

Company Registration No. 13664789 (England and Wales)

NEWTON EUROPE MIDCO LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2023



NEWTON EUROPE MIDCO LIMITED

COMPANY INFORMATION

Director	J Frost
Secretary	S D Dyde
Company number	13664789
Registered office	2 Kingston Business Park Kingston Bagpuize Abingdon Oxfordshire OX13 5FE
Auditor	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

NEWTON EUROPE MIDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The director presents the strategic report for the year ended 31 August 2023.

Review of Business and Key Performance Indicators

Newton Europe Midco Limited is a holding company in the Newton Group Holdings Limited group. Newton Group Holdings Limited owns the entire share capital of Newton Europe Midco Limited. Newton Europe Midco Limited owns the entire share capital of Newton Europe Holdco Limited.

The company holds debt in the form of Pay If You Can loan notes which are repayable based on the level of cash and cash equivalents held in the Newton Group Holdings group. Therefore, the KPI for Newton Europe Midco Limited is the performance of Newton Europe Limited which is the main trading entity of the Newton Group Holdings group.

Newton Europe Limited's future growth is dependent on the recruitment and development of exceptional people, developing long term client relationships, and delivering exceptional and sustainable value to these clients. In the year to August 2023 Newton Europe Limited continued to consolidate its presence in its core markets alongside boosting investment into new service lines and markets.

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.

Section 172(1) statement

The likely consequences of any decisions in the long term

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

The interests of the employees of the company

The company is a holding company for the principal subsidiaries as set out in note 8 of the financial statements and has no employees.

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

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

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

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

The need to act fairly between members of the company

After weighing up all relevant factors, the Director considers 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 Director acts fairly between the Company's members.

On behalf of the board



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J Frost

Director

Date: 26/03/24
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NEWTON EUROPE MIDCO LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The director presents his annual report and financial statements for the year ended 31 August 2023.

The prior period covers the period from incorporation on 6 October 2021 to 31 August 2022. As such, the prior period is not entirely comparable with the current year.

Principal activities

The principal activity of the company is that of an intermediate holding company.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £560,000 (2022: £nil). The director does not recommend payment of a final dividend.

Director

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

J Frost

Qualifying third party indemnity provisions

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

Auditor

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

Energy and carbon reporting

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

Statement of disclosure to auditor

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

On behalf of the board



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J Frost

Director

Date: 26/03/24

NEWTON EUROPE MIDCO LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2023

The director is responsible for preparing the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON EUROPE MIDCO LIMITED

Opinion

We have audited the financial statements of Newton Europe Midco Limited (the 'company') for the year ended 31 August 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the director 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 director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON EUROPE MIDCO LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement set out on page 3, the director is 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 director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON EUROPE MIDCO LIMITED (CONTINUED)

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to him 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.

RSM UK Audit LLP

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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27/03/24

NEWTON EUROPE MIDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2023

		Year ended 31 August 2023 £	Period ended 31 August 2022 £
	Notes		
Interest receivable and similar income	3	27,234,178	13,463,418
Interest payable and similar expenses	4	(21,381,430)	(17,855,609)
Profit/(loss) before taxation		5,852,748	(4,392,191)
Tax on profit/(loss)	5	1,383,574	944,321
Profit/(loss) for the financial year		7,236,322	(3,447,870)

NEWTON EUROPE MIDCO LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Investments	7		76,815,041		76,815,041
Current assets					
Debtors	9	286,404,910		264,165,529	
Cash at bank and in hand		339,336		-	
		<u>286,744,246</u>		<u>264,165,529</u>	
Creditors: amounts falling due within one year	10	<u>(279,867,752)</u>		<u>(264,465,323)</u>	
Net current assets/(liabilities)			<u>6,876,494</u>		<u>(299,794)</u>
Total assets less current liabilities			<u>83,691,535</u>		<u>76,515,247</u>
Creditors: amounts falling due after more than one year	11		<u>(80,299,514)</u>		<u>(79,799,548)</u>
Net assets/(liabilities)			<u><u>3,392,021</u></u>		<u><u>(3,284,301)</u></u>
Capital and reserves					
Called up share capital	14		163,569		163,569
Profit and loss reserves	15		3,228,452		(3,447,870)
Total equity			<u><u>3,392,021</u></u>		<u><u>(3,284,301)</u></u>

The financial statements were approved and signed by the director and authorised for issue on 26/03/24



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J Frost
Director

NEWTON EUROPE MIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 6 October 2021		-	-	-
Period ended 31 August 2022:				
Loss and total comprehensive income for the period		-	(3,447,870)	(3,447,870)
Issue of share capital	14	163,569	-	163,569
Balance at 31 August 2022		163,569	(3,447,870)	(3,284,301)
Year ended 31 August 2023:				
Profit and total comprehensive income for the year		-	7,236,322	7,236,322
Dividends	6	-	(560,000)	(560,000)
Balance at 31 August 2023		163,569	3,228,452	3,392,021

NEWTON EUROPE MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

Company information

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

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

Accounting convention

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

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

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

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

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

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

The prior period covers the period from incorporation on 6 October 2021 to 31 August 2022. As such, the prior period is not entirely comparable with the current year.

