company Registration No. 13664692 (England and Wales)

**NEWTON GROUP HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 AUGUST 2022**

TUESDAY



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COMPANIES HOUSE

# NEWTON GROUP HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Clarke S Dyde J Frost A Hawes C Hodgson G King G Knight L McGivern E Mills T Wedgwood
<b>Secretary</b>	S Dyde
<b>Company number</b>	13664692
<b>Registered office</b>	2 Kingston Business Park Kingston Bagpuize Abingdon Oxfordshire OX13 5FE
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

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# NEWTON GROUP HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 AUGUST 2022

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

The company was incorporated on 6 October 2021 and these financial statements are the first financial statements for the period from incorporation to 31 August 2022.

#### **Review of Business and Key Performance Indicators**

The company was incorporated on 6 October 2021 to acquire the share capital of Newton MidCo Limited and ultimately control the Newton group of companies with Newton Europe Limited as the main trading entity.

The group performed well in the period, with turnover of £103.8m and operating loss of £19.8m, after amortisation of £52.2m, for the period ended 31 August 2022.

The Group's principal Key Performance Indicators (KPI's) are turnover and operating margins. Operating margins performed strongly and the business has invested significantly in long term growth, adding further capacity and capability across the consulting and support teams as well as making investments in the brand and market positioning. Significant investment continues into 2023 across our head office, branding and people which is expected to support both the future growth and margins of the business.

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 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 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 business is committed to providing the best consultancy services to our customers. To meet this commitment, the business invests heavily in recruiting, training 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 Directors recognise that Newton employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating the best employees. To ensure that we remain a responsible employer the Directors factor the implications of decisions on employees and the wider workforce where relevant and feasible. This includes but is not limited to decisions made about employee pay, benefits, health, safety and workplace environment.

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

Delivering our strategy requires strong mutually beneficial relationships with suppliers and customers. Newton seeks the promotion and application of fair and reasonable general principles in all relationships. We have been members of the Prompt Payment Code since 2021.

# NEWTON GROUP HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2022

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*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.

On behalf of the board



.....  
T Wedgwood  
Director

24/05/23  
Date: .....

# NEWTON GROUP HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 AUGUST 2022

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

The company was incorporated on 6 October 2021 and these financial statements are the first financial statements for the period from incorporation to 31 August 2022.

#### Principal activities

The principal activity of the group is that of operational improvement consultanting. The principal activity of the company is that of a holding company.

#### Results and dividends

The results for the period are set out on page 10.

No ordinary dividends were paid and preference dividends were paid amounting to £211,000. The directors do not recommend payment of a further dividend.

#### Directors

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

A Clarke	(Appointed 17 October 2021)
S Dyde	(Appointed 17 October 2021)
J Frost	(Appointed 17 October 2021)
A Hawes	(Appointed 17 October 2021)
C Hodgson	(Appointed 1 September 2022)
G King	(Appointed 17 October 2021)
G Knight	(Appointed 17 October 2021)
L McGivern	(Appointed 6 October 2021)
E Mills	(Appointed 17 October 2021)
T Wedgwood	(Appointed 17 October 2021)

#### Qualifying third party indemnity provisions

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

#### Disabled persons

The company is committed, through its employment policy, to the principle of equal opportunity for all. As part of this policy the company gives full consideration to all applications received from disabled persons. The company endeavours to provide specific assistance and arrangements, including any specialist training which may be appropriate, to those who have physical or mental disabilities to enable them to work for business.

#### Employee involvement

The company engages and communicates information to employees regarding the activities and performance of the business through a number of platforms, including staff review days, employee briefings, internal intranet site, regular employee surveys and committee meetings. Training is recognised as important to the efficiency of the business and professional and personal development of each employee. The company also operates a profit sharing bonus scheme which is based on the performance of the company.

#### Auditor

RSM UK Audit 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.

