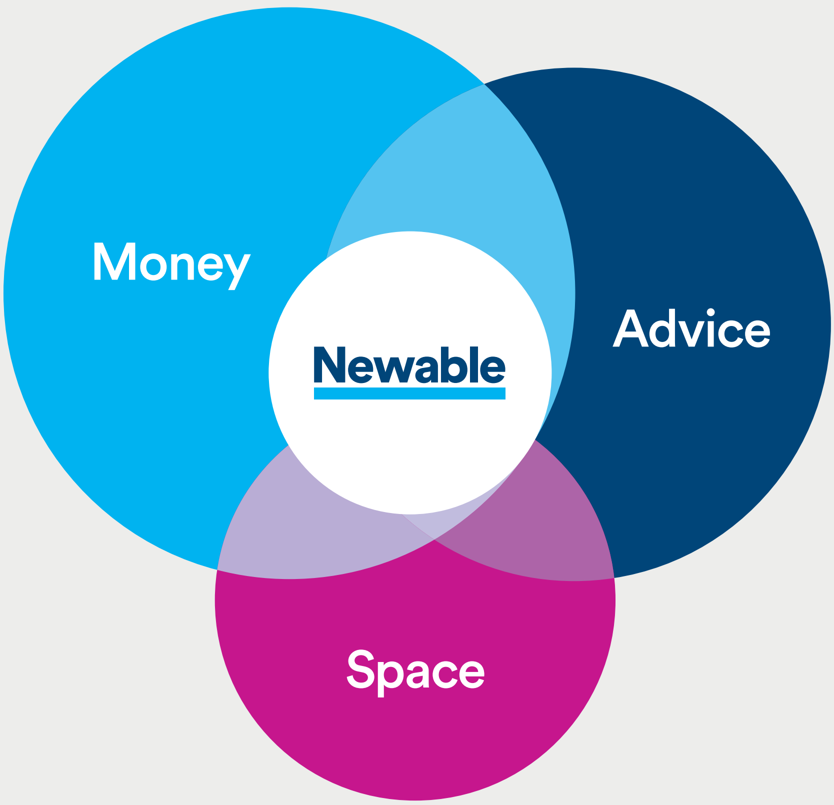
Newable

Annual Report and Financial Statements

Year Ended 31 March 2019



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Country of incorporation of parent Company: England and Wales

Directors

P G Collis CB
Cllr J W Hopkins
A G MacLennan
C J Manson
J Montgomery
Cllr G Nicholson (Chair)
V A Sharp
M B Walsh
A M Watts CBE
M B Whitefield
N K Wright

Secretary and registered office

M Hofman
140 Aldersgate Street
London
EC1A 4HY

Company number

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Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Strategic Report

The Directors present the Group's strategic report for the year ended 31 March 2019.

1. Introduction

Newable's purpose is to help companies working at the heart of the UK economy thrive. We achieve this by delivering financial support, advisory services and premises for business use. Newable has nearly forty years' experience of helping to generate inclusive economic growth by helping Britain's business men and women start, sustain and scale their businesses. Newable's strategy is to continue to evolve and develop a unique platform of products and services for businesses across Money, Advice and Space that is quite unmatched in the UK.

Newable is non-profit distributing and so reinvests all profits and resources back into its businesses.

2. Business Review

The major event of the year was the acquisition of Citibase Holdings Ltd ("Citibase"). This is the largest acquisition in Newable's history. Citibase provides our business with a national footprint through a network of over 40 Business Centres operating from Aberdeen to Brighton.

The growth in flexible workspace has been well documented. Some industry experts predict that over 30% of all workspace will be defined as flexible in the near future. Others suggest that the market for commercial office leases under 10,000 sq. ft. will all but disappear as the flexible trend becomes enshrined as a business-as-usual working practise. This transition, enabled by the emergence of cloud computing, has become a default business response to the uncertain economic climate. Companies appreciate the benefits of flexible workspace, which helps to decrease fixed business operating costs as well as increasing the capability to respond with agility to changes in market conditions, or to take advantage of opportunities.

This has created a challenge for property investors and asset managers, as fewer smaller offices are being taken on a traditional 10-year lease. Citibase offers an alternative value proposition. Rather than taking a long-term lease and then 'selling on' space on short-term flexible terms to third parties, Citibase enters into management agreements with clients. Citibase assumes full responsibility for the space, using its demand generation and operations management centre to fill the space and optimise the yield on it. In return, Citibase receives management fees and shares the profit with the Client. This has broad, proven appeal to investors with property interests. Citibase's client base ranges from the world's largest property asset management company through to owners of individual properties.

Citibase's Edinburgh St Colme Street Business Centre, one of over 40 stretching from Aberdeen to Brighton.

We are excited by Citibase's potential for expansion and believe it will make a significant contribution to helping us achieve the growth objectives of our business. However, equally vital is the close alignment of the set of values underpinning Citibase and Newable. This is key, in our minds, to a successful acquisition. I am delighted to report that it has been a genuinely positive experience working with the Citibase team. It is clear we share the same passion and goal of supporting businesses working at the heart of the economy whilst returning sustainable profits. We also share a similar ambition and optimism for growth.

Newable already has a strong track record in creating homes for business. This is in the activity of redeveloping brownfield sites and transforming them into economically productive light industrial parks. There continues to be strong demand for units to support businesses involved in activities such as last mile logistics, workshops, and light manufacturing. This is reflected by the high occupancy rates of some 95% in our investment properties portfolio.

In terms of new developments, our team continued their good work by completing a new 53,000 sq. ft development at Creek Way in Rainham. Construction is well advanced on a 65,000 sq. ft development at Jeffreys Road, Enfield. We also secured planning consent for our 73,000 sq. ft site in Dartford, which will enable us to start building later this year.

The pipeline was strengthened by the acquisition of a 33,000 sq. ft site in Alfred's Way, Barking for £5.3 million. Finally, a significant milestone was the successful sale and disposal of our Waterfront Studios and Redlands investment properties.

In the domain of Finance, our joint venture Newable Business Finance passed through the £250 million barrier in terms of applications for loans between £26,000 and £150,000. This has been achieved in little over two years of operation. We have proved that there is a market for our Responsible Finance product. We continue to seek long-term sources of wholesale funding to enable us to scale this product. Responsible Finance loans also include free business mentoring support. We were delighted that Carolene Thompson, one of our business mentors, won a prestigious award at the National Mentoring Awards, whilst Newable was shortlisted as mentoring company of the year.

Our £592,000 acquisition of St Georges Commercial Finance - now rebranded as Newable Commercial Finance - means that we now also have the capability and where relevant, regulatory permissions to broker customer requests for funding to other lenders with different risk appetites. As a result, we have the ability to support even more businesses. The brokerage team is now integrated into Newable and is based at our Business Exchange in Epsom.

Beauhurst named Newable Private Investing, the UK's most active early stage investment network.

Newable's Events team showcased 18 UK SMEs at the Farnborough International Airshow. Baroness Fairhead, the International Trade Minister visited the stand.

Newable Private Investing (NPI) continues to make good progress as it continues to strengthen its operating platform. Beauhurst, the leading firm of analysts, confirmed NPI as the UK's most active early stage investment network. In the last two years, we have participated in over 50 investments injecting over £36m into exciting British tech-based businesses. Having acquired London Business Angels in our previous financial year, we have conducted a significant amount of work creating a professional platform and service to entrepreneurs and investors, which provides us with a robust platform for growth.

Our teams in Professional Support ("Advisory") delivered for businesses once again. During a time of unprecedented uncertainty, our Advisory teams exceeded all of the exporting targets set by the Department for International Trade. As a result, we are proud to have supported around 10,000 businesses in London and the South East and have been responsible for helping to generate over £2.5 billion in incremental export sales for UK plc.

We believe that this result is down not only to the quality of our Advisers, but our re-organisation at the beginning of the year into sector specific teams. The benefit to clients is that they are able to deal with an adviser, based locally, but also an expert in their industry.

Newable also serves as a delivery partner for Innovate UK, the UK Government's innovation agency. Our Innovation Advisers supported over 1,200 entrepreneurs across the year helping them to commercialise their ideas and bring them to market. Apart from working extensively domestically, the team designed and delivered important overseas missions to Canada, India, Spain and the United States. An example of this activity is the cohort of women-led AI businesses that we took to Israel as part of the Global Business Innovation Programme (GBIP) programme.

