REGISTERED NUMBER: 04279175 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

FOR

NEWTON EUROPE LIMITED

Prime
Chartered Accountants
Statutory Auditor
161 Newhall Street
Birmingham
B3 1SW

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2021

DIRECTORS:	A M Hawes T D Wedgwood S J Phillips E Mills G King M Hinds P Sunley S Wilson S D Dyde
SECRETARY:	S D Dyde
REGISTERED OFFICE:	2 Kingston Business Park Kingston Bagpuize Oxon OX13 5FE
REGISTERED NUMBER:	04279175 (England and Wales)
AUDITORS:	Prime Chartered Accountants Statutory Auditor 161 Newhall Street Birmingham B3 1SW

STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their strategic report for the year ended 31 August 2021.

REVIEW OF BUSINESS AND KEY PERFORMANCE INDICATORS

The company performed well during the year, turnover and operating profit increased to £99.0m (2020: £83.3m) and £35.9m (2020: £28.0m) respectively for the year ended 31 August 2021. The strength of these results reflected high levels of utilisation across our key markets of defence and local government, with lower utilisation in the consumer sector due to the COVID-19 pandemic.

The principal Key Performance Indicators (KPI's) continue to be turnover, operating margins and debtor management. Operating margins performed as expected and the business continues to invest significantly in long term growth, adding further capacity and capability in the support teams as well as making investments in the brand and market positioning. Significant investment continues into 2022 across our head office, business systems, branding and people which is expected to support both the future growth and the positive impact the business has on our clients.

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 2021 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 44th 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 a good 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 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.

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. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

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 signed up to the Prompt Payment Code in 2021.

SECTION 172(1) STATEMENT - continued

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

The Board periodically reviews and approves clear frameworks, such as our Values, EDI principles and specific ethics and 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 D Wedgwood - Director

14 February 2022

The directors present their report with the financial statements of the company for the year ended 31 August 2021.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of operational improvement consultants.

DIVIDENDS
During the year the company made dividends of £10,000,000 (2020: £25,000,000) to its parent undertaking.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 September 2020 to the date of this report.

A M Hawes
T D Wedgwood
S J Phillips

Other changes in directors holding office are as follows:

E Mills , G King , M Hinds , P Sunley , S Wilson and S D Dyde were appointed as directors after 31 August 2021 but prior to the date of this report.

A J Clarke ceased to be a director after 31 August 2021 but prior to the date of this report.

DONATIONS
During the year the company made charitable donations of £173,886 (2020: £144,666).

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

EMPLOYEE ENGAGEMENT
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.

STREAMLINED ENERGY AND CARBON REPORTING
This is the second year of reporting our energy and carbon data through Streamlined Energy and Carbon Reporting (SECR) This statement covers the year 1st September 2020 to 31st August 2021. The scope of energy use included in the report is electricity, gas, diesel, and petrol.

Energy Usage

Total Energy Consumption 1st September 2020 to 31st August 2021

Site/ Description	Elec (kWh)	Gas (kWh)	Fleet -Diesel (kWh)	Fleet -Petrol (kWh)	Fleet -Hybrid (kWh)	Fleet -Electric (kWh)	Total	%
Site	106,278	-	-	-	-	-	106,278	9.9%
Transport	-	-	787,853	165,513	5,372	4,182	962,920	90.1%
Total	**106,278**	**-**	**787,853**	**165,513**	**5,372**	**4,182**	**1,069,198**	**100%**
Percentage split by fuels	9.9%	-%	73.7%	15.5%	0.5%	0.4%	100%	

Total Energy Consumption 1st September 2019 to 31st August 2020:

Site/ Description	Elec (kWh)	Gas (kWh)	Fleet -Diesel (kWh)	Fleet -Petrol (kWh)	Fleet -Hybrid (kWh)	Fleet -Electric (kWh)	Total	%
Site	95,652	-	-	-	-	-	95,652	10%
Transport	-	-	756,900	96,421	-	-	853,321	90%
Total	**95,652**	**-**	**756,900**	**96,421**	**-**	**-**	**948,973**	**100%**
Percentage split by fuels	10.1%	-%	79.8%	10.1%	-%	-%	100%	

% kWh Split by Fuels

	2021	**2020**
	%	**%**
Elec (kWh)	9.9	10.1
Gas (kWh)	-	-
Fleet - Diesel (kWh)	73.7	79.8
Fleet - Petrol (kWh)	15.5	10.1
Fleet - Hybrid (kWh)	0.5	-
Fleet - Electric (kWh)	0.4	-

Intensity Ratio
Our intensity ratio has been calculated by converting our energy usage into tonnes of CO2e per full time equivalent staff, the key driver of our energy and carbon usage. This has decreased by 13% compared to the prior year period.