# NEWTON GROUP HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2022

#### Energy and carbon reporting

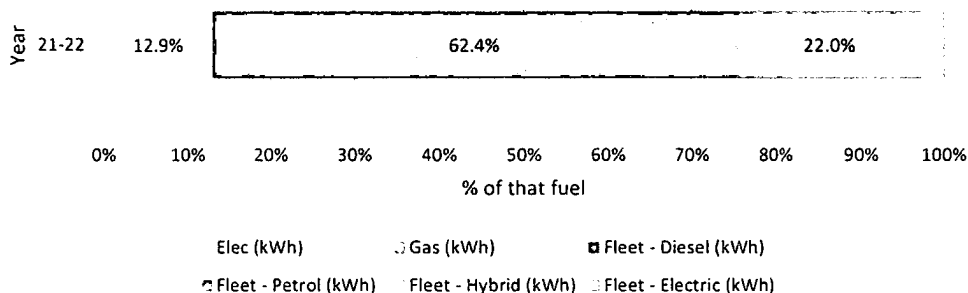
This statement covers the reporting period to 31st August 2022. The scope of energy use included in the report is electricity, gas, diesel, and petrol.

#### Newton Group Holdings Ltd. Total Energy Consumption (TEC)

Reference Period : 17th Oct 2021 to 31st Aug 2022

Site/Description	Elec (kWh)	Gas (kWh)	Fleet-Diesel (kWh)	Fleet-Petrol (kWh)	Fleet-Hybrid (kWh)	Fleet-Electric (kWh)	Total	%
Site	150,064	-					150,064	12.9%
Transport			722,574	255,233	8,646	22,346	1,008,799	87.1%
	150,064	-	722,574	255,233	8,646	22,346	1,158,862	100.0%
Percentage Split by Fuels	12.9%	0%	62.4%	22.0%	0.7%	1.9%	100%	

#### % kWh Split by Fuels



#### Intensity ratio

Our intensity ratio has been calculated by converting our energy usage into tonnes of CO<sub>2</sub>e per full time equivalent staff (current head count: 546), the key driver of our energy and carbon usage.

Year	21-22
Intensity Ratio (tCO <sub>2</sub> e per full time equivalent staff)	0.516
Transport	0.463
Electricity	0.053
Gas	0.000

# NEWTON GROUP HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2022

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#### *Measures taken to improve energy efficiency*

In the period covered by the report:

- Newton's Environment Committee, consisting of employees who are passionate about environmental improvements, continues to grow. The Team is supported by one of our co-founders and the various workstreams influence the Company's annual environmental objectives & targets.
- Newton Europe is committed to achieving Net Zero emissions by 2027 for its UK operations (as stated in our published Carbon Reduction Plan). The Environment Committee are monitoring and measuring key impacts to reduce our emissions as much as possible before offsetting the residual.
- We have introduced a month-to-month monitoring and measurement dashboard of measurable operational team emissions to influence behaviours to drive down the emissions associated with the team. This will be rolled out across the entire operational body in the coming financial year.
- We have bought in 11 diesels, 10 fully electrics and 18 plug in hybrids. Over the next few months, we're removing 80 diesels and bringing on 50 fully electrics and 95 hybrids. Newton consultants receive efficient driver training, and we use telematics to monitor and improve driver efficiency. We will be installing electric car charging points in the car park in the next financial year.

We use a 100% renewable energy supplier for Newton's Head Office.

#### **Strategic report**

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

#### **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  
.....

# **NEWTON GROUP HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2022**

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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 group and company, and of the profit or loss of the group and 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 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.



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON GROUP HOLDINGS LIMITED**

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## **Opinion**

We have audited the financial statements of Newton Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 August 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 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 group's and of the parent company's affairs as at 31 August 2022 and of the group's loss for the period 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 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 or the 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.

## **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 period 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 GROUP HOLDINGS LIMITED (CONTINUED)**

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### **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 set out on page 6, 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 the 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 the parent 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 group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are 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 GROUP HOLDINGS LIMITED (CONTINUED)

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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 and revenue recognition and work in progress as the areas 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. We performed substantive tests of detail, alongside various data led analytical procedures in relation to revenue recognition.

