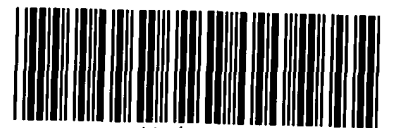


Company Registration No. 04279175 (England and Wales)

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

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COMPANIES HOUSE

NEWTON EUROPE LIMITED

COMPANY INFORMATION

Directors	S Dyde A Hawes M Hinds G King S Phillips P Sunley T Wedgwood S Wilson R Lum H Beurier
Secretary	S Dyde
Company number	04279175
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 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The directors present the strategic report for the year ended 31 August 2023.

Review of business and key performance indicators

The company performed very strongly during the year, turnover and operating profit increased to £168.1m (2022: £117.6m) and £53.2m (2022- as restated: £30.1m) respectively for the year ended 31 August 2023.

The principal Key Performance Indicators (KPI's) are turnover and operating margins which both grew well in the year. The business also invested in long term growth during the year. Significant investment will continue into 2024 focussing on our people, capabilities, branding and digital solutions 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. In the year to August 2023, we continued to consolidate our presence in our core markets alongside boosting our investment into new service lines and markets.

We are proud to have consolidated our brand as a top graduate employer, as reflected in our ranking of 24th in the Times Top 100 Top Graduate Employers list.

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 EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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

Date: 26/03/24
.....

NEWTON EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The directors present their annual report and financial statements for the year ended 31 August 2023.

Principal activities

The principal activity of the company continued to be that of operational improvement consulting.

Results and dividends

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

Total ordinary dividends amounting to £51,138,886 (2022: £22,842,309) were declared in the year, of which £nil (2022: £17,542,309) were issued to extinguish an amount owed from the company's immediate parent undertaking during the year.

Directors

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

S Dyde

A Hawes

M Hinds

G King

E Mills

(Resigned 26 May 2023)

S Phillips

P Sunley

T Wedgwood

S Wilson

R Lum

(Appointed 6 October 2023)

H Beurier

(Appointed 15 January 2024)

Qualifying third party indemnity provisions

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

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 the 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 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.