Our Social Impact programmes continued to make an important difference through such activity as Get Ready to Supply, our inclusive supply chain initiative delivered on behalf of JP Morgan Chase Foundation. In its first year, the project has provided business support to 250 micro and small inner-city businesses and has led to contracts totalling £1.5 million being awarded by large contractors.

Our Events team delivered over 225 capability and business building events during the year. A highlight included designing and delivering the prestigious Diversity and Inclusion Summit for the Mayor of London, Sadiq Khan held at City Hall. Meanwhile our own Fuelling Ambition Conference supporting 450 female entrepreneurs was held at the Barbican, last May.

3. People and Culture

Newable has a long-term people ambition to be one of the best employers to work for in the UK. This is measured by participating in the Best Companies Workplace Engagement Standard Accreditation Programme – Newable has the first level of accreditation - 'Ones to Watch'.

The people strategy aims to respond, support and deliver on Newable's ambition to grow through the recruitment, development and retention of the best available talent.

Newable supports a workplace culture where our people can grow and contribute to the achievement of Newable's objectives and where work is stimulating and rewarding in a diverse, inclusive, creative and innovative environment.

Although not required by law to disclose headline statistics, in line with best practice, Newable does voluntarily produce data on the diversity of its people which is disclosed in this Report. The latest available data is at 31 December 2018. Please note that headcount for Citibase, our recent acquisition, is excluded from these statistics due to differences in reporting requirements and systems. Citibase's headcount will be included for FY2020 onwards.

To summarise, the key people statistics show:

- There are 191 FTE staff compared to 185 a year ago. This represents a 3.2% increase in headcount.
- 6.8% of the staff work on a part-time/reduced hours' basis compared to 9.7% a year ago.
- The voluntary staff turnover rate is 13.9% compared to 14.2% a year ago.
- The ethnic minority proportion rate increased from 20% to 20.4% in the last 12 months.
- The gender ratio is 45.5% women and 54.5% men; there is a very small shift of more men working for Newable compared to a year ago.
- The number of new hires who describe themselves as being from an ethnic minority background is 24.1% compared to 27.9% a year ago.
- Newable has staff employed in all age group categories; the 20-25 age group has seen a significant increase in the last 12 months due to new apprentice hires.

Newable has also produced its Gender Pay Gap Report based on a data sample as at 16 February 2019.

Although Newable's headcount is below the 250-headcount threshold for statutory reporting requirements, it is reporting on the Gender Pay Gap again this year in the spirit of being transparent and as part of its on-going commitment to diversity, inclusion and equality of opportunity.

The 2019 report shows that Newable does have a gender pay gap as is the case for the vast majority of companies reporting across the United Kingdom. However, when you compare this report with the 2018 report, the figures have reduced year on year.

Newable will continue to create an evidence base to identify any barriers to gender equality and to inform future priorities for action so that it can understand:

- the proportion of men and women applying for jobs and being recruited;
- the proportion of men and women applying for and obtaining promotions;
- the proportion of men and women leaving Newable and their reasons for leaving;
- the take-up of flexible working arrangements by gender and level within Newable;
- the proportion of men and women who return to their original job after a period of maternity or other parental leave; and
- the proportion of men and women still in post a year on from a return to work after a period of maternity or other parental leave.

None of these initiatives will remove the gender pay gap of itself and it may be several years before some have any impact at all. In the meantime, Newable is committed to reporting on an annual basis on what it is doing to reduce the gender pay gap and the progress that it is making.

4. Principal Risks and Uncertainties

The Board pays careful attention to the identification and control of risks associated with Newable's activities. During the year, a Risk Framework Statement and Risk Appetite Statement were developed to provide a stronger structure to support Newable's risk control processes. In addition, a Group Risk Committee was also established to provide a more focused forum for addressing Newable's risk agenda.

At Board level, regular reports are given addressing risk areas, in part, through the regular review of Newable's risk registers. These are supplemented by reviews by the Risk and Audit Committees. In addition, Newable has a comprehensive suite of insurance policies in place to mitigate its exposure to risk including business interruption and loss of assets. For

Newable's directors and officers, comprehensive professional indemnity and directors & officers insurance coverage is also provided.

For details of Newable's identified risks and details of Newable's risk appetite please see note 28 of these financial statements for further details.

5. Key Performance Indicators

Integral to the performance management of the Group, the Board and management monitor actual against budgeted revenue, costs and underlying pre-tax profitability and earnings before interest, taxation, depreciation and amortisation ('EBITDA'). Note 5 of the financial statements provides an analysis of revenues by major business unit and type of revenue.

In addition, for the Group's investment and development property businesses, asset values and net rental yields, and for the Group's Advice business, key export targets as set out in the Group's contracts with the Department of International Trade, are also closely monitored.

Review and monitoring takes place through a combination of monthly business reviews, quarterly individual Business Board and finance meetings and scheduled Group Board meetings.

The Board and management believe that these key performance indicators as described above, are key metrics to monitor the performance of the Group, as they provide a good basis to judge underlying performance.

6. Other Matters

The Group is placing increased emphasis and focus on its environmental and corporate social responsibilities and, as a result, we are developing a forum for staff to monitor the Group's impact on the environment. Newable has comprehensive anti-bribery and anti-corruption policies in place which are communicated to staff through training and information on the intranet.

Please see note 34 for details of post balance sheet events.

7. Conclusion

I am very pleased to be reporting these results, which demonstrates the potential of the business. Newable really is a special company. Money. Advice. Space. This underlines the opportunity we have in front of us, notwithstanding the continuing political and economic uncertainty.

I would also like to take this opportunity to welcome Joe Montgomery who joined the Board in July 2018. Joe has extensive experience of public affairs, Whitehall, and public service reform. His roles have included Director General, Dept. for Communities & Local Govt. and Director General, Office of the Deputy Prime Minister.

Finally, I would like to record my sincere thanks to all our staff and Board colleagues at Newable for their contribution over the last year which is due to a great deal of hard work by every single person across Newable. I look forward with confidence to Newable's future.

On behalf of the Board

C J Manson
Chief Executive

17 July 2019

Directors’ Report

The Directors present their annual report and financial statements for the year ended 31 March 2019. The financial statements are for Newable Limited (the "Company") and its subsidiaries (together, the "Group").

1. Results and Future Developments

The Group's profit for the year, after taxation, amounted to £4,291,000 (2018: £7,055,000) and has been added to reserves. In accordance with the articles of association no dividend is payable to members.

The Group is focused on building a United Kingdom based group that will continue to develop its strategy of launching or acquiring new products and services as well as strengthening its existing range of products and services that it offers to start up, small and medium sized businesses. This is part of a five-year strategy to broaden significantly the Group's activities, including through acquisitions of businesses that have a leading product or service, and to become the 'go to' place for British small and medium sized businesses.

2. Directors

Those persons who acted as Directors during the year and subsequently are given below:

Non-Executive Directors

P G Collis CB	
Cllr J W Hopkins	
A G MacLennan	
J Montgomery	(appointed 17 July 2018)
Cllr G Nicholson	(reappointed Chair 26 March 2019)
V A Sharp	
A M Watts CBE	
M A Yeates	(resigned 29 June 2018)

Executive Directors

C J Manson	(Chief Executive)
M B Walsh	(Chief Financial Officer)
M B Whitefield	(Human Resources Director)
N K Wright	(Marketing and Communications Director)

3. Directors' Interests in Shares

The Company is limited by guarantee without share capital.

Certain Non-Executive Directors are appointed from time to time to act as Private Members of the Company. These Private Members have no rights to participate in the income and assets of the Company. P G Collis CB, A M Watts CBE, A G MacLennan and V A Sharp acted as Private Members throughout the year.

J Montgomery, following his appointment to the Board in July 2018, became a Private Member following the AGM on 29 November 2018. None of these Directors has or had at any time during the year any interest in the shares of any other Group undertakings.

4. Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint BDO LLP as auditors of the Group and Company will be proposed at the next Annual General Meeting.