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 GROUP HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 AUGUST 2022

	Notes	Period ended 31 August 2022 £
Turnover	3	103,756,160
Cost of sales		(49,923,429)
<b>Gross profit</b>		<b>53,832,731</b>
Administrative expenses		(21,414,394)
Amortisation	12	(52,203,449)
<b>Operating loss</b>	<b>6</b>	<b>(19,785,112)</b>
Interest receivable and similar income	8	4,662
Interest payable and similar expenses	9	(6,649,299)
<b>Loss before taxation</b>		<b>(26,429,749)</b>
Tax on loss	10	(5,733,118)
<b>Loss for the financial period</b>		<b>(32,162,867)</b>

The loss for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

**NEWTON GROUP HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2022**

	Notes	2022 £	£
<b>Fixed assets</b>			
Goodwill	12	299,200,341	
Tangible assets	13	1,016,902	
			300,217,243
<b>Current assets</b>			
Debtors	17	48,012,058	
Cash at bank and in hand		24,109,941	
		72,121,999	
<b>Creditors: amounts falling due within one year</b>	18	(31,412,272)	
<b>Net current assets</b>			40,709,727
<b>Total assets less current liabilities</b>			340,926,970
<b>Creditors: amounts falling due after more than one year</b>	19	(122,828,100)	
<b>Net assets</b>			218,098,870
<b>Capital and reserves</b>			
Called up share capital	23	102,514	
Share premium account	24	252,277,041	
Profit and loss reserves	24	(34,280,685)	
<b>Total equity</b>			218,098,870

The financial statements were approved by the board of directors and authorised for issue on 24/05/23 and are signed on its behalf by:



.....  
T Wedgwood  
Director

**NEWTON GROUP HOLDINGS LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2022**

	Notes	2022 £	£
<b>Fixed assets</b>			
Investments	14		163,569
<b>Current assets</b>			
Debtors	17	264,415,323	
Cash at bank and in hand		21,865	
		<u>264,437,188</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(2,272)</u>	
<b>Net current assets</b>			<u>264,434,916</u>
<b>Total assets less current liabilities</b>			<u>264,598,485</u>
<b>Creditors: amounts falling due after more than one year</b>	19		<u>(2,756,832)</u>
<b>Net assets</b>			<u><u>261,841,653</u></u>
<b>Capital and reserves</b>			
Called up share capital	23		102,514
Share premium account	24		252,277,041
Profit and loss reserves	24		<u>9,462,098</u>
<b>Total equity</b>			<u><u>261,841,653</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £12,687,821.

The financial statements were approved by the board of directors and authorised for issue on 24/05/23 and are signed on its behalf by:



.....  
T Wedgwood  
Director

# **NEWTON GROUP HOLDINGS LIMITED**

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2022**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Period ended 31 August 2022:</b>					
Loss and total comprehensive income for the period		-	-	(32,162,867)	(32,162,867)
Issue of share capital	23	102,514	252,277,041	-	252,379,555
Dividends	11	-	-	(3,225,723)	(3,225,723)
Deferred tax effect of share based payments		-	-	1,107,905	1,107,905
<b>Balance at 31 August 2022</b>		<b>102,514</b>	<b>252,277,041</b>	<b>(34,280,685)</b>	<b>218,098,870</b>

# **NEWTON GROUP HOLDINGS LIMITED**

## **COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2022**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Period ended 31 August 2022:</b>					
Profit and total comprehensive income for the period		-	-	12,687,821	12,687,821
Issue of share capital	23	102,514	252,277,041	-	252,379,555
Dividends	11	-	-	(3,225,723)	(3,225,723)
<b>Balance at 31 August 2022</b>		<b>102,514</b>	<b>252,277,041</b>	<b>9,462,098</b>	<b>261,841,653</b>