NEWTON EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

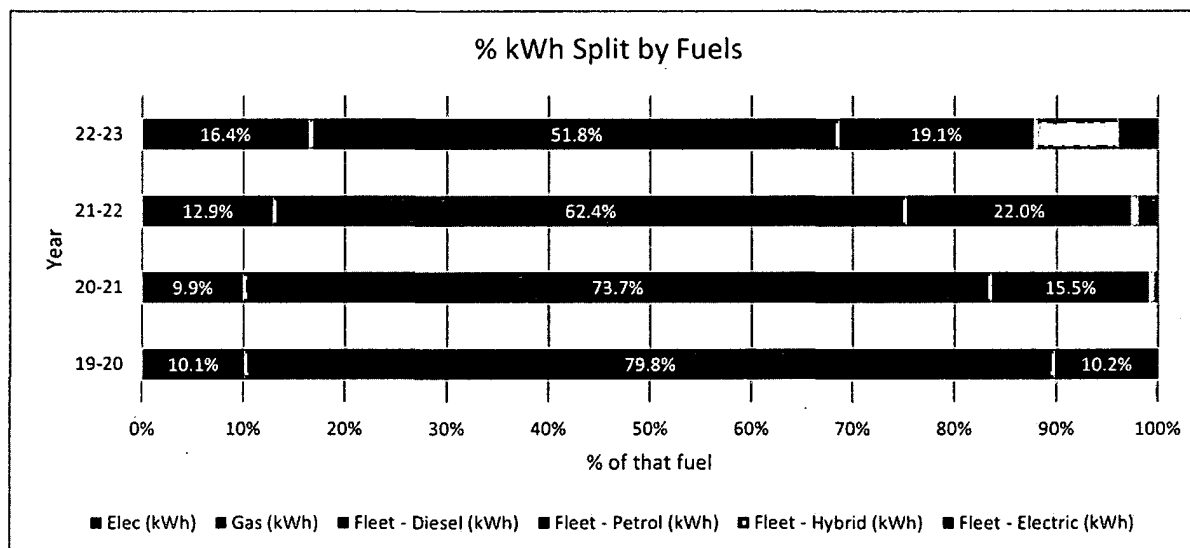
Energy and carbon reporting

This is the fourth year of reporting our energy and carbon data through Streamlined Energy and Carbon Reporting (SECR). This statement covers the year 1st September 2022 to 31st August 2023. The scope of energy use included in the report is electricity, gas, diesel, and petrol.

Energy Usage

Newton Europe Ltd. Total Energy Consumption (TEC)

Site / Description	Elec (kWh)	Gas (kWh)	Fleet - Diesel (kWh)	Fleet - Petrol (kWh)	Fleet - Hybrid (kWh)	Fleet - Electric (kWh)	Total	%
Site	210,459	5,257					215,716	16.8%
Transport			664,365	244,796	107,159	49,798	1,066,118	83.2%
	210,459	5,257	664,365	244,796	107,159	49,798	1,281,834	100.0%
Percentage Split by Fuels	16.4%	0.4%	51.8%	19.1%	8.4%	3.9%	100%	



Intensity ratio

Our intensity ratio has been calculated by converting our energy usage into tonnes of CO₂e per full time equivalent staff (current head count: 614), the key driver of our energy and carbon usage. This has decreased by 4% compared to the prior year period.

Year	22-23	21-22	Variance
Intensity Ratio (tCO ₂ e per full time equivalent staff)	0.495	0.516	-4%
Transport	0.426	0.463	-8%
Electricity	0.067	0.053	-27%
Gas	0.002	n/a	n/a

NEWTON EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Measures taken to improve energy efficiency

In the period covered by the report:

- Newton's Environment Committee consists of employees who are passionate about environmental improvements. There are three main pillars in which improvement areas are driven from this group: Newton, our people, and our clients. Targets are aligned with Newton's Annual environmental objectives; some of which are a part of Newton's Carbon Net Zero strategy. A Net Zero Steering Group has been formed to provide senior leadership and governance to the strategy.
- 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. Newton has committed to match 2:1 each tonne offset by an individual; the appropriate scheme to invest in will be reviewed in 2024.
- 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.
- We have continually driven the decrease of diesels on our Fleet so that it is now 73% Hybrid and Electric and 27% Diesel. Newton consultants receive efficient driver training, and we use telematics to monitor and improve driver efficiency. Two electric car charging points have been installed in the car park at Head Office.
- We continue with the use of a 100% renewable energy supplier for one of the buildings at Head Office. We have taken occupancy of a second building at Head Office and will look to transfer that to the same supplier in 2024.
- We have maintained our certification to ISO 14001, passing a recertification audit in March 2023.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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.

Charitable donations

During the year, the company made charitable donations of £173,728 (2022: £200,268).

On behalf of the board



.....
T Wedgwood
Director

Date: 26/03/24
.....

NEWTON EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2023

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

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

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

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

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

Opinion

We have audited the financial statements of Newton Europe 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWTON EUROPE 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 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 member 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 member 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 member 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

.....
27/03/24

NEWTON EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 AUGUST 2023**

		2023	2022
	Notes	£	as restated £
Turnover	4	168,062,601	117,643,273
Cost of sales		(80,013,560)	(59,411,400)
Gross profit		88,049,041	58,231,873
Administrative expenses		(35,255,378)	(28,140,739)
Other operating income	5	372,529	-
Operating profit	9	53,166,192	30,091,134
Interest receivable and similar income	11	1,167,849	1,763,436
Profit before taxation		54,334,041	31,854,570
Tax on profit	12	(11,248,547)	1,503,107
Profit for the financial year		43,085,494	33,357,677

