

6/60

Company Registration No. 03770985 (England and Wales)

**NEWLYN PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



**NEWLYN PLC**

**COMPANY INFORMATION**

---

<b>Directors</b>	K C McCarthy D R Smith L Sargent M Coyne M Fenner T M Durant C Vickers A White
<b>Secretary</b>	I J Whittingham
<b>Company number</b>	03770985
<b>Registered office</b>	Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE
<b>Auditor</b>	Mercer & Hole Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE

---

**NEWLYN PLC**

**CONTENTS**

---

	<b>Page</b>
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 21

---

**NEWLYN PLC**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The directors present the strategic report for the year ended 31 December 2018.

**Fair review of the business**

The company continues to focus on its core activity, being bailiff services.

As reported in the company's profit and loss account on page 6, turnover has increased by 5.78% from £17,796,495 to £18,825,363. Profit after tax has increased from £4,077,668 to £4,395,708.

**Principal risks and uncertainties**

Management continually monitor the key risks facing the company, together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the company are as follows:

Economic downturn - the company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties. Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining.

Competitor pressure - the market in which the company operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to key competitors. The company manages this risk by providing quality services and maintaining strong relationships with its key customers.

Loss of key personnel - this would present significant operational difficulties for the company. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

**Key Performance indicators**

Management use a range of performance measures to monitor and manage the business. The KPIs used to determine the progress and performance of the company are set out below:

**Turnover**

Turnover has increased by 5.78% compared to the previous year.

**Gross profit margin**

The company's gross profit margin increased in the year from 45% to 47%.

**Financial position at the reporting date**

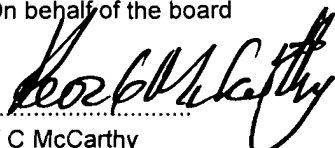
The balance sheet shows that the company's net assets at the period end have increased from £2,335,197 to £3,672,765.

The company invested £373,545 in fixed assets.

**Future developments**

The directors consider that the forthcoming financial year will be another good year.

On behalf of the board



K C McCarthy

Director

30/4/19

**NEWLYN PLC**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The directors present their annual report and financial statements for the year ended 31 December 2018.

**Directors**

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

K C McCarthy  
D R Smith  
L Sargent  
M Coyne  
M Fenner  
T M Durant  
C Vickers  
A White

**Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £3,058,140. The directors do not recommend payment of a final dividend.

**Financial instruments**

**Credit risk**

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's primary credit risk is attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where the directors feel the debt balance is irrecoverable, this is usually based on experience.

The credit risk on liquid funds are limited because the counterparties are banks with high credit ratings assigned by international credit agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

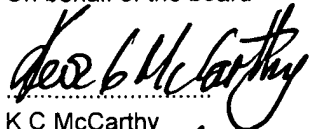
**Auditor**

The auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

On behalf of the board



K C McCarthy

Director

Date: 30/4/19

**NEWLYN PLC**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

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

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

## NEWLYN PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWLYN PLC

---

#### Opinion

We have audited the financial statements of Newlyn Plc (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the 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 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 December 2018 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial 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.

**NEWLYN PLC**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF NEWLYN PLC**

---

**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 and the directors' report.

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Alexander Bell FCA (Senior Statutory Auditor)**  
for and on behalf of Mercer & Hole

*30 April 2019*

**Chartered Accountants**  
**Statutory Auditor**

Batchworth House  
Batchworth Place  
Church Street  
Rickmansworth  
Hertfordshire  
WD3 1JE



**NEWLYN PLC****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2018**

---

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	18,825,363	17,796,495
Cost of sales		(9,942,717)	(9,724,613)
<b>Gross profit</b>		<u>8,882,646</u>	<u>8,071,882</u>
Administrative expenses		(3,454,054)	(3,105,035)
Other operating income		87,334	115,596
Management buy-out expenditure	<b>4</b>	(137,606)	-
<b>Operating profit</b>	<b>5</b>	<u>5,378,320</u>	<u>5,082,443</u>
Interest receivable and similar income	<b>8</b>	3,983	1,070
<b>Profit before taxation</b>		<u>5,382,303</u>	<u>5,083,513</u>
Tax on profit	<b>9</b>	(986,595)	(1,005,845)
<b>Profit for the financial year</b>		<u><u>4,395,708</u></u>	<u><u>4,077,668</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

**NEWLYN PLC**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

	2018	2017
	£	£
Profit for the year	4,395,708	4,077,668
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>4,395,708</u>	<u>4,077,668</u>