# **NEWTON GROUP HOLDINGS LIMITED**

## **CONSOLIDATED STATEMENT OF CASH FLOWS** **FOR THE PERIOD ENDED 31 AUGUST 2022**

		2022	
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	25	86,821,658	
Income taxes paid		(9,728,028)	
<b>Net cash inflow/(outflow) from operating activities</b>		<u>77,093,630</u>	
<b>Investing activities</b>			
Acquisition of subsidiary		(49,507,771)	
Purchase of tangible fixed assets		(774,054)	
Interest received		4,662	
<b>Net cash used in investing activities</b>		<u>(50,277,163)</u>	
<b>Financing activities</b>			
Interest paid on financing arrangements		(2,495,526)	
Dividends paid to equity shareholders		(211,000)	
<b>Net cash used in financing activities</b>		<u>(2,706,526)</u>	
<b>Net increase in cash and cash equivalents</b>		<u>24,109,941</u>	
Cash and cash equivalents at beginning of period			-
<b>Cash and cash equivalents at end of period</b>		<u><u>24,109,941</u></u>	

# NEWTON GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2022

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### 1 Accounting policies

#### Company information

Newton Group Holdings Limited ("the company") 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 group consists of Newton Group Holdings Limited and all of its subsidiaries.

The company's and the group'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.

The 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 for parent company information presented within the consolidated financial statements:

- 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 33 'Related Party Disclosures': Compensation for key management personnel.

#### Basis of consolidation

The consolidated financial statements incorporate those of Newton Group Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 August 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.

# NEWTON GROUP HOLDINGS LIMITED

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

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### 1 Accounting policies (Continued)

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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### **Going concern**

Newton Group Holdings Limited is the parent company 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.

#### **Reporting period**

The company was incorporated on 6 October 2021 and the group prepares its first financial statements for the period ended 31 August 2022 in order to align the year end to that of other existing group entities.

#### **Turnover**

Turnover represents net invoiced sales of services and recharges of expenses, excluding value added tax, and attributable revenue on contracts. Revenue on contracts for the supply of services is recognised in accordance with the value of the work carried out on a contract, with relevant profit being recognised where the total profit to be earned can be assessed with reasonable certainty. Provision is made for losses on a contract when identified.

#### **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 5.89 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.

#### **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.

# NEWTON GROUP HOLDINGS LIMITED

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

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### 1 Accounting policies (Continued)

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

Fixtures and fittings	20-25% reducing balance
IT equipment and systems	50% straight line
Motor vehicles	25% reducing balance

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

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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.

#### 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.

#### Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 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 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.

# NEWTON GROUP HOLDINGS LIMITED

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

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### 1 Accounting policies (Continued)

#### **Basic financial assets**

Basic financial assets, which include trade and 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.

#### **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.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference 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.

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

#### **Derecognition of financial liabilities**

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

#### **Equity instruments**

Equity instruments issued by the group are recorded at the fair value of 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.

Preference shares issued by the the company are classified as equity as they are non-redeemable and the entity has no obligation to deliver cash or another financial asset. Dividends on preference shares are shown as a distribution of profit.

# NEWTON GROUP HOLDINGS LIMITED

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

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### 1 Accounting policies (Continued)

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

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 group 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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

#### **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.

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **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.

# NEWTON GROUP HOLDINGS LIMITED

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

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### 1 Accounting policies (Continued)

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 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**

##### ***Classification of preference shares***

Management have exercised judgement regarding the classification of preference shares. As disclosed in note 23, these instruments have been classified as equity. This is because the company has no unavoidable obligation to deliver cash to the holder. There are no fixed dividends payable, nor is redemption mandatory. In arriving at this position, management have considered both the legal form and commercial substance of the rights and obligations regarding these shares. Consideration has also been given to recent IASB publications regarding this issue.

#### **Key sources of estimation uncertainty**

##### ***Impairment of fixed assets***

The company reviews the carrying value of all assets for indications of impairment at each period. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

##### ***Recoverability of trade debtors***

The company makes an assessment of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

##### ***Assessment of stage of completion on long term contracts***

Stage of completion is estimated based on costs incurred to date compared to total budgeted costs taking account of any changes in the forecast profitability of the contract.