	2021	**2020**	**Variance**
Intensity ratio (tCO2e per full time equivalent staff)	0.542	0.624	-13%
Transport	0.494	0.558	-12%
Electric	0.049	0.066	-26%
Gas	0.000	0.000	-%

Energy Efficiency Actions
In the period covered by the report the Company has:

- Formed an Environment Committee consisting of employees who are passionate about environmental improvements. The Team is supported by one of our co-founders and the various workstreams influence the Company's annual environmental objectives & targets.

- Created and published our Carbon Reduction Plan on our website. The company is committed to achieving Net Zero emissions by 2027 for its UK operations. Newton has committed to offset 100% of its annual carbon footprint, the Company matching 2:1 per tonne offset by each employee. We are doing this in conjunction with MyClimate.

- Since December 2020 we have introduced 30 electric or hybrid cars into our fleet (19 electric and 11 hybrid). All current vehicles on order are either electric or hybrid. Newton consultants receive efficient driver training and we use telematics to monitor and improve driver efficiency.

- Switched our Head Office energy provision to a renewable energy contract in June 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Prime, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

T D Wedgwood - Director

14 February 2022

Opinion
We have audited the financial statements of Newton Europe Limited (the 'company') for the year ended 31 August 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page six, 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 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.

Auditors' 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 a Report of the Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:
- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the industry sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence;

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and other relevant parties.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

Morgan Davies FCA (Senior Statutory Auditor)
for and on behalf of Prime
Chartered Accountants
Statutory Auditor
161 Newhall Street
Birmingham
B3 1SW

16 February 2022

INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
TURNOVER	3	**99,021,829**	83,262,132
Cost of sales		**6,486,584**	7,409,686
GROSS PROFIT		**92,535,245**	75,852,446
Administrative expenses		**56,611,025**	47,900,706
OPERATING PROFIT	5	**35,924,220**	27,951,740
Interest receivable and similar income		**349,914**	303,566
		36,274,134	28,255,306
Interest payable and similar expenses	6	**37,001**	106,071
PROFIT BEFORE TAXATION		**36,237,133**	28,149,235
Tax on profit	7	**6,148,942**	4,893,734
PROFIT FOR THE FINANCIAL YEAR		**30,088,191**	23,255,501

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		**30,088,191**	23,255,501
OTHER COMPREHENSIVE INCOME			
Credit to equity in respect of share-based payments		**1,402,663**	1,175,049
Income tax relating to other comprehensive income		**(266,506)**	(223,259)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**1,136,157**	951,790
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**31,224,348**	24,207,291

The notes form part of these financial statements

BALANCE SHEET
31 AUGUST 2021

		2021		2020	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		**807,661**		840,623
CURRENT ASSETS					
Debtors	10	**49,831,109**		33,099,195	
Cash at bank and in hand		**37,365,144**		37,826,897	
		87,196,253		70,926,092	
CREDITORS					
Amounts falling due within one year	11	**22,650,167**		27,637,316	
NET CURRENT ASSETS			**64,546,086**		43,288,776
TOTAL ASSETS LESS CURRENT LIABILITIES			**65,353,747**		44,129,399
CAPITAL AND RESERVES					
Called up share capital	15		**202**		202
Share premium	16		**49,998**		49,998
Other reserves	16		**4,723,173**		4,913,056
Retained earnings	16		**60,580,374**		39,166,143
			65,353,747		44,129,399

The financial statements were approved by the Board of Directors and authorised for issue on 14 February 2022 and were signed on its behalf by:

T D Wedgwood - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2021

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 September 2019	202	38,560,553	49,998	6,311,355	44,922,108
Changes in equity					
Dividends	-	(25,000,000)	-	-	(25,000,000)
Total comprehensive income	-	25,605,590	-	(1,398,299)	24,207,291
Balance at 31 August 2020	202	39,166,143	49,998	4,913,056	44,129,399
Changes in equity					
Dividends	-	(10,000,000)	-	-	(10,000,000)
Total comprehensive income	-	31,414,231	-	(189,883)	31,224,348
Balance at 31 August 2021	202	60,580,374	49,998	4,723,173	65,353,747

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Newton Europe Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

The results of the company are consolidated in the ultimate parent's financial statements and these can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates
In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of revision and future periods if the revision effects both current and future periods.

In preparing these financial statements, the directors have made the following judgements:

The company determines whether leases entered into by it are operating or finance leases. This is dependant on whether all the risks and rewards of ownership have been transferred from the lessor to the lessee and is assessed by reference to the terms and conditions for each individual lease. Where there is evidence of a transfer of risks and rewards, an asset and liability are recognised.

continued...