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

		2023		2022 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	14	602,727		-	
Tangible assets	15	1,009,530		1,016,902	
Investments	16	1		1	
		<u>1,612,258</u>		<u>1,016,903</u>	
Current assets					
Debtors	18	35,177,665	81,993,905		
Cash at bank and in hand		<u>68,253,375</u>	<u>23,123,662</u>		
		103,431,040	105,117,567		
Creditors: amounts falling due within one year	19	<u>(28,840,159)</u>	<u>(26,180,829)</u>		
Net current assets		<u>74,590,881</u>	<u>78,936,738</u>		
Total assets less current liabilities		<u><u>76,203,139</u></u>	<u><u>79,953,641</u></u>		
Capital and reserves					
Called up share capital	22	202	202		
Share premium account	23	49,998	49,998		
Capital contribution reserve	23	7,279,511	2,976,621		
Profit and loss reserves	23	<u>68,873,428</u>	<u>76,926,820</u>		
Total equity		<u><u>76,203,139</u></u>	<u><u>79,953,641</u></u>		

The financial statements were approved by the board of directors and authorised for issue on 26/03/24 and are signed on its behalf by:



.....
T Wedgwood
Director

NEWTON EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Share capital £	Share premium account £	Capital contribution reserve £	Profit and loss reserves £	Total £
As restated for the year ended 31 August 2022:						
Balance at 1 September 2021		202	49,998	4,723,173	60,580,374	65,353,747
Year ended 31 August 2022:						
Profit and total comprehensive income for the year		-	-	-	33,357,677	33,357,677
Dividends	13	-	-	-	(22,842,309)	(22,842,309)
Credit to equity for equity settled share-based payments	8	-	-	2,976,621	-	2,976,621
Deferred tax effect of share-based payments		-	-	-	1,107,905	1,107,905
Release of options exercised or lapsed		-	-	(4,723,173)	4,723,173	-
Balance at 31 August 2022		202	49,998	2,976,621	76,926,820	79,953,641
Year ended 31 August 2023:						
Profit and total comprehensive income for the year		-	-	-	43,085,494	43,085,494
Dividends	13	-	-	-	(51,138,886)	(51,138,886)
Credit to equity for equity settled share-based payments	8	-	-	4,302,890	-	4,302,890
Balance at 31 August 2023		202	49,998	7,279,511	68,873,428	76,203,139

NEWTON EUROPE LIMITED

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

1 Accounting policies

Company information

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

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

Accounting convention

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

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

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

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

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

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

Going concern

Newton Europe Limited is the trading entity 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 LIMITED

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

1 Accounting policies (Continued)

Turnover

Turnover represents net invoiced sales of services and recharges of expenses, excluding value added tax, and attributable revenue on contracts.

Turnover is recognised when a right to consideration has been obtained through performance under each contract.

Consideration accrues as contract activity progresses by reference to the value of the work performed. Turnover also includes appropriate amounts in respect of long term work in progress to the extent that the outcome of these contracts can be assessed with reasonable certainty.

Turnover is not recognised where the right to receive payment is contingent on events outside the control of the company.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

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

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

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

Development costs	3 years straight-line
-------------------	-----------------------

Tangible fixed assets

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

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

Fixtures and fittings	20% 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.

NEWTON EUROPE 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.

Impairment of fixed assets

At each reporting period end date, the company 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.

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.

Cash and cash equivalents

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

Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include 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.

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.

NEWTON EUROPE LIMITED

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

1 Accounting policies (Continued)

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.

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 trade and other creditors, 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.

NEWTON EUROPE LIMITED

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

1 Accounting policies (Continued)

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.

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.

Share-based payments

Historically the company's immediate parent Newton Industrial Consultant Holdings Ltd issued equity-settled share options to certain employees within the company which were measured at fair value and contained within the capital contribution reserve. As a result of the change in ownership of Newton Industrial Consultant Holdings Ltd in October 2021 all share options were exercised in the prior year and the associated share option schemes were closed.