# **NEWTON GROUP HOLDINGS LIMITED**

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

### **3 Turnover and other revenue**

	<b>2022</b>
	<b>£</b>
<b>Turnover analysed by class of business</b>	
Management consultancy services	103,756,160
	<u><u>          </u></u>
	<b>2022</b>
	<b>£</b>
<b>Other revenue</b>	
Interest income	4,662
	<u><u>          </u></u>
	<b>2022</b>
	<b>£</b>
<b>Turnover analysed by geographical market</b>	
United Kingdom	103,756,160
	<u><u>          </u></u>

### **4 Employees**

The average monthly number of persons (including directors) employed during the period was:

	<b>Group 2022 Number</b>	<b>Company 2022 Number</b>
Management	11	1
Consultants	362	-
Administration	140	-
	<u>          </u>	<u>          </u>
Total	513	1
	<u><u>          </u></u>	<u><u>          </u></u>

Their aggregate remuneration comprised:

	<b>Group 2022 £</b>	<b>Company 2022 £</b>
Wages and salaries	38,833,488	43,683
Social security costs	6,013,524	587,129
Pension costs	2,598,710	-
	<u>          </u>	<u>          </u>
	47,445,722	630,812
	<u><u>          </u></u>	<u><u>          </u></u>

### **5 Directors' remuneration**

	<b>2022</b>
	<b>£</b>
Remuneration for qualifying services	43,683
	<u><u>          </u></u>



# NEWTON GROUP HOLDINGS LIMITED

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

### 5 Directors' remuneration (Continued)

During the period, the number of directors accruing retirement benefits under a defined contribution pension scheme was nil.

### 6 Operating loss

2022  
£

Operating loss for the period is stated after charging:

Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	5,098
Depreciation of owned tangible fixed assets	590,368
Loss on disposal of tangible fixed assets	10,176
Amortisation of intangible assets	52,203,449
Operating lease charges	1,452,945

### 7 Auditor's remuneration

2022  
£

Fees payable to the company's auditor and associates:

#### For audit services

Audit of the financial statements of the group and company	10,000
Audit of the financial statements of the company's subsidiaries	70,000
	80,000

#### For other services

Taxation compliance services	19,500
All other non-audit services	23,250
	42,750

### 8 Interest receivable and similar income

2022  
£

#### Interest income

Interest on bank deposits	4,662
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### 9 Interest payable and similar expenses

2022  
£

Other interest on financial liabilities	6,649,299
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Other interest on financial liabilities relates to interest payable on loan notes payable to related parties (see note 20).

# NEWTON GROUP HOLDINGS LIMITED

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

### 10 Taxation

	2022 £
<b>Current tax</b>	
Adjustments in respect of prior periods	32,500
<b>Deferred tax</b>	
Origination and reversal of timing differences	5,777,527
Adjustment in respect of prior periods	(76,909)
<b>Total deferred tax</b>	5,700,618
<b>Total tax charge</b>	5,733,118

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

	2022 £
Loss before taxation	(26,429,749)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(5,021,652)
Tax effect of expenses that are not deductible in determining taxable profit	10,215,875
Tax effect of income not taxable in determining taxable profit	4,428,855
Permanent capital allowances in excess of depreciation	(43,989)
Other permanent differences	(377,340)
Under/(over) provided in prior years	32,500
Deferred tax adjustments in respect of prior years	(76,909)
Deferred tax on share options vested	1,107,905
Group income	(4,523,537)
Remeasurement of deferred tax for changes in tax rates	(491,930)
Other	483,340
<b>Taxation charge</b>	5,733,118

#### 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.

### 11 Dividends

	2022 £
Recognised as distributions to equity holders:	
Dividends declared	3,225,723

Included within dividends declared, are £211,000 paid in the period and £3,014,723 accrued as at the period end.

# **NEWTON GROUP HOLDINGS LIMITED**

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

### **11 Dividends (Continued)**

### **12 Intangible fixed assets**

<b>Group</b>	<b>Goodwill £</b>
<b>Cost</b>	
Additions - business combinations	351,403,790
At 31 August 2022	351,403,790
<b>Amortisation and impairment</b>	
Amortisation charged for the period	52,203,449
At 31 August 2022	52,203,449
<b>Carrying amount</b>	
At 31 August 2022	299,200,341

The company had no intangible fixed assets at 31 August 2022.