5. Directors' responsibilities for the financial statements

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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law – "UK GAAP"), in compliance with Financial Reporting Standard 101.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and in the case of the Company financial statements, in accordance with UK GAAP;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group and Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Board

M B Walsh
Director

17 July 2019

140 Aldersgate Street
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Corporate Governance Framework

Newable continues to be committed to high standards of Corporate Governance and the Board of Directors believes this is a key element in continuing to preserve value and deliver growth in Newable. As a result, the Board is committed to high standards of governance practise, although the Board has not, until now, formally adopted one of the recognised Corporate Governance codes. However, as part of the ongoing agenda to continue to improve governance standards, the Board recently agreed to formally adopt the Quoted Companies Alliance ("QCA") Corporate Governance Code from 1 April 2019, the start of the new financial year.

This commitment reflects the importance the Board attaches to strong, open and visible governance and clear and transparent reporting. Newable Limited is a company limited by guarantee with a combination of private and public sector members, the public sector members being the London Boroughs and the City of London Corporation. Thirteen of these local authorities have the opportunity to nominate a proportion (less than 20%) of the Board of Directors.

The Board monitors its Corporate Governance practices with an annual review undertaken by the Audit Review Committee with the aim of ensuring that governance policies and performance are maintained and continue to comply with the appropriate legal, regulatory and reporting requirements.

Board of Directors

The Board of Directors formally met three times during the financial year (in addition to a number of additional meetings outside the normal course of business to address specific investment proposals), has overall responsibility for leading and controlling the Company and is accountable to the Ordinary and New Members (the London Boroughs and the City of London Corporation) for financial and operational performance.

The Board has adopted a formal schedule of matters detailing key aspects of the Company's affairs presented to it for decision. Responsibility for the development and recommendation of strategic plans for consideration by the Board, for implementation of strategies and policies approved by the Board and for operational management is delegated to the Boards of Newable's individual businesses of which a number of Executive and Non-Executive Directors are members.

At 31 March 2019, the Board comprised a Non-Executive Chair, four Executive Directors and six Non-Executive Directors. The Directors are as shown on page 8. With the exception of Cllr G Nicholson and Cllr J W Hopkins, the Non-Executive Directors are the Private Members of the Company. Biographical details of members of the Board are included on the Newable's external website at: https://www.newable.co.uk/team.php

The Board is aware that one Non-Executive Director, A M Watts CBE has served in excess of 10 years. However, the Board considers that she remains independent given her wide range of external appointments to other Boards and other interests outside of Newable. A M Watts' CBE continued engagement and contribution is much valued. The Board has continued the refreshment programme to appoint a number of new Non-Executive Directors, to strengthen the Board and to replace retiring Non-Executive Directors. During this financial year one Non-Executive Director resigned and one new Non-Executive Director was appointed.

The roles of the Chair and Chief Executive are distinct and separate, with a clear division of responsibilities. P G Collis CB acts as the Senior Independent Director. The Board considers that the Non-Executive Chair and the Senior Independent Director are independent of the Chief Executive and this, together with the majority of independent Non-Executive Directors and use of Board Committees, facilitates a forum for clear, independent and unfettered communication both internally and externally.

The Non-Executive Directors combine broad business and commercial experience with independent and objective judgement. This balance enables the Board to provide clear and effective leadership and maintain the highest standards of integrity across Newable's business activities. The Board has reviewed the independence of the Non-Executive Directors and has concluded that, with the exception of Cllr G Nicholson and Cllr J W Hopkins who are Councillors at two of Newable's members (the London Borough of Hackney and the London Borough of Lambeth respectively), the Non-Executive Directors are independent. The Board is supplied with comprehensive Board papers in advance of each Board meeting, including financial and business reports covering each of the Newable's principal business activities.

During the year, particular areas of focus for the Board and it supporting committees and subsidiary boards included:

- Strategic Direction
- Business Acquisition Proposals
- Regulatory compliance, particularly GDPR and AML procedures

- Cyber security
- Financial reporting and monitoring
- Capital Structure and planning
- Diversity and company culture
- Governance, board composition and evaluation

Board Committees

In order to ensure effective control and oversight, the Board has a number of committees with specific responsibilities defined by written terms of reference, which are reviewed annually by the Board, the Audit Review Committee and the relevant Committee, and are available on request from the Company Secretary. The principal committees are as follows:

The Audit Review Committee

The Audit Review Committee usually meets three times in the year. It consists of three independent Non-Executive Directors, the Chair P G Collis CB, A G MacLennan and V A Sharp. In addition, the Chief Executive Officer, the Chief Financial Officer, external auditors and internal auditors attend by invitation at the discretion of the Chair. The Committee is responsible for assisting the Board in discharging its responsibilities for the selection of accounting policies and financial reporting, internal controls and its risk management framework. Newable management have established a system of internal control, which includes the accounting systems needed to manage and record the transactions undertaken by the business. However, it must be recognised that any system cannot provide absolute assurance against material misstatement or loss.

Following a review during the financial year, the professional firm RSM was appointed to provide Newable's internal audit function. During the year, the Audit Review Committee reviewed the results of a number of internal audit reports covering various issues of internal controls and risk management. This programme of work will continue in the forthcoming year and is part of a planned rolling programme across Newable.

The Audit Review Committee and its new sub-committee, the Group Risk Committee, carries out a formal regular review of the Newable's risk register and makes appropriate recommendations to the Board. The Committee also reviews the independence of the external auditors, including the relationship between audit and non-audit work performed by the external auditors, and reviews the nature and scope of the audit with the external auditors prior to commencement and continues to monitor the scope and results of the annual audit, its cost effectiveness and objectivity. The Committee also formally evaluates the performance of the external and internal auditors on an annual basis. The internal and external auditors have direct access, if required, to the Chair of the Committee.

In addition, the Committee monitors and reviews corporate governance practices and performance on an annual basis on behalf of the Board.

The Remuneration and Personnel Committee

The Remuneration and Personnel Committee also usually meets three times in the year.

The Remuneration and Personnel Committee consists of three independent Non-Executive Directors. Executive Directors may attend at the invitation of the Chair to report on specific matters (but are always excluded when their own performance and remuneration are under review).

The Non-Executive members are A M Watts CBE (Chair), P G Collis CB and A G MacLennan. The Remuneration and Personnel Committee assists the Board in discharging its responsibilities for executive remuneration policy, remuneration arrangements of Directors and remuneration, employment and personnel policy generally across the Group.

For further details of the work of the Remuneration and Personnel Committee see the Remuneration and Personnel Committee Review on page 16 of this report.

The Nominations Committee

The Nominations Committee usually holds one meeting annually but can meet more frequently when required. It consists of two Non-Executive Directors and one Executive Director. The current Non-Executive members are P G Collis CB (Chair) and A M Watts CBE; the Executive member is C J Manson. The Committee is responsible for assisting the Board in the formal selection and appointment of Directors.

The Committee considers potential candidates and recommends the appointment of new Directors to the Board. The Committee also takes responsibility on behalf of the Board for the recruitment, induction and training of new Directors and the assessment of Board and individual Director's performance. It also takes responsibility for the evaluation of Board members' performance, which includes review of attendance records and contributions to meetings.

The Committee also reviews and reports on performance in relation to Board and Sub-Committee administration including the content and timeliness of papers and minutes.

Board Responsibilities

The Board accepts its responsibility for ensuring there is an effective system of internal control. In this respect, the Audit Review Committee regularly reports and advises the Board on these issues. This is now supported by the newly formed Group Risk Committee, which operates as a subcommittee of the Audit Review Committee and which started its work during the financial year.

The Board undertakes an annual self-assessment process, the results of which are reviewed by the Board and the Nominations Committee and helps inform future priorities for Board performance development generally.

The Board, and its Committees, also carries out an annual review of the following:

- Conflicts of interest and related policies.
- Whistleblowing policy – which provides a mechanism for staff to raise issues of concern if required on a confidential basis.
- Executive remuneration and performance
- Board and Committee terms of reference.
- Relevant legal and compliance developments.
- Relevant health and safety matters.

Regular attendance of Board and Committee meetings is an important commitment on the part of Executive and Non-Executive Directors to ensure that governance arrangements remain robust and effective.

Set out in the following tables are the attendance records of Directors at the regular meetings of the Board and the Board's Committees.