During the current and prior year B Ordinary Shares of the company's ultimate parent, Newton Group Holdings Limited, have been issued to certain employees of the company and are considered to be an equity settled share based payment.

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

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee leavers) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

NEWTON EUROPE LIMITED

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

1 Accounting policies (Continued)

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 leases asset are consumed.

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

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

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 EUROPE LIMITED

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

3 Prior period adjustment

Management have reviewed the specific nature of the management incentive equity B Ordinary shares in the ultimate parent Newton Group Holdings Limited, and have concluded that these represent share based payment transactions in substance. Although there is significant judgement in the classification of the shares as cash settled or equity settled, management have concluded that as the company reserves the right to choose the method of any settlement that they suitably meet the definition of equity settled.

On the basis that there is a hurdle for certain series of these shares and leaver provisions are associated with all of these shares, it was concluded that these represent share-based payment transactions. As a result, a charge of £2,977,621 has been processed through a prior period adjustment, representing the charge that should have been made in respect of the initial grant of B Ordinary shares in the prior year. There has been no effect on previously reported net assets or tax impact.

Changes to the statement of financial position

	As previously reported	Adjustment	As restated at 31 Aug 2022
	£	£	£
Net assets	79,953,641	-	79,953,641
Capital and reserves			
Capital contribution reserve	-	2,976,621	2,976,621
Profit and loss	79,903,441	(2,976,621)	76,926,820
Total equity	79,953,641	-	79,953,641

Changes to the income statement

	As previously reported	Adjustment	As restated
	£	£	£
Period ended 31 August 2022			
Administrative expenses	(25,164,118)	(2,976,621)	(28,140,739)
Profit for the financial period	36,334,298	(2,976,621)	33,357,677

4 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Management consultancy services	168,062,601	117,643,273
Other revenue		
Interest income	1,167,849	1,763,436
Turnover analysed by geographical market		
United Kingdom	168,062,601	117,643,273

NEWTON EUROPE LIMITED

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

4 Turnover and other revenue (Continued)

The directors consider the company to have only one class of business, namely that of management consultancy services.

5 Other operating income

During the year, the company received research and development credits of £372,529 (2022: £nil).

6 Employees

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

	2023 Number	2022 Number
Management	9	9
Consultants	442	362
Administration	163	140
Total	614	511

Their aggregate remuneration comprised excluding share based payments (see note 9):

	2023 £	2022 £
Wages and salaries	60,566,905	43,164,400
Social security costs	7,885,106	11,205,912
Pension costs	3,943,001	2,920,983
	72,395,012	57,291,295

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	4,849,282	4,253,231
Company pension contributions to defined contribution schemes	68,638	33,134
	4,917,920	4,286,365

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 8 (2022 - 7).

The number of directors who exercised share options during the year was 0 (2022 - 7).

NEWTON EUROPE LIMITED

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

7 Directors' remuneration (Continued)

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

	2023 £	2022 £
Remuneration for qualifying services	1,018,735	946,791
Company pension contributions to defined contribution schemes	2,085	1,995

8 Share-based payment transactions

The company had two share option schemes for employees of the company in relation to shares in its parent, Newton Industrial Consultants Holdings Limited.

Core Share Option Scheme

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

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

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

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

	2023	2022	2023	2022
Outstanding at 1 September	-	82,792	-	0.00001
Exercised	-	(82,792)	-	0.00001
Outstanding at 31 August	-	-	-	-
Exercisable at 31 August	-	-	-	-

NEWTON EUROPE LIMITED

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

8 Share-based payment transactions (Continued)

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

	Number of share options		Weighted average exercise price	
	2023	2022	2023	2022
	Number	Number	£	£
Outstanding at 1 September	-	209,871	-	0.00001
Forfeited	-	(1,919)	-	0.00001
Exercised	-	(207,952)	-	0.00001
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding at 31 August	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at 31 August	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Within the core share option scheme options were registered under the Enterprise Management Incentive (EMI) scheme. At the year end, there were nil (2022: nil) options within the Salary sacrifice and nil (2022: nil) within the Ex-gratia scheme which are under EMI.