Amortisation is recognised in administrative expenses.

### **13 Tangible fixed assets**

<b>Group</b>	<b>Fixtures and fittings £</b>	<b>IT equipment and systems £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
Additions - business combinations	603,499	1,699,701	226,969	2,530,169
Additions	1,082	736,796	36,176	774,054
Disposals	-	(12,854)	-	(12,854)
At 31 August 2022	604,581	2,423,643	263,145	3,291,369
<b>Depreciation and impairment</b>				
Depreciation on additions through business combinations	356,640	1,243,655	86,482	1,686,777
Depreciation charged in the period	51,572	501,413	37,383	590,368
Eliminated in respect of disposals	-	(2,678)	-	(2,678)
At 31 August 2022	408,212	1,742,390	123,865	2,274,467
<b>Carrying amount</b>				
At 31 August 2022	196,369	681,253	139,280	1,016,902

The company had no tangible fixed assets at 31 August 2022.

Depreciation is recognised in administrative expenses.

# **NEWTON GROUP HOLDINGS LIMITED**

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

### **14 Fixed asset investments**

	Notes	Group 2022 £	Company 2022 £
Investments in subsidiaries	15	-	163,569

During the period, Newton Group Holdings Limited acquired the entire share capital of Newton Europe Midco Limited, and its associated subsidiary undertakings, on its incorporation.

#### **Movements in fixed asset investments** **Company**

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 6 October 2021	-
Additions	163,569
At 31 August 2022	163,569
<b>Carrying amount</b>	
At 31 August 2022	163,569

# **NEWTON GROUP HOLDINGS LIMITED**

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

### **15 Subsidiaries**

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

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Newton Europe Midco Limited	See below	Holding company	Ordinary	100.00	-
Newton Holdco Limited	See below	Holding company	Ordinary	-	100.00
Newton Europe Bidco Limited	See below	Holding company	Ordinary	-	100.00
Newton Industrial Consultants Holdings Limited	See below	Holding company	Ordinary	-	100.00
Newton Europe Limited	See below	Operational improvement consultants	Ordinary	-	100.00
Newton Dormant Limited	See below	Dormant	Ordinary	-	100.00

The registered office for all subsidiaries is as follows: 2 Kingston Business Park, Kingston Bagpuize, Abingdon, Oxfordshire, OX13 5FE.

### **16 Acquisition**

On 17 October 2021 the group acquired the entire share capital of Newton Industrial Consultants Holdings Limited and its subsidiaries for consideration of £410,797,131.

	Book Value	Adjustments	Fair Value
	£	£	£
<b>Net assets acquired</b>			
Property, plant and equipment	843,392	-	843,392
Tax asset	10,598,375	-	10,598,375
Trade and other receivables	53,904,837	-	53,904,837
Cash and cash equivalents	25,442,076	-	25,442,076
Trade and other payables	(30,694,440)	-	(30,694,440)
Tax liabilities	(870,348)	-	(870,348)
Deferred tax	169,449	-	169,449
Total identifiable net assets	<u>59,393,341</u>	<u>-</u>	<u>59,393,341</u>
Goodwill			<u>351,403,790</u>
Total consideration			<u>410,797,131</u>

# **NEWTON GROUP HOLDINGS LIMITED**

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

### **16 Acquisition (Continued)**

The consideration was satisfied by:	£
Cash	25,906,931
Issue of shares	251,399,925
Deferred consideration	11,050,966
Issue of debt	117,610,582
Additional employee investment	504,493
Deal fees	4,324,234
	<u>410,797,131</u>

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	105,539,060
Profit after tax	<u>29,746,399</u>

### **17 Debtors**

	<b>Group 2022</b>	<b>Company 2022</b>
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	24,600,270	-
Corporation tax recoverable	533,190	-
Amounts owed by group undertakings	-	264,415,323
Other debtors	903,150	-
Prepayments and accrued income	17,236,374	-
	<u>43,272,984</u>	<u>264,415,323</u>
Deferred tax asset (note 21)	4,739,074	-
	<u>48,012,058</u>	<u>264,415,323</u>