Board Meetings

Director's Name	To May 2019	To May 2018
P G Collis CB	3/3	3/3
J Crook OBE (resigned 30 November 2017)	N/A	2/2
P A Hendrick (resigned 30 November 2017)	N/A	2/2
J W Hopkins	3/3	2/3
A G MacLennan (appointed 1 January 2018)	3/3	1/1
A K Manning-Jones (resigned 30 November 2017)	N/A	2/2
C J Manson	3/3	3/3
J Montgomery (appointed 17 July 2018)	2/3	N/A
G Nicholson	3/3	3/3
V A Sharp (appointed 1 January 2018)	3/3	1/1
S A Tye (resigned 16 October 2017)	N/A	1/1
M B Walsh	2/3	3/3
A M Watts CBE	3/3	3/3
M B Whitefield	3/3	3/3
N K Wright	3/3	3/3
M A Yeates (appointed 1 January 2018; resigned 29 June 2018)	N/A	1/1

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, all Directors are able, if necessary, to obtain relevant independent professional advice at the Company's expense.

Audit Review Committee Meetings

Director's Name	To May 2019	To May 2018
P G Collis CB	3/3	3/3
P A Hendrick (resigned 30 November 2017)	N/A	2/2
A G MacLennan (appointed 17 October 2018)	2/2	N/A
V A Sharp (appointed 1 January 2018)	3/3	1/1
S A Tye (resigned 16 October 2017)	N/A	1/1
A M Watts CBE (resigned 17 October 2018)	3/3	3/3
M A Yeates (appointed 1 January 2018; resigned 29 June 2018)	N/A	1/1

Remuneration & Personnel Committee Meetings

Director's Name	To May 2019	To May 2018
P G Collis CB	3/3	5/5
P A Hendrick (resigned 30 November 2017)	N/A	4/4
A G MacLennan (appointed 1 January 2018)	3/3	1/1
V A Sharp (appointed 1 January 2018; resigned 17 October 2018)	3/3	1/1
S A Tye (resigned 16 October 2017)	N/A	3/3
A M Watts CBE	3/3	5/5

Nominations Committee

Director's Name	To May 2019	To May 2018
P G Collis CB	1/1	1/1
P A Hendrick (resigned 30 November 2017)	N/A	1/1
A G MacLennan (resigned 17 October 2018)	1/1	N/A
C J Manson	1/1	1/1
V A Sharp (appointed 3 July 2018; resigned 17 October 2018)	1/1	N/A
A M Watts CBE	1/1	1/1

Relations with the Members

Each year, the Company provides Members with a report and a review of Newable's activities. Members are invited to attend the Annual General Meeting, where they have the opportunity to ask questions and raise any concerns to the Board of Directors. Two of the Non-Executive Directors are required by the Company's Articles of Association to represent the London Boroughs (either Councillors or Officers of the London Boroughs) and help ensure the rest of the Board maintain an understanding of the views of those Members on an on-going basis. The Company's website (www.newable.co.uk) provides information on Newable's current activities.

Remuneration and Personnel Committee Review

1. Introduction

The Remuneration and Personnel Sub-Committee ('the Committee') is responsible for:

- The determination of Newable's policy for executive remuneration and the terms and conditions of employment of the Executive Directors.
- The determination of appropriate performance conditions for incentive arrangements and bonus payments across Newable.
- Review and determination of Newable's HR policies as required.

Annual Bonus Scheme

As reported last year significant changes were made to Newable's bonus scheme arrangements in FY2018. These revised bonus scheme structures continued to operate throughout FY2019. The key features of Newable's bonus schemes include:

- Bonus schemes operate based on a share of total reported profits, rather than, as has historically been the case, only on above budget profitability.
- Potential bonuses payable to staff are not restricted by a percentage of salary cap. Instead, an aggregate cap on total bonus payable to all staff by Newable, of 25% of Newable's profitability is applied.
- Individual business specific bonus schemes include an element of bonus potential driven by overall Newable profitability and not just by the profitability of the individual Newable business.
- As before, bonuses paid to management and staff are not pensionable.

In addition to the annual bonus schemes described above, that all staff participate in, a long-term incentive plan ("LTIP") is also in operation and which came into operation on 1 April 2017.

As previously reported, the LTIP is a scheme that can award up to 15% of the issued ordinary share capital of Newable UK Holdings Limited, an intermediate holding company, to members of Newable's Executive and Leadership team.

The LTIP will operate over a six-year period from 1 April 2017 to 31 March 2023. Under the rules of the LTIP, Newable will repurchase 50% of the ordinary shares held by participants as at 31 March 2022 with the remaining 50% of ordinary shares repurchased, that are still held by participating members of staff, as at 31 March 2023.

The repurchase price used will be determined by pre agreed price/earnings multiples and asset valuations to value Newable's asset based and trading businesses. Repurchase of ordinary shares by Newable would only take place after the completion of the audit of the financial statements of the financial year to which the repurchase relates.

Normal good leaver and bad leaver conditions apply with the Committee acting as the final decision making body for the operation of the LTIP. The detailed rules operating the LTIP are incorporated in the Articles of Association of Newable UK Holdings Ltd.

The LTIP is seen as being essential to assist Newable's long-term strategy of significantly expanding its range and scale of its activities.

The Committee will continue to monitor these schemes and will review in the light of prevailing market conditions.

2. Policy on Remuneration of Executive Directors

The objective of Newable's employment policies is to ensure that Newable is able to attract and retain the best calibre of staff from all sections of the communities in which it operates in an inclusive culture.

With regard to remuneration of senior executives, remuneration levels need to be sufficient to attract and retain Executives of the quality required to manage Newable successfully. A component part of the remuneration package is therefore structured to link rewards to corporate and individual performance. In this respect wherever possible, comparisons have been made with other companies in similar sectors to ensure that packages offered are consistent and fair in relation to that offered elsewhere.

Accordingly, in this respect, the remuneration package of senior executives may include (in addition to an annual salary), both an annual performance incentive together with a potential element of long term incentive.

All current Executive Directors have contracts providing for periods of up to six months' notice.

The main components of executive remuneration for the year ended 31 March 2019 were:

Basic Salary
Executive Directors base salaries were assessed against market rates by independent consultants in March 2018 which resulted in increases in salaries which took effect in April 2018.

Following further review in March 2019 it has been agreed that no increases in Executive Directors salaries will take place in FY2020.

Annual Performance Bonus
As described above, Newable operates annual performance bonus schemes, which are approved by the Committee. Payments under annual performance bonus schemes are non-pensionable.

Long Term Incentive Scheme
As described earlier in the report, Newable introduced during FY2018 a LTIP scheme, which all Executive Directors could benefit from. The Committee will review the LTIP annually. Any payments under the LTIP will not take place until 2022 and 2023 and will be non-pensionable.

Pensions
During the year, Newable made contributions on behalf of three Executive Directors to a defined contribution scheme. The contributions are based on base salary only.

Other Benefits
Two Executive Directors are entitled to receive a company car or the cash equivalent. All Executive Directors are entitled to the provision of life assurance cover and insurance against critical illness.

3. HR Policies

The Committee has focused on seeking to improve and enhance best practice with regard to HR policy and procedures. It regularly monitors, and there has been a particular emphasis during FY2019 on the effectiveness of, Newable's diversity and inclusiveness policy through the review of employee statistics including the ratio of staff by gender, age and the numbers from ethnic minorities. During the year, the Committee has kept HR activities, training, and development under regular review.

Newable is a diversity and inclusiveness employer and actively encourages applications from all sections of the community. Disabled people who meet all of the essential criteria will be invited to interview.

The Committee continues to encourage and support Newable's commitment to the development and training of all of its employees.

4. Emoluments

Total emoluments of the Directors for the year are shown below.