Senior Share Option Scheme

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

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

	Number of share options		Weighted average exercise price	
	2023	2022	2023	2022
	Number	Number	£	£
Outstanding at 1 September	-	895,071	-	19.30338
Exercised	-	(895,071)	-	19.30338
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding at 31 August	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at 31 August	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NEWTON EUROPE LIMITED

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

8 Share-based payment transactions (Continued)

Management Incentive Equity

During the year 85,895 (2022: 250,000) B Ordinary Shares have been issued to various employees (including directors) of the company at nominal value of £0.10 per share. These shares relate to the capital of the company's ultimate parent, Newton Group Holdings Limited and are considered to represent management incentive equity. Also during the year, 6,916 shares (2022: nil) were bought back by the parent and subsequently cancelled.

The 2023 series of shares have a hurdle value of £8.5m applied and only share in management incentive equity value growth above that hurdle. The share based payment charge is recognised over the vesting period, being the expected period to a relevant corporate transaction.

Liabilities and expenses

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

9 Operating profit

	2023	2022 as restated
	£	£
Operating profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	7,110	5,098
Depreciation of owned tangible fixed assets	785,874	590,368
(Profit)/loss on disposal of tangible fixed assets	-	10,176
Share-based payments	4,302,890	2,976,621
Operating lease charges	2,046,750	1,479,429

10 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	68,000	50,000
For other services		
Taxation compliance services	7,000	7,000
All other non-audit services	5,000	2,950
	12,000	9,950

11 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	735,915	5,211
Interest receivable from group companies	431,934	1,758,225
Total income	1,167,849	1,763,436

NEWTON EUROPE LIMITED

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

12 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	12,299,512	-
Adjustments in respect of prior periods	-	32,500
	<u>12,299,512</u>	<u>32,500</u>
Total current tax	<u>12,299,512</u>	<u>32,500</u>
Deferred tax		
Origination and reversal of timing differences	(545,000)	(1,458,698)
Adjustment in respect of prior periods	(505,965)	(76,909)
	<u>(1,050,965)</u>	<u>(1,535,607)</u>
Total deferred tax	<u>(1,050,965)</u>	<u>(1,535,607)</u>
Total tax charge/(credit)	<u>11,248,547</u>	<u>(1,503,107)</u>

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

	2023	2022
	£	as restated £
Profit before taxation	<u>54,334,041</u>	<u>31,854,570</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 21.52% (2022: 19.00%)	11,690,005	6,052,368
Tax effect of expenses that are not deductible in determining taxable profit	978,696	620,774
Tax effect of income not taxable in determining taxable profit	-	(94,679)
Permanent capital allowances in excess of depreciation	(18,330)	(43,989)
Research and development tax credit	(41,195)	-
Other permanent differences	(313,717)	(9,316,454)
Under/(over) provided in prior years	-	32,500
Deferred tax adjustments in respect of prior years	(505,965)	(76,909)
Deferred tax on share options vested	-	1,107,905
Remeasurement of deferred tax for changes in tax rates	(540,947)	(267,963)
Other	-	483,340
	<u>11,248,547</u>	<u>(1,503,107)</u>
Taxation charge/(credit) for the year	<u>11,248,547</u>	<u>(1,503,107)</u>

Factors that may affect future tax charges

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

NEWTON EUROPE LIMITED

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

13 Dividends

	2023	2022
	£	£
Total dividends	51,138,886	22,842,309

Included within total dividends, £nil (2022: £17,542,309) were issued to extinguish an amount owed from the company's immediate parent undertaking during the year.