2. ACCOUNTING POLICIES - continued

Significant Judgements and Estimates - continued

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.

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects the time value of money and the risk specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

The directors have reviewed the asset lives and associated residual values of all fixed assets classes. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

Turnover

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 25% on reducing balance and 20% on reducing balance
Motor vehicles	- 25% on reducing balance
IT equipment and systems	- 50% on cost

Financial instruments

(i) Cash and cash equivalents

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

(ii) Financial assets and liabilities

All financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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 its liabilities.

continued...

2. **ACCOUNTING POLICIES - continued**

Financial Instruments - continued
(ii) Financial assets and liabilities - continued

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset at the balance sheet date when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting these conditions are measured at fair value through profit and loss.

Commitments to make or receive loans which meet the conditions mentioned above are measured at cost less impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows for the financial asset expire or are settled, when the company transfers to another party substantially all the risks and rewards of ownership of the financial asset, or the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Current and deferred taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development
Expenditure on research and development is written off in the year in which it is incurred.

continued...

2. ACCOUNTING POLICIES - continued

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit and loss in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Long-term benefits are measured at the present value of the benefit obligation at the reporting date.

Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for the decrease in impairment loss, and the decrease can be related objectively to an event occuring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Share-based payments
The company's ultimate parent issues equity-settled share options to certain employees within the company. Equity-settled share-based payment transactions are measured at fair value.

Fair value is measured by use of an earnings valuation model which is considered by management to be the most appropriate method of valuation.

The fair value of options in issue but not exercised are contained within other reserves. Where options have been granted but not vested, the Directors have estimated how many they believe will ultimately vest and they have adopted this estimation in their value calculation.

Share options issued in the group scheme as consideration for employment services provided are treated as an expense of the company in the period and credited to a capital contribution reserve at their fair value less associated deferred tax. On the exercise of the options, their value is released to profit and loss reserves.

continued...

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	**99,021,829**	83,262,132
	99,021,829	83,262,132

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

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	**36,878,929**	31,038,500
Social security costs	**4,802,579**	4,117,174
Other pension costs	**2,516,576**	2,097,587
	44,198,084	37,253,261

The average number of employees during the year was as follows:

	2021	2020
Management	**4**	5
Consultants	**304**	247
Administration	**111**	92
	419	344

Wages and salaries costs for the year include £1,402,663 (2020: £1,175,048) in respect of the fair value of share options in the group scheme granted and held in the year. 317,879 share options in the group scheme with an exercise value of £2,290,406 (2020: £466,486) were exercised during the year. 179,002 of those shares exercised were purchased by the company for £3,622,206 (2020: £1,421,904), including associated stamp duty.

	2021	2020
	£	£
Directors' remuneration	**1,262,112**	886,331
Directors' pension contributions to money purchase schemes	**8,795**	12,184

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	**3**	3

continued...

4. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	**1,188,317**	805,859
Pension contributions to money purchase schemes	**5,195**	8,584

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	**413,723**	463,339
Depreciation - assets on hire purchase contracts	**10,831**	76,713
Loss/(profit) on disposal of fixed assets	**24,944**	(60,187)
Auditors' remuneration	**18,000**	18,000
Auditors' remuneration for non audit work	**34,775**	28,933
Foreign exchange differences	**2,397**	14,647

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Other interest	**33,624**	68,928
Hire purchase	**3,377**	37,143
	37,001	106,071

7. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	**6,367,828**	5,359,633
Under provision in prior years	**-**	(136,824)
Total current tax	**6,367,828**	5,222,809
Deferred tax:		
Accelerated capital allowances	**47,620**	(105,816)
Share options vested	**(266,506)**	(223,259)
Total deferred tax	**(218,886)**	(329,075)
Tax on profit	**6,148,942**	4,893,734

continued...

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	**36,237,133**	28,149,235
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	**6,885,055**	5,348,355
Effects of:		
Expenses not deductible for tax purposes	**137,688**	68,300
Capital allowances in excess of depreciation	**(52,941)**	(132,949)
Adjustments to tax charge in respect of previous periods	**-**	(136,824)
Net share options vested/(exercised)	**(469,245)**	27,856
Deferred tax on share options vested	**(266,506)**	(223,259)
Utilisation of tax losses through group relief	**(85,109)**	(57,745)
Total tax charge	**6,148,942**	4,893,734

Tax effects relating to effects of other comprehensive income

		2021	
	Gross	Tax	Net
	£	£	£
Credit to equity in respect of share-based payments	**1,402,663**	**(266,506)**	**1,136,157**
	1,402,663	**(266,506)**	**1,136,157**

		2020	
	Gross	Tax	Net
	£	£	£
Credit to equity in respect of share-based payments	1,175,049	(223,259)	951,790
	1,175,049	(223,259)	951,790

8. DIVIDENDS

	2021	2020
	£	£
Ordinary shares of £1 each	**10,000,000**	25,000,000

continued...