	Basic Salary	Fees	Annual Bonus	Other Benefits*	Total 2019	Total 2018
	£000	£000	£000	£000	**£000**	**£000**
Executive Directors						
C J Manson	235.0	-	324.6	30.8	**590.4**	**418.0**
M B Walsh	190.9	-	270.6	10.0	**471.5**	**418.2**
M B Whitefield	120.0	-	162.4	12.0	**294.4**	**168.5**
N K Wright	127.5	-	162.4	10.2	**300.1**	**193.3**
Non-Executive Directors						
P G Collis CB	24.1	-	-	-	**24.1**	**27.7**
J Crook OBE (resigned 30 November 2017)	-	-	-	-	**-**	**2.7**
P A Hendrick (resigned 30 November 2017)	5.2	-	-	-	**5.2**	**14.0**
J W Hopkins	5.2	-	-	-	**5.2**	**2.7**
A G MacLennan (appointed 1 January 2018)	21.8	-	-	-	**21.8**	**5.4**
A K Manning-Jones (resigned 30 November 2017)	-	-	-	-	**-**	**10.6**
J Montgomery	6.2	-	-	-	**6.2**	**-**
Cllr G Nicholson	12.0	-	-	-	**12.0**	**23.6**
V A Sharp (appointed 1 January 2018)	22.5	-	-	-	**22.5**	**5.4**
S A Tye (resigned 16 October 2017)	-	-	-	-	**-**	**16.6**
A M Watts CBE	23.7	-	-	-	**23.7**	**23.5**
M A Yeates (appointed 1 January 2018; resigned 29 June 2018)	19.9	-	-	-	**19.9**	**5.4**
	814.0	**-**	**920.0**	**63.0**	**1,797.0**	**1,335.6**

* Other benefits comprise mainly employer contributions to Executive Directors' pension schemes and Company car benefits.

Directors' emoluments represent amounts charged to the income statement during the period rather than amounts paid.

During the year, three Executive Directors were members of a defined contribution pension scheme.

Independent Auditor’s Report to the Members of Newable Limited

Opinion

We have audited the financial statements of Newable Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of financial position and company statement of financial position, the consolidated statement of changes in equity and the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Group or the Parent 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 the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Tim Neathercoat
(Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

55 Baker Street
London
W1U 7EU

19 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and Company Statements

Consolidated Statement of Profit and Loss

For the year ended 31 March 2019

	Note	2019 £000	2018 £000
Revenue	5	23,491	20,905
Cost of sales		(1,111)	(2,652)
Gross profit		22,380	18,253
Administrative expenses		(24,784)	(20,820)
Loss on disposal/impairment of owned assets		(147)	(157)
Gain on the disposal of investment properties		994	2,154
Increase in fair value of investment properties	13	4,869	9,542
Operating profit	6	**3,312**	**8,972**
Finance income	8	133	71
Finance expense	8	(855)	(682)
Share of post-tax profit/(losses) of equity accounted joint ventures	17	2,003	(400)
Profit before tax		4,593	7,961
Tax expense	9	(47)	(887)
Profit from continuing operations		**4,546**	**7,074**
Loss on discontinued operations, net of tax	10	(255)	(19)
Profit for the year		**4,291**	**7,055**
Attributable to:			
- Equity holders of the parent		4,291	7,055
		4,291	7,055

The notes on pages 32 to 78 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £000	2018 £000
Profit for the year		**4,291**	**7,055**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme (net of deferred taxation)		791	477
Other comprehensive income for the year (net of tax)		**791**	**477**
Total comprehensive income for the year		**5,082**	**7,532**
Attributable to:		5,082	7,532
- Equity holders of the parent		5,082	7,532

The notes on pages 32 to 78 form part of these consolidated financial statements.

Consolidated Statement of Financial Position As At 31 March 2019

Company Number: 1653116

	Note	2019	2018
		£000	£000
Non-Current Assets			
Property, plant & equipment	11	2,928	1,144
Investment property	13	47,280	54,810
Intangible assets	14	14,940	466
Investments in equity-accounted joint ventures	17	3,935	1,932
Fair value through profit or loss			
(available for sale 2018) investments	18	590	1,017
Loan receivables	20	380	7,655
Deferred tax asset	26	1,089	1,107
		71,142	68,131
Current Assets			
Development properties	19	17,172	14,174
Trade and other receivables	20	11,119	10,000
Cash & cash equivalents	35	2,926	3,377
		31,217	27,551
Total Assets		**102,359**	**95,682**
Current Liabilities			
Trade and other payables	21	14,217	20,438
Loans and borrowings	22	1,725	11,750
Employee benefit liabilities	24	627	329
Provisions	25	497	245
		17,066	32,762
Non-Current Liabilities			
Loans and borrowings	22	17,526	-
Other payables	23	11	11
Provisions	25	1,007	367
Deferred tax liability	26	2,133	2,174
Employee benefit liabilities	24	3,037	3,752
		23,714	6,304
Total Liabilities		**40,780**	**39,066**
Net Assets		**61,579**	**56,616**
Capital and reserves			
Members contribution	27	1,300	1,300
Retained earnings		60,279	55,159
		61,579	56,459
Non-controlling interest		-	157
Total Members' Funds		**61,579**	**56,616**

The financial statements on pages 23 to 78 were approved and authorised for issue by the Board of Directors on 17 July 2019 and were signed on its behalf by:

M B Walsh, Director.

The notes on pages 32 to 78 form part of these consolidated financial statements.

Company Statement of Financial Position As At 31 March 2019

Company Number: 1653116

	Note	2019	2018
		£000	£000
Fixed Assets			
Investments	12	17,852	17,701
		17,852	17,701
Current Assets			
Trade and other receivables	20	3,147	2,119
Cash at bank	35	33	5
		3,180	2,124
Creditors: amounts falling due within one year			
Trade and other payables	21	6,744	6,047
Net current liabilities		(3,564)	(3,923)
Net assets less current liabilities		**14,288**	**13,778**
Net employee benefit liability		(2,522)	(3,113)
Net Assets		**11,766**	**10,665**
Capital and reserves			
Members contribution	27	1,300	1,300
Retained earnings		10,466	9,365
Total Members' Funds		**11,766**	**10,665**

The financial statements on pages 26 to 78 were approved and authorised for issue by the Board of Directors on 17 July 2019 and were signed on its behalf by:

M B Walsh
Director

The Company is not publishing a separate statement of financial performance as permitted by section 408 of the Companies Act 2006. The profit for the year dealt within the Group financial statements was £310,107 (2018: loss of £863,576).

The notes on pages 32 to 78 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019	2018
Cash flows from operating activities	**£000**	**£000**
Profit for the year	4,291	7,055
Adjustments for non-cash movements:		
Depreciation of tangible fixed assets	567	203
Amortisation of intangible fixed assets	153	49
Increase in the fair value of investment properties	(4,869)	(9,542)
Finance income	(133)	(71)
Finance costs	855	682
Share of (profit)/loss in equity accounted joint venture	(2,003)	400
Loss/(profit) on sale of discontinued operations, net of tax	255	(291)
Impairment of fair value through profit or loss financial assets	206	157
Gain on sale of investment properties	(1,300)	(2,175)
Taxation expense	47	887
Movement in working capital:		
Decrease/(increase) in trade and other receivables	5,500	(7,625)
Decrease/(increase) in development properties	(7,870)	(6,718)
(Decrease)/increase in trade and other payables	(6,356)	9,705
Increase/(decrease) in provisions and employee benefits	1,366	(15)
Cash used in operations	**(9,291)**	**(7,299)**
Net interest paid	(627)	(500)
Corporation tax paid	(91)	(727)
Net cash flows used in operating activities	**(10,009)**	**(8,526)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(522)	(870)
Disposals of property, plant and equipment	94	3
Disposal of discontinued operations, net of tax	(255)	450
Additions to investment properties	(3,429)	-
Disposal of investment properties	22,000	8,000
Purchases of fair value through profit or loss financial assets	(171)	(200)
Proceeds on fair value through profit or loss financial assets	392	-
Purchase of intangibles	(25)	-
Acquisition of subsidiaries (net of cash)	(14,036)	(425)
Net cash generated from investing activities	**4,048**	**6,958**
Cash flows from financing activities		
Increase/(repayments) of bank borrowings	500	(3,775)
New bank loans raised	7,000	3,500
Provision of financing to joint venture	(1,991)	-
Net cash generated from / (used in) financing activities	**5,509**	**(275)**

The notes on pages 32 to 78 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2019

	2019	2018
	£000	£000
Decrease in cash and cash equivalents	(452)	(1,843)
Cash and cash equivalents (including overdrafts) at 1 April	3,377	5,220
Cash and cash equivalents at 31 March (see note 35)	**2,925**	**3,377**