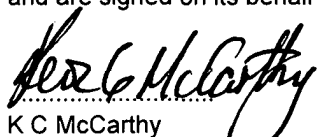
**NEWLYN PLC**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		700,384		687,075
<b>Current assets</b>					
Debtors	12	5,299,410		2,504,022	
Cash at bank and in hand		1,447,035		2,466,363	
		<u>6,746,445</u>		<u>4,970,385</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,736,600)</u>		<u>(3,285,675)</u>	
<b>Net current assets</b>			3,009,845		1,684,710
<b>Total assets less current liabilities</b>			<u>3,710,229</u>		<u>2,371,785</u>
<b>Provisions for liabilities</b>	14		(37,464)		(36,588)
<b>Net assets</b>			<u><u>3,672,765</u></u>		<u><u>2,335,197</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		51,000		51,000
Profit and loss reserves			3,621,765		2,284,197
<b>Total equity</b>			<u><u>3,672,765</u></u>		<u><u>2,335,197</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 April 2019 and are signed on its behalf by:

  
 K C McCarthy  
 Director

Company Registration No. 03770985

**NEWLYN PLC****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2018**

---

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
<b>Balance at 1 January 2017</b>	51,000	1,557,739	1,608,739
<b>Year ended 31 December 2017:</b>			
Profit and total comprehensive income for the year	-	4,077,668	4,077,668
Dividends	10	-	(3,351,210)
<b>Balance at 31 December 2017</b>	51,000	2,284,197	2,335,197
<b>Year ended 31 December 2018:</b>			
Profit and total comprehensive income for the year	-	4,395,708	4,395,708
Dividends	10	-	(3,058,140)
<b>Balance at 31 December 2018</b>	51,000	3,621,765	3,672,765

---

## NEWLYN PLC

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1 Accounting policies

##### Company information

Newlyn Plc is a private company limited by shares incorporated in England and Wales. The registered office is Batchworth House, Batchworth Place, Church Street, Rickmansworth, Hertfordshire, WD3 1JE.

##### 1.1 Accounting convention

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

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

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

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

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

The financial statements of the company are consolidated in the financial statements of Newlyn Group Holding Limited. These consolidated financial statements are available from its registered office, Batchworth House, Batchworth Place, Church Street, Rickmansworth, Hertfordshire, United Kingdom, WD3 1JE.

##### 1.2 Going concern

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

##### 1.3 Turnover

Turnover represents revenue earned (excluding value added tax) under contracts to provide professional services from bailiff and related activities.

Bailiff service income is recognised on remittance of fees to the clients' debtors, as it is only at this point that the economic benefits are guaranteed to flow to the company.

Rent receivable is recognised on the accruals basis. Rent received in advance is carried forward as deferred income and released to the income statement in the period to which it relates.

**NEWLYN PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**1 Accounting policies**

**(Continued)**

**1.4 Tangible fixed assets**

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

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

Plant and machinery	33% on reducing balance
Fixtures, fittings & equipment	15% on reducing balance
Motor vehicles	33% on 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.

**1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 group 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.

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.

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

**1.6 Cash and cash equivalents**

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

**1.7 Financial instruments**

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

Financial instruments are recognised in the company's balance sheet 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.

1 Accounting policies

(Continued)

**Basic financial assets**

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

**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 creditors and bank loans 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 receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

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

1 Accounting policies

(Continued)

1.9 Taxation

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

**Current tax**

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

**Deferred tax**

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

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

1.10 Employee benefits

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

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

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

1.11 Retirement benefits

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to the scheme are charged to the profit and loss account in the period to which they relate. The contributions are invested separately from the company's assets.

1.12 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.



**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.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no material indicators of impairments identified during the current financial year other than in respect of bad and doubtful trade debtor balances recognised in the financial statements.

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Recoverability of receivables**

When needed management will establish a provision for receivables which are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the receivables and past experience of recoverability.

**Determining residual values and useful economic life of tangible fixed assets**

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programs.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
<b>Turnover analysed by class of business</b>		
Debt collection	18,825,363	17,796,495
	<u>                    </u>	<u>                    </u>

NEWLYN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue (Continued)

	2018	2017
	£	£
<b>Other significant revenue</b>		
Interest income	3,983	1,070
Rent received	60,581	115,596

	2018	2017
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	18,825,363	17,796,495

4 Exceptional costs

	2018	2017
	£	£
Management buy-out expenditure	137,606	-

These costs have arisen as a result of a management buy-out which occurred during the year ended 31 December 2018. In order to complete the management buy-out, advisory and consultancy costs were required which are outside of the normal course of business and are disclosed separately for this purpose.

5 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	18,100	18,300
Depreciation of owned tangible fixed assets	299,592	264,890
(Profit)/loss on disposal of tangible fixed assets	(16)	8,560
Operating lease charges	197,290	244,786

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was 84 (2017 - 84).

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	3,163,768	2,923,116
Social security costs	382,770	310,031
Pension costs	27,856	14,025

NEWLYN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>1,218,727</u>	<u>1,043,294</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 8 (2017 - 8).