Going concern

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

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

NEWTON EUROPE MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

Fixed asset investments

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

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

Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

NEWTON EUROPE MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including other creditors and loans from fellow group companies, 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 company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company 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 company.

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.

NEWTON EUROPE MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

Investments and amounts owed by group undertakings

The directors determine whether there are indicators of impairment of the company's investments and amounts due from fellow group undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

3 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest receivable from group companies	16,462,041	13,463,418
Income from fixed asset investments		
Income from shares in group undertakings	10,772,137	-
Total income	<u>27,234,178</u>	<u>13,463,418</u>

4 Interest payable and similar expenses

	2023 £	2022 £
Interest payable to group undertakings	16,291,357	13,504,655
Other interest on financial liabilities	5,090,073	4,350,954
	<u>21,381,430</u>	<u>17,855,609</u>

Other interest on financial liabilities relates to interest charged on PIYC notes, see note 12 for details.

5 Taxation

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	<u>(1,383,574)</u>	<u>(944,321)</u>

NEWTON EUROPE MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2023**

5 Taxation (Continued)

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

	2023 £	2022 £
Profit/(loss) before taxation	5,852,748	(4,392,191)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 21.52% (2022: 19.00%)	1,259,223	(834,516)
Group income	(2,317,633)	-
Remeasurement of deferred tax for changes in tax rates	(325,164)	(109,805)
Taxation credit for the year	(1,383,574)	(944,321)

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.

6 Dividends

	2023 £	2022 £
Interim paid	560,000	-

7 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	8	76,815,041	76,815,041

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 September 2022 & 31 August 2023	76,815,041
Carrying amount	
At 31 August 2023	76,815,041
At 31 August 2022	76,815,041

NEWTON EUROPE MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

8 Subsidiaries

Details of the company's subsidiaries at 31 August 2023 are as follows:

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

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

9 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Amounts owed by group undertakings	284,077,015	263,221,208
Deferred tax asset (note 13)	2,327,895	944,321
	<u>286,404,910</u>	<u>264,165,529</u>

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

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Amounts owed to group undertakings	<u>279,867,752</u>	<u>264,465,323</u>

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

11 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Other borrowings	12	<u>80,299,514</u>	<u>79,799,548</u>

NEWTON EUROPE MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

12 Borrowings

	2023	2022
	£	£
Loans from related parties	80,299,514	79,799,548
	<u>80,299,514</u>	<u>79,799,548</u>
Payable after one year	80,299,514	79,799,548
	<u>80,299,514</u>	<u>79,799,548</u>

Loans from related parties comprise of PIYC notes issued by Alchemy Investment S.a.r.l, an entity under common control. Arrangement fees of £768,148 are offset against the balance and are being amortised over the loan period. Interest is charged at a rate of 6.3%, principal amounts are repayable in 2030, and are unsecured.

13 Deferred taxation

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

	Assets	Assets
	2023	2023
	£	£
Balances:		
Tax losses	1,840,858	944,321
Short term timing differences	487,037	-
	<u>2,327,895</u>	<u>944,321</u>
		2023
		£
Movements in the year:		
Asset at 1 September 2022		(944,321)
Credit to profit or loss		(1,383,574)
Asset at 31 August 2023		<u>(2,327,895)</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.

14 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	163,569	163,569	163,569	163,569
	<u>163,569</u>	<u>163,569</u>	<u>163,569</u>	<u>163,569</u>

Ordinary shares are entitled to full voting rights, rights to a dividend and are eligible to a distribution on winding up. The shares are not redeemable.

NEWTON EUROPE MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

15 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

16 Ultimate controlling party

Newton Group Holdings Limited is the immediate parent undertaking and ultimate controlling party.

Newton Group Holdings Limited is the parent of the smallest and largest group in which the consolidated financial statements are prepared. The financial statements can be obtained from its registered office 2 Kingston Business Park, Kingston Bagpuize, Abingdon, Oxfordshire, United Kingdom, OX13 5FE.