The notes on pages 32 to 78 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Note	Members Contribution £000	Retained Earnings £000	Total £000	Non-controlling Interest £000	Total Equity £000
Balance at 31 March 2017		**1,300**	**47,627**	**48,927**	**157**	**49,084**
Comprehensive Income for the year						
Actuarial gain on defined benefit plans	31	-	555	555	-	555
Deferred tax effect of gains recognised directly in equity	26	-	(78)	(78)	-	(78)
Other comprehensive income		**-**	**477**	**477**	**-**	**477**
Profit for the year		-	7,055	7,055	-	7,055
Total comprehensive income for the year		**-**	**7,532**	**7,532**	**-**	**7,532**
Balance at 31 March 2018		**1,300**	**55,159**	**56,459**	**157**	**56,616**
Comprehensive Income for the year						
Actuarial gain on defined benefit plans	31	-	913	913	-	913
Deferred tax effect of gains recognised directly in equity	26	-	(122)	(122)	-	(122)
Other comprehensive income		**-**	**791**	**791**	**-**	**791**
Profit of the year		-	4,291	4,291	,	4,291
Total comprehensive income for the year		**-**	**5,082**	**5,082**	**-**	**5,082**
Purchase of remaining equity in subsidiary	16	-	(119)	(119)	-	(119)
Change in ownership	16	-	157	157	(157)	-
Total contributions by and distributions to owners		**-**	**38**	**38**	**(157)**	**(119)**
Balance at 31 March 2019		**1,300**	**60,279**	**61,579**	**-**	**61,579**

The notes on pages 32 to 78 form part of these consolidated financial statements.

Company Statement of Changes in Equity

For the year ended 31 March 2019

	Note	Members Contribution £000	Retained Earnings £000	Total Equity £000
Balance at 31 March 2017		**1,300**	**9,751**	**11,051**
Comprehensive Income for the year				
Actuarial gain on defined benefit plans	31	-	555	555
Deferred tax effect of gains recognised directly in equity	26	-	(78)	(78)
Other comprehensive income		**-**	**477**	**477**
Loss for the year		-	(863)	(863)
Total comprehensive income for the year		**-**	**(386)**	**(386)**
Balance at 31 March 2018		**1,300**	**9,365**	**10,665**
Comprehensive Income for the year				
Actuarial gain on defined benefit plans	31	-	913	913
Deferred tax effect of gains recognised directly in equity	26	-	(122)	(122)
Other comprehensive income		**-**	**791**	**791**
Profit of the year		-	310	310
Total comprehensive income for the year		**-**	**1,101**	**1,101**
Balance at 31 March 2019		**1,300**	**10,466**	**11,766**

The notes on pages 32 to 78 form part of these consolidated financial statements.

Notes to the Consolidated and Company Financial Statements

1. Introduction and operations

Newable Limited is incorporated and domiciled in England and Wales as a private company limited by guarantee. The registered address is 140 Aldersgate Street, London, EC1A 4HY. The principal activity of the Company is that of a holding company for its subsidiaries. The activities of the Company and its subsidiaries ("the Group") are described in note 2 of the Strategic Report.

2. Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements and company financial statements are set out in note 3. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in sterling, which is also the functional currency of the Group and Company. Amounts are rounded to the nearest £1,000, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board as adopted by the EU (IFRS).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgments in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

The company financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements of Newable Limited as a standalone entity have been prepared on the going concern basis following receipt of confirmation from the entity's subsidiary undertaking to whom it owes money that they will not seek repayment until the company is in a financial position to repay such amounts.

In preparing the company financial statements, Newable Limited has taken advantage of all disclosure exemptions conferred by FRS 101.

Therefore, the company financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Newable UK Holdings Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Newable Limited. These company financial statements do not include certain disclosures in respect of:

- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss (available for sale 2018) investments
- Contingent consideration
- Investment property
- Business combinations
- Net defined benefit liability
- Long-term incentive plan ("LTIP")

2. Basis of preparation (continued)

Going Concern

The Group's Revolving Credit Facility with Lloyds Bank ("the RCF") is secured on the Group's investment properties and is a revolving loan facility of £25,000,000 which commenced on 19 June 2015 and was due to run until 18 June 2018. On 1 June 2018, the facility was renewed for a further three years until 31 May 2021. Interest is charged at LIBOR plus 2.25%.

The Directors are therefore confident that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 March 2019.

Changes in accounting policies

New standards, interpretations and amendments effective from 1 January 2018

There were a number of new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018 that had an effect on the Group's financial statements. The most significant of these are IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers; please refer to note 36 for the impact on transition to the new accounting standards.

Other

There were no other new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018 that had a material effect on the Group's financial statements.

New standards, interpretations and amendments effective from 1 January 2019

There are a number of standards or interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these is IFRS16 Leases. Newable is carrying out an ongoing exercise on the implementation of this standard, and provides the following information regarding its likely impact.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and comes into effect for accounting periods beginning on or after 1 January 2019. At the date of authorisation of these financial statements, Newable Limited has not applied the new and revised IFRS 16 (effective for the Group from 1 April 2019). IFRS 16 will result in almost all leases recognised on the balance sheet, as the distinction between operating and finance leases is removed for lessees. Lease costs (such as rent on a property) will be recognised in the form of depreciation and interest, rather than as an operating expense.

The standard will primarily affect the accounting for the Group's operating leases where Newable is acting as lessee. As at 31 March 2019, the Group has non-cancellable operating lease commitments of £12.7 million (see Note 29) which principally relate to office accommodation. The Group has decided to adopt IFRS 16 from 1 April 2019 using the modified retrospective approach, adjusting opening retained earnings and taking advantage of the exemption allowing it not to restate comparative information for prior periods.

Additionally, for each operating lease, the Group has decided to measure the right of use asset at 1 April 2019 at an amount equal to the lease liability, subject to any adjustments, which may be required for prepaid or accrued lease payments. The Group has collated all operating lease information across the business to assess the cumulative adjustment on transition. On adoption, the expected impact on the Group's retained earnings is likely to be significant. A review of all arrangements which may constitute a lease under the new standard will be conducted for the period commencing 1 April 2019.

IFRIC 23 Uncertainty over Income Tax Positions

IFRIC 23 is not expected to have a material impact on the Group's financial statements.

There were no other new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019 that had a significant effect on the Group's financial statements.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3. Summary of significant accounting policies

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In these instances, the investee is classified as an associate. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Interests in joint ventures and associates are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity-accounted investments is tested for impairment.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the Consolidated Statement of Profit and Loss as a single line, which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the Statement of Profit and Loss.

Revenue recognition

The Group has adopted IFRS 15 from 1 April 2018. The standard sets out the requirements for recognising revenue from contracts with customers. Companies are required to apportion revenue earned from contracts to performance obligations and determine the appropriate timing method of revenue recognition, using a five-step model.

3. Summary of significant accounting policies (continued)

A proportion of Group income is outside the scope of IFRS 15 – this includes rental income, interest income and arrangement fees from the provision of finance, and publicly funded grant contracts.

Having undertaken a review of the remaining revenue streams against IFRS 15 and current accounting practices, the directors do not believe there to be a financial impact to the current or prior financial year. The point at which goods and services are provided to our customers under IFRS 15 matches the point at which revenue was recognised under IAS 18 (the previous accounting standard), with one exception. Where sales of development or investment property span a financial year-end, under IAS 18 revenue would be recognised when significant risks and returns had been transferred to the buyer. This was generally when an irrevocable and unconditional contract had been entered into by the balance sheet date except where payment or completion is expected to occur significantly after exchange. Under IFRS 15 however, revenue would need to be recognised when control of the property passes to the customer which would be on completion of the sale, as this would demonstrate the performance obligation being satisfied.

The Group has chosen to transition using the cumulative effect method which would require restating opening reserves, should adoption of IFRS 15 lead to a material change in revenue. However, as noted above, no restatement is considered necessary on the grounds of materiality.

Revenue is stated exclusive of intra-group transactions, VAT and other taxes. Where not detailed below, revenue is recognised when performance obligations specified in client contracts are met, or the agreed service of advice has been delivered.