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	IT equipment and systems £	Totals £
COST				
At 1 September 2020	746,840	613,641	1,171,229	2,531,710
Additions	2,495	51,362	492,741	546,598
Disposals	(145,836)	(438,034)	-	(583,870)
At 31 August 2021	603,499	226,969	1,663,970	2,494,438
DEPRECIATION				
At 1 September 2020	413,553	339,835	937,699	1,691,087
Charge for year	65,380	53,218	305,956	424,554
Eliminated on disposal	(122,293)	(306,571)	-	(428,864)
At 31 August 2021	356,640	86,482	1,243,655	1,686,777
NET BOOK VALUE				
At 31 August 2021	246,859	140,487	420,315	807,661
At 31 August 2020	333,287	273,806	233,530	840,623

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 September 2020	438,034
Disposals	(438,034)
At 31 August 2021	-
DEPRECIATION	
At 1 September 2020	295,740
Charge for year	10,831
Eliminated on disposal	(306,571)
At 31 August 2021	-
NET BOOK VALUE	
At 31 August 2021	-
At 31 August 2020	142,294

continued...

10. DEBTORS

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors and work in progress	**30,058,306**	18,505,111
Other debtors	**161,511**	352,016
Directors' current accounts	**100,756**	100,756
Tax	**565,690**	241,882
Deferred tax asset		
Accelerated capital allowances	**169,449**	217,069
Prepayments	**1,233,088**	761,952
	32,288,800	20,178,786
Amounts falling due after more than one year:		
Amounts owed by group undertakings	**17,542,309**	12,920,409
Aggregate amounts	**49,831,109**	33,099,195

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Hire purchase contracts (see note 12)	**-**	163,325
Trade creditors	**763,557**	1,629,355
Tax	-	230,133
Social security and other taxes	**9,699,478**	14,199,693
Other creditors	**270,104**	252,099
Accruals and deferred income	**11,917,028**	11,162,711
	22,650,167	27,637,316

12. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	**-**	163,325

	Non-cancellable	operating leases
	2021	2020
	£	£
Within one year	**951,171**	476,165
Between one and five years	**830,155**	538,717
	1,781,326	1,014,882

continued...

12. LEASING AGREEMENTS - continued

Included in operating leases are amounts due within one year £159,675 (2020: £132,090) and between one and five years £94,959 (2020: £210,796) in respect of land and buildings.

13. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Hire purchase	**-**	163,325

Liabilities under hire purchase are secured on the assets to which they relate.

14. DEFERRED TAX

	£
Balance at 1 September 2020	**(217,069)**
Charge to Income Statement during year	**47,620**
Balance at 31 August 2021	**(169,449)**

The deferred tax asset is shown in debtors.

15. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value	**2021**	2020
			£	£
202	Ordinary	£1	**202**	202

The company has one class of ordinary shares which carry full rights to voting, dividends and return of capital on wind up of the company. The ordinary shares do not carry any right to fixed income.

continued...

16. RESERVES

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 September 2020	39,166,143	49,998	4,913,056	44,129,197
Profit for the year	30,088,191	-	-	30,088,191
Dividends	(10,000,000)	-	-	(10,000,000)
Fair value of options vested	-	-	1,402,663	1,402,663
Release of options exercised or lapsed	1,637,086	-	(1,637,086)	-
Deferred tax on share options vested	(311,046)	-	44,540	(266,506)
At 31 August 2021	60,580,374	49,998	4,723,173	65,353,545

The company's reserves are as follows:

The retained earnings reserve, which represents cumulative profits or losses net of dividends paid.

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

Other reserves represent a capital contribution reserve in respect of the cumulative effect of the fair value of share options vested in the group share option schemes issued by way of deemed remuneration in this company, less deferred tax thereon.

17. ULTIMATE PARENT COMPANY

Newton Industrial Consultants Holdings Limited is regarded by the directors as being the company's ultimate parent company.

18. RELATED PARTY DISCLOSURES

At the year end £756 (2020:£756) was due from S Phillips and £100,000 (2020: £100,000) was due from A Clarke. Interest is accruing on the loan advanced to A Clarke.

Blackthorn Consulting UK Limited, a company in which A Clarke has a controlling interest received remuneration of £150,000 (2020: £150,000) for advisory services, £2,000 (2020: £6,937) for expense reimbursements and £125,000 (2020: £140,000) for commercial support.

19. ULTIMATE CONTROLLING PARTY

No single individual has control of the company.