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

	2018 £	2017 £
Remuneration for qualifying services	<u>192,246</u>	<u>193,828</u>

8 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	<u>3,983</u>	<u>1,070</u>

9 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>985,719</u>	<u>1,004,307</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>876</u>	<u>1,538</u>
 Total tax charge	 <u>986,595</u>	 <u>1,005,845</u>

**NEWLYN PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**9 Taxation**

**(Continued)**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit before taxation	5,382,303	5,083,513
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	1,022,638	978,402
Tax effect of expenses that are not deductible in determining taxable profit	44,002	29,549
Group relief	(82,105)	-
Permanent capital allowances in excess of depreciation	1,184	(3,644)
Deferred tax adjustments	876	1,538
Taxation for the year	<u>986,595</u>	<u>1,005,845</u>

**10 Dividends**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Interim paid	<u>3,058,140</u>	<u>3,351,210</u>

**11 Tangible fixed assets**

	<b>Plant and machinery</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 January 2018	1,134,193	88,095	466,384	1,688,672
Additions	252,222	71,777	49,546	373,545
Disposals	(100,915)	(82,168)	(8,360)	(191,443)
At 31 December 2018	<u>1,285,500</u>	<u>77,704</u>	<u>507,570</u>	<u>1,870,774</u>
<b>Depreciation and impairment</b>				
At 1 January 2018	704,611	59,909	237,077	1,001,597
Depreciation charged in the year	205,110	6,184	88,298	299,592
Eliminated in respect of disposals	(86,705)	(35,734)	(8,360)	(130,799)
At 31 December 2018	<u>823,016</u>	<u>30,359</u>	<u>317,015</u>	<u>1,170,390</u>
<b>Carrying amount</b>				
At 31 December 2018	<u>462,484</u>	<u>47,345</u>	<u>190,555</u>	<u>700,384</u>
At 31 December 2017	<u>429,582</u>	<u>28,186</u>	<u>229,307</u>	<u>687,075</u>

**NEWLYN PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****12 Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	2,614,672	2,343,121
Amounts owed by group undertakings	2,326,752	-
Other debtors	140,779	37,137
Prepayments and accrued income	217,207	123,764
	<u>5,299,410</u>	<u>2,504,022</u>

Included within trade debtors is an amount of £1,931,532 (2017 - £1,691,530) designated client money (note 13).

The bank holds a £50,000 bond against the client money balance by way of security.

**13 Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	2,148,851	1,934,533
Corporation tax	484,730	392,311
Other taxation and social security	372,363	302,985
Other creditors	7,940	2,660
Accruals and deferred income	722,716	653,186
	<u>3,736,600</u>	<u>3,285,675</u>

Included within trade creditors is an amount of £1,931,532 (2017 - £1,691,530) designated client money (note 12).

The bank holds a £50,000 bond against the client money balance by way of security.

**14 Provisions for liabilities**

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Deferred tax liabilities	<b>15</b>	<u>37,464</u>	<u>36,588</u>

**NEWLYN PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****15 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2018 £</b>	<b>Liabilities 2017 £</b>
<b>Balances:</b>		
Accelerated capital allowances	37,464	36,588
	<u>37,464</u>	<u>36,588</u>
<b>Movements in the year:</b>		<b>2018 £</b>
Liability at 1 January 2018		36,588
Charge to profit or loss		876
Liability at 31 December 2018		<u>37,464</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature.

**16 Retirement benefit schemes**

	<b>2018 £</b>	<b>2017 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	27,856	14,025
	<u>27,856</u>	<u>14,025</u>

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.

**17 Share capital**

	<b>2018 £</b>	<b>2017 £</b>
<b>Ordinary share capital Issued and fully paid</b>		
51,000 Ordinary shares of £1 each	51,000	51,000
	<u>51,000</u>	<u>51,000</u>

**NEWLYN PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**18 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:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Within one year	155,200	130,000
Between two and five years	521,067	480,000
In over five years	1,370,000	1,490,000
	<u>2,046,267</u>	<u>2,100,000</u>

**NEWLYN PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**19 Related party transactions**

The total remuneration for key management personnel for the period and prior year is disclosed in Note 6 of the accounts.

**Amounts owed to/by related parties**

The following amounts were outstanding at the reporting end date:

	Amount owed to		Amounts owed by	
	2018	2017	2018	2017
	£	£	£	£
Other related parties	3,428	2,456	142,239	-

**Group entities**

The company has taken advantage of the exemption conferred by paragraph 33.1A of FRS 102 "Related Party Disclosures" not to disclose transactions with other group entities, whose voting rights are 100% controlled within the group, and where consolidated financial statements of the group are publicly available.

**20 Directors' transactions**

This balance represents loans provided to the company by its directors. This amount is payable on demand.

Description	% Rate	Opening balance	Amounts advanced	Closing balance
		£	£	£
Directors' loan account	-	(5,622)	5,756	134
		<u>(5,622)</u>	<u>5,756</u>	<u>134</u>

**21 Controlling party**

The ultimate controlling party of the entity is Newlyn Group Holding Limited, by virtue of the fact that they were transferred 100% of the ordinary share capital, during the year.

The registered office for Newlyn Group Holding Limited is Batchworth House, Batchworth Place, Church Street, Rickmansworth, Herts, WD3 1JE.