Finance

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Arrangement fees associated with loans are amortised over the life of the loan.

Client fee and broker fee revenues are earned when the service has been provided to our client, and so recognised at a point in time.

Investment revenues can be recognised at a point in time - when investments are received or made - or over a period of time to which they relate - for management and monitoring of investments.

Professional Support

The core revenues from the provision of international trade advice are recognised when costs in delivering the service are incurred in the year. Incentive income is recognised for meeting additional performance targets by the end of the financial year and clawback is provided for if core performance targets are not met by the end of the financial year.

Where advice is funded via grants from governing bodies, these contracts often have performance targets attached to the contract yet the contract value is based on costs incurred in delivering the contract. Revenue is recognised when costs are incurred, subject to confidence that performance targets will be met. Should performance targets not be met by some margin there is a potential reduction in contract value. For contracts that span a financial year-end, management review target performance to assess the likelihood of performance targets being met. Should management believe there is a material risk they would not be met by a level sufficient to trigger a potential reduction in contract value, a contract reduction plan would be implemented.

Space

Rent receivable is recognised on a straight-line basis over the period of the lease.

Revenue from the sale of a development property is recognised at a point in time when control of the property passes to the customer, on completion of the sale. The gain or loss on the disposal is recognised in revenue in the Statement of Profit and Loss and is calculated as the difference between the net disposal proceeds and carrying amount of the property.

Revenues from managed service offices are recognised over time in the period to which it relates.

Employee benefits

The Group introduced a long-term incentive plan ("LTIP") during the previous financial year for eligible senior employees. The LTIP is a scheme that can award up to 15% of the issued share capital of the Company's subsidiary Newable UK Holdings Limited in the form of A ordinary shares and B ordinary shares. These A and B ordinary shares have no voting rights and no entitlement to dividend or capital distribution (including on winding up).

3. Summary of significant accounting policies (continued)

The LTIP will operated over a six-year period from 1 April 2017 to 31 March 2023. Under the rules of the LTIP, Newable Limited will repurchase 50% of the ordinary shares held by participants as at 31 March 2022, with the remaining 50% of ordinary shares repurchased, that are still held by participating members of staff, as at 31 March 2023.

The projected valuation of the LTIP is calculated annually, with the related gain or loss being recognised in profit or loss each year, until the full liability is recorded at each repurchase date. The calculation is discounted using yields available on high quality corporate bonds that have maturity dates approximating the expected remaining period of the plan.

Property, plant and equipment

Items of plant and equipment are initially recognised at cost. Costs comprise purchase cost and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on all items of property, plant and equipment and the cost is written off over their expected useful economic lives. It is applied at the following rates:

Fixtures and fittings:
13-33% per annum straight line

Computer equipment:
25-33% per annum straight line

Leasehold improvements:
straight line over lease term

Investment in subsidiary undertakings

Investments by the Company in the shares of subsidiary undertakings are stated at cost less any provisions where, in the opinion of the Directors, there has been impairment in the value of any such investment.

Investment properties

Investment properties are those properties owned by the Group that are either held to earn rental income or for capital appreciation or both. Investment properties are initially recognised at cost plus transactions costs. Subsequently, the Group's investment properties are revalued annually to open market value, with changes in the carrying value recognised in the Statement of Profit and Loss.

Investment properties are not depreciated.

Where revenue is obtained from the sale of the investment properties, it is recognised when the recipient gains control of the investment property when the performance obligation is satisfied.

The gain or loss on the disposal of investment properties is recognised on the face of the Consolidated Statement of Profit and Loss and are calculated as the difference between the net disposal proceeds and carrying amount of the property.

Intangible assets

Intangible assets, with the exception of goodwill, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets identified and their associated useful economic lives are as follows:

Customer contracts	-	10 years
Customer relations	-	10 years
Client relations	-	10 years
Software	-	10 years

Goodwill is impaired subject to an annual impairment review.

Amortisation is included within administrative expenses in the Statement of Profit and Loss.

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment of non-financial assets

Non-financial assets are subject to annual impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell) the asset is written down accordingly.

3. Summary of significant accounting policies (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Investment in associates

When the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Development properties

Development properties are initially recognised at cost and subsequently at the lower of cost and net realisable value. Cost includes materials, labour, directly attributable fees and expenses, finance costs (see accounting policy for borrowing costs) and relevant overheads incurred in bringing the development property to its present location and condition. Provisions for all known or expected losses to completion are deducted in arriving at the valuation of development properties.

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Amortised cost: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables and loan receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During the process the probability of the non-payment of the receivable is assessed. This probability is then multiplied by the amount of the expected loss resulting from default to determine the lifetime expected credit loss for the receivables. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Impairment provisions are shown net of any insurance or guarantees in place in respect of the loans made to third party customers.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in the credit risk since the initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which the credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost consist of trade and other receivables, loans and receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

3. Summary of significant accounting policies (continued)

Fair value through profit or loss: These include non-derivative financial assets not included in the above categories and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit and loss in the increase in fair value/impairment of owned assets line.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in profit or loss.

On sale, any cumulative gain or loss is recognised in profit or loss.

Financial liabilities

The Group only has financial liabilities that are recognised at amortised cost, these include:

- Trade payables and other monetary liabilities, which are recognised at amortised cost using the effective interest rate method.
- Bank borrowings, including floating rate bank loans, which initially are recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. 'Interest expense' in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Retirement benefits: Defined benefit schemes

Defined benefit scheme surpluses and deficits are measured at:

- the fair value of scheme assets at the balance sheet date; less
- scheme liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- unrecognised past service costs; less
- the effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined obligation are recognised directly within equity. The re-measurements include:

- actuarial gains and losses;
- return on plan assets (interest exclusive);
- any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments.

Net interest expense/income is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation/(asset) at the beginning of the annual period to the balance of the net defined benefit obligation/(asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the Statement of Profit and Loss in the year to which they relate.

Provisions

The Group has recognised provisions for liabilities of uncertain timing, onerous leases and dilapidations. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Balance Sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

3. Summary of significant accounting policies (continued)

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group 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 on either:

- the same taxable Group Company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Leased assets

The total rentals payable or receivable under operating leases are charged to the consolidated statement of profit and loss on a straight-line basis over the term of the lease. The aggregate benefit of lease incentives is recognised as a reduction of the rental expenses over the lease term on a straight-line basis.

The Group is not party to any finance leases.

4. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of investment property and freehold land and buildings

Information in relation to the valuation of investment property is disclosed in note 13. The valuation is based upon assumptions including future rental income, anticipated occupation rates, future development costs and the appropriate discount rate. The valuers and Directors also make reference to market evidence of transaction prices for similar properties.

(b) Pension assumptions

The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the Statement of Profit and Loss and the Statement of Financial Position.

(c) Impairment of loan and other receivables

The Group regularly assesses the recoverability of its loan and other receivables for evidence of impairment. This assessment involves judgement in respect of the credit quality of counterparties and the quality of security provided to the Group.

(d) Impairment of goodwill

The Group carries out an annual review to assess whether goodwill has suffered any impairment. The recoverability amount is determined based on value in use calculations, which requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of cash flows (see note 15). Assumptions used in arriving at these estimates can be highly judgemental based on prior performance.

(e) Employee benefits

Following an agreed methodology Management exercises judgement in assessing the fair value of the long-term incentive plan scheme, available to eligible senior employees, during the vesting period.

This projects forecast earnings and asset values to March 2023 (the end of the LTIP period) and then applies the LTIP's valuation metrics (discounted to a net present value) to give an estimated value of the liability relating to potential LTIP payments to participants. These forward-looking projections are prepared annually with the estimated liability adjusted as required.

(f) Investment in associates and joint ventures

The Group is required to demonstrate significant influence to demonstrate its accounting treatment of its interests in its associate and joint venture, Barnsley Business and Innovation Centre Limited and Newable Business Finance Limited.

5. Revenue

The Group's revenue is disaggregated in to the three key business activities provided, as illustrated in the table below, with key revenue streams, which we believe best depicts the nature of our revenue.