14 Intangible fixed assets

	Development costs
	£
Cost	
Additions - internally developed	602,727
At 31 August 2023	602,727
Carrying amount	
At 31 August 2023	602,727
At 31 August 2022	-

15 Tangible fixed assets

	Fixtures and fittings	IT equipment and systems	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 September 2022	604,581	2,423,643	263,145	3,291,369
Additions	-	745,936	44,866	790,802
Disposals	-	-	(37,119)	(37,119)
At 31 August 2023	604,581	3,169,579	270,892	4,045,052
Depreciation and impairment				
At 1 September 2022	408,212	1,742,390	123,865	2,274,467
Depreciation charged in the year	40,888	705,647	39,339	785,874
Eliminated in respect of disposals	-	-	(24,819)	(24,819)
At 31 August 2023	449,100	2,448,037	138,385	3,035,522
Carrying amount				
At 31 August 2023	155,481	721,542	132,507	1,009,530
At 31 August 2022	196,369	681,253	139,280	1,016,902

NEWTON EUROPE LIMITED

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

16 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	17	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 September 2022 & 31 August 2023	1
Carrying amount	
At 31 August 2023	1
At 31 August 2022	1

17 Subsidiaries

Newton Europe Limited acquired the entire share capital of Newton Consulting Limited on 6 April 2022, on the day the company was incorporated.

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Newton Consulting Limited	2 Kingston Business Park, Kingston Bagpuize, Abingdon, United Kingdom, OX13 5FE	Dormant	Ordinary	100.00

18 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	19,350,551	24,600,270
Corporation tax recoverable	-	533,190
Amounts owed by group undertakings	2,437,971	36,452,314
Other debtors	373,406	358,796
Prepayments and accrued income	9,151,811	17,236,374
	31,313,739	79,180,944
Deferred tax asset (note 20)	3,863,926	2,812,961
	35,177,665	81,993,905

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

NEWTON EUROPE LIMITED

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

19 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	1,472,353	1,445,660
Amounts owed to group undertakings	954,404	-
Corporation tax	71,569	-
Other taxation and social security	6,664,565	12,453,140
Other creditors	231,707	128,275
Accruals and deferred income	19,445,561	12,153,754
	<u>28,840,159</u>	<u>26,180,829</u>

Kroll Agency and Trustees Services Limited hold a fixed and floating charge. The floating charge covers all the property and undertakings of the company.

20 Deferred taxation

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

	Assets	Assets
	2023	2022
	£	£
Balances:		
Accelerated capital allowances	54,829	120,191
Tax losses	3,719,076	2,692,770
Short term timing differences	90,021	-
	<u>3,863,926</u>	<u>2,812,961</u>

	2023
	£
Movements in the year:	
Asset at 1 September 2022	(2,812,961)
Credit to profit or loss	(1,050,965)
Asset at 31 August 2023	<u>(3,863,926)</u>

The deferred tax asset set out above is expected to reverse within 24 months and relates to the utilisation of tax losses against future expected profits of the same period.

NEWTON EUROPE LIMITED

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

21 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	3,943,001	2,920,983

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of £1 each	202	202	202	202

Ordinary shares have rights to vote, a dividend and capital contribution (including on winding up). They do not confer any rights of redemption.

23 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.

Capital contribution reserve

The capital contribution reserve represents the cumulative effect of the fair value of share based payments vested in the group share based payment schemes issued by way of deemed remuneration in this company, less any deferred tax thereon.

24 Operating lease commitments

Lessee

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

	2023	2022
	£	£
Within one year	1,634,871	958,634
Between one and five years	2,235,290	962,423
	<u>3,870,161</u>	<u>1,921,057</u>

NEWTON EUROPE LIMITED

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

25 Related party transactions

At the year end, £162,500 (2022: £nil) was due to Blackthorn Consulting UK Limited, a company in which A Clarke has a controlling interest. During the year, Blackthorn Consulting UK Limited received remuneration of £334,044 (2022: £260,000) for advisory services and £1,417 (2022: £6,256) for expense reimbursements.

26 Ultimate controlling party

Newton Industrial Consultants Holdings Limited is the immediate parent company of Newton Europe Limited.

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

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