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

# **NEWTON GROUP HOLDINGS LIMITED**

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

### **18 Creditors: amounts falling due within one year**

	Group 2022 £	Company 2022 £
Trade creditors	1,445,660	-
Other taxation and social security	12,453,140	-
Other creditors	5,359,718	2,272
Accruals and deferred income	12,153,754	-
	<u>31,412,272</u>	<u>2,272</u>

Included within accruals is £284,077 in respect pension contributions payable as at the period end.

Included within other creditors is deferred consideration of £5,229,171, due to two of the Founders, in relation to the acquisition of the Newton Industrial Consultants Holdings group. Deferred consideration relates to the acquisition of Newton Industrial Consultants Holdings Limited and its subsidiaries. The amounts are expected to be paid upon receipt of corporation tax relief in Newton Europe Limited and the full amount is expected to be paid in 2023.

### **19 Creditors: amounts falling due after more than one year**

	Notes	Group 2022 £	Company 2022 £
Other borrowings	20	<u>122,828,100</u>	<u>2,756,832</u>

### **20 Borrowings**

	Group 2022 £	Company 2022 £
Loans from related parties	<u>122,828,100</u>	<u>2,756,832</u>
Payable after one year	<u>122,828,100</u>	<u>2,756,832</u>

Loans from related parties comprise of PIYC notes of £80,476,250 which are payable in full on 17 October 2028. Loans from related parties also include other loan notes of £42,185,933 issued by Alchemy Financing S.a.r.l, an entity under common control and loan notes of £2,756,832 issued by Alchemy Investment S.a.r.l, an entity under common control. The other loan notes are repayable in full in 2030 and accrue interest at 6.3%. The balances are unsecured.

Arrangement fees of £2,941,038 are offset against the balance and are being amortised over the loan period.

# **NEWTON GROUP HOLDINGS LIMITED**

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

### **21 Deferred taxation**

The major deferred tax liabilities and assets recognised by the group and company are:

	<b>Assets 2022 £</b>
<b>Group</b>	
Accelerated capital allowances	120,191
Tax losses	4,618,883
	<u>4,739,074</u>

The company has no deferred tax assets or liabilities.

	<b>Group 2022 £</b>	<b>Company 2022 £</b>
<b>Movements in the period:</b>		
Asset at 6 October 2021	-	-
Credit to profit or loss	(4,773,564)	-
Effect of change in tax rate - profit or loss	34,490	-
	<u>(4,739,074)</u>	<u>-</u>
Asset at 31 August 2022	<u>(4,739,074)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

### **22 Retirement benefit schemes**

	<b>2022 £</b>
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	2,598,710
	<u>2,598,710</u>

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.

### **23 Share capital**

	<b>Group and Company 2022 Number</b>	<b>2022 £</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
A Ordinary shares of 10p each	750,000	75,000
B Ordinary shares of 10p each	250,000	25,000
	<u>1,000,000</u>	<u>100,000</u>



# NEWTON GROUP HOLDINGS LIMITED

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

### 23 Share capital (Continued)

	2022 Number	2022 £
<b>Preference share capital</b>		
<b>Issued and fully paid</b>		
Junior super preference shares of 0.001p each	1	-
Senior preference shares of 0.001p each	1	-
Preference shares of 0.001p each	251,379,477	2,514
		<u>2,514</u>
Preference shares classified as equity		<u>2,514</u>
<b>Total equity share capital</b>		<u>102,514</u>

On the 17 October 2021, the following transactions occurred:

There was a subdivision of A Ordinary shares, whereby 1 A Ordinary share with an original par value of £1.00 was subdivided into 10 A Ordinary shares with a par value of £0.10.

749,990 A Ordinary shares with a par value of £0.10 were issued at par. In addition, 250,000 B Ordinary shares with a par value of £0.10 were issued at a premium of £1.10 per share.

251,379,477 Preference shares with a par value of £0.0001 were issued at a premium of £0.999 per share.

One Junior super preference share with a par value of £0.0001 was issued at par.

One Senior super preference share with a par value of £0.0001 was issued at par.

A Ordinary shares have full voting rights, rights to dividends subsequent to the preference share classes, rights to capital distribution (including on winding up) subsequent to the preference share classes. The shares do not carry any rights of redemption.

B Ordinary shares have full voting rights, rights to dividends subsequent to the preference share classes, rights to capital distribution (including on winding up) subsequent to the preference share classes. The shares do not carry any rights of redemption.

Preference shares, Senior super preference shares and Junior super preference shares do not confer voting rights. Priority to any dividends and priority to any return of capital (including on winding up) shall be made in the following order: Senior super preference shares, junior super preference shares, preference shares.

### 24 Reserves

#### Profit and loss reserves

Retained earnings comprise the cumulative profits or losses net of dividends paid.

#### Share premium

The share premium reserve represents the cumulative premium arising on the issue of new shares in the company.

# **NEWTON GROUP HOLDINGS LIMITED**

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

### **25 Cash generated from/(absorbed by) group operations**

	<b>2022</b> <b>£</b>
Loss for the period after tax	(32,162,867)
<b>Adjustments for:</b>	
Taxation charged	5,733,118
Finance costs	6,649,299
Investment income	(4,662)
Loss on disposal of tangible fixed assets	10,176
Amortisation and impairment of intangible assets	52,203,449
Depreciation and impairment of tangible fixed assets	590,368
<b>Movements in working capital:</b>	
Decrease in debtors	21,763,420
Increase in creditors	32,039,357
<b>Cash generated from/(absorbed by) operations</b>	<b>86,821,658</b>

### **26 Analysis of changes in net debt - group**

	<b>6 October</b> <b>2021</b> <b>£</b>	<b>Cash flows</b> <b>£</b>	<b>Acquisitions</b> <b>and disposals</b> <b>£</b>	<b>Other non-</b> <b>cash changes</b> <b>£</b>	<b>31 August</b> <b>2022</b> <b>£</b>
Cash at bank and in hand	-	73,617,712	(49,507,771)	-	24,109,941
Borrowings excluding overdrafts	-	(122,828,100)	-	(4,153,773)	(126,981,873)
	-	(49,210,388)	(49,507,771)	(4,153,773)	(102,871,932)

### **27 Operating lease commitments**

#### **Lessee**

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

	<b>Group</b> <b>2022</b> <b>£</b>	<b>Company</b> <b>2022</b> <b>£</b>
Within one year	958,634	-
Between one and five years	962,423	-
	<b>1,921,057</b>	<b>-</b>

# NEWTON GROUP HOLDINGS LIMITED

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

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### 28 Events after the reporting date

On 28 October 2022, the company repurchased 754 A ordinary shares, with a nominal value of £0.10, 5,636 B Ordinary shares with a nominal value of £0.10, and 330,216 Preference shares with a nominal value of £0.00001 for cancellation for total consideration of £320,780.

On 31 October 2022, the company repurchased 52 A ordinary shares, 355 B ordinary shares and 22,813 Preference shares for cancellation for consideration of £24,535.

On 4 November 2022, the company repurchased 18 A ordinary shares, 666 B Ordinary shares and 7,789 Preference shares for cancellation for consideration of £9,043.

The stamp duty has been paid in respect of these share repurchases.

### 29 Related party transactions

#### Remuneration of key management personnel

The directors are considered to be the key management personnel, see note 5 for details.

#### Transactions with related parties

The group holds loan notes with Alchemy Financing S.a.r.l, an entity under common control, and Alchemy Investment S.a.r.l, the immediate parent undertaking of the Newton Group Holdings Limited, see note 20 for details.

The group has taken the exemption under section 33 of FRS 102 not to disclose transactions with wholly owned group companies.

### 30 Controlling party

Newton Group Holdings Limited is the smallest and largest group in which the results are consolidated.

The directors consider there is no single ultimate controlling party.