Group	2019			
	Finance	Professional Support	Space	Total
	£000	£000	£000	£000
Revenues subject to IFRS15				
International trade advice	-	8,148	-	8,148
Credit brokerage fees	299	-	-	299
Investment revenues	661	-	-	661
Sale of development properties	-	-	-	-
Managed serviced office revenues	-	-	5,585	5,585
IT and administrative services	-	562	-	562
Recovery of historic invoice factoring debt	129	-	-	129
	1,089	8,710	5,585	15,384
Other revenues				
Advice funded by government body grants	-	4,204	-	4,204
Finance income – provision of loans	180	-	-	180
Rental income	-	-	3,723	3,723
	180	4,204	3,723	8,107
	1,269	12,914	9,308	23,491
Timing of IFRS15 revenues				
Point in time	889	8,148	-	9,037
Over time	200	562	5,585	6,347
	1,089	8,710	5,585	15,384

	2018			
	Finance	Professional Support	Space	Total
	£000	£000	£000	£000
Revenues subject to IFRS15				
International trade advice	-	8,608	-	8,608
Investment revenues	593	-	-	593
Sale of development properties	-	-	2,250	2,250
IT and administrative services	-	561	-	561
	593	9,169	2,250	12,012
Other revenues				
Advice funded by government body grants	-	3,339	-	3,339
Finance income – provision of loans	749	-	-	749
Rental income	-	-	4,805	4,805
	749	3,339	4,805	8,893
	1,342	12,508	7,055	20,905
Timing of IFRS15 revenues				
Point in time	292	8,608	2,250	11,150
Over time	301	561	-	862
	593	9,169	2,250	12,012

All revenue has arisen in the United Kingdom.

Revenues for advice funded by government body grants is calculated on a cost-recovery basis and is principally from government contracts relating to the support and promotion of UK exporting services.

6. Expenses by nature

Group	2019	2018
	£000	£000
Employee benefit expenses (note 7)	15,321	13,235
Amortisation (note 14)	153	49
Depreciation (note 11)	567	203
Operating lease charges	1,509	795
Auditors' remuneration – for the audit of the Company	6	4
Auditors' remuneration – for the audit of subsidiaries	195	146
Auditors' remuneration – for non-audit services	243	88

7. Employee benefit expenses

Group	2019	2018
	£000	£000
Wages and salaries	13,205	11,201
Social security costs	1,191	1,000
Long-term incentive plan	298	329
Pension costs		
- defined contribution schemes	588	546
- defined benefit scheme contributions (note 31)	39	159
Total staff costs	15,321	13,235

Average numbers of staff during the year were as follows:

	Group	
	2019	2018
	Number	Number
Advice	121	124
Lending	22	22
Properties	6	7
Private Investing	4	4
Management Services	37	31
Office Space	157	-
	347	188

All staff, with the exception of office space staff, are employed by Newable Limited, which recharges employee costs to its subsidiaries. Therefore, there are no employee expenses in the company.

Office space staff are employed by, and the associated costs expensed in, one of the company's other subsidiaries.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and have been identified as the directors of the company listed on page 18.

7. Employee benefit expenses (continued)

Directors' emoluments represent amounts due during the period.

As at 31 March 2019 there were no Directors in the Group's defined benefit scheme (2018 – Nil). There were 3 Directors in the Group's defined contribution scheme (2018 – 3).

The highest paid director emoluments receivable were £590,400 during the year (2018: £418,200). The statutory directors' remuneration for the year was £1,797,000 (2018: £1,335,600).

	2019	2018
	Number	Number
Salary and bonuses	1,746	1,272
Defined contribution pension cost	51	64
	1,797	1,336

8. Finance income and expense

Recognised in profit or loss

Group	**2019**	**2018**
	£000	**£000**
Finance income		
Interest received on bank deposits	133	71
	133	71

Group	**2019**	**2018**
	£000	**£000**
Finance expense		
Interest payable on borrowings and similar costs	760	571
Net interest expense from defined benefit scheme (note 31)	95	111
	855	682
Net finance expense recognised in profit or loss	722	611

Finance income relates to financial assets classified as loans and receivables. Finance expense relate to financial liabilities classified as financial liabilities measured at amortised cost.

9. Taxation

Analysis of taxation expense in the year:

	2019 £000	2018 £000
Current tax expense		
UK corporation tax on profits for the year	630	529
Adjustments in respect of prior years	(383)	(198)
Total current taxation expense	247	331
Deferred tax (credit) / expense		
Origination and reversal of temporary differences	(341)	548
Adjustments in respect of previous periods	141	8
Total deferred tax (credit) / expense	(200)	556
Total taxation expense	47	887

The reasons for the difference between the actual tax expense for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2019 £000	2018 £000
Profit on ordinary activities before taxation	4,593	7,961
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2018: 19%)	872	1,513
(Income) not allowable/expenses not deductible for tax purposes	(685)	(1,096)
Unprovided deferred tax movement	43	19
Adjustment in respect of prior years	(242)	(331)
Capital gains	1,056	555
Permanent differences	(394)	227
Other timing differences	(603)	-
Total taxation expense	47	887

10. Loss on discontinued operations

During the year, the Group launched a pilot programme, as part of its professional services offering, to deliver enhanced export services to medium sized business. Although there was some interest, it decided not to pursue this activity in the future.

Discontinued operations

Group	**2019**	**2018**
	£000	**£000**
Cash consideration received	-	450
Non-cash consideration received	-	150
Total consideration received	-	600
Net cash inflow on disposal of discontinued operation	**-**	**450**
Net assets disposed of: intangibles	-	(309)
Profit on disposal of discontinued operation	**-**	**291**

Group	**2019**	**2018**
	£000	**£000**
Revenue	11	1,178
Expenses other than finance costs	(266)	(1,488)
Profit on disposal of discontinued operations	-	291
Loss for the year	**(255)**	**(19)**

The Group Cash Flow statement includes the following amounts relating to discontinued operations:

	2019	**2018**
	£000	**£000**
Operating activities	(255)	(291)
Investing activities	-	741
Net cash from discontinued operations	(255)	450

11. Property, plant and equipment

Group	Leasehold Improvements	Fixtures and fittings	Computer equipment	Total
	£000	**£000**	**£000**	**£000**
Cost				
At 1 April 2017	711	28	317	1,056
Additions	620	119	131	870
Disposals	(404)	-	(7)	(411)
At 31 March 2018	927	147	441	1,515
Additions	145	269	108	522
Acquisitions through business combinations	3,058	1,460	29	4,547
Disposals	(772)	(266)	(75)	(1,113)
At 31 March 2019	3,358	1,610	503	5,471
Accumulated depreciation				
At 1 April 2017	407	16	154	577
Charge for the year	101	22	80	203
Disposals	(404)	-	(5)	(409)
At 31 March 2018	104	38	229	371
Charge for the year	250	203	114	567
Acquisitions through business combinations	2,016	583	25	2,624
Disposals	(763)	(181)	(75)	(1,019)
At 31 March 2019	1,607	643	293	2,543
Net book value				
At 31 March 2019	1,751	967	210	2,928
At 31 March 2018	823	109	212	1,144

None of the items in property, plant and equipment has been pledged as security against Group liabilities.

12. Investments

Company	2019	2018
	£000	£000
Investment in subsidiary undertakings		
Cost and Net Book Value at 1 April	17,513	17,911
Additions	-	524
Disposals	-	(519)
Movement on provision	-	(403)
Net Book Value at 31 March	17,513	17,513

	2019	2018
	£000	£000
Other investments		
Net Book Value at 1 April	188	68
Additions	147	188
Movement on provision	4	(68)
Net Book Value at 31 March	339	188
Total investments	17,852	17,701
Other investments comprise:		
Managed funds (unquoted)	339	188

The Company's principal subsidiaries are listed in note 16 of the Financial Statements.

13. Investment property

Group	Freehold property £000	Leasehold property £000	Total £000
At 1 April 2017	27,475	20,790	48,265
Additions	2,828	-	2,828
Disposals	(5,825)	-	(5,825)
Revaluations	7,042	2,500	9,542
At 31 March 2018	31,520	23,290	54,810
Additions	3,429	-	3,429
Disposals	(5,850)	(14,850)	(20,700)
Transfers from development property (note 19)	4,872	-	4,872
Revaluations	3,849	1,020	4,869
At 31 March 2019	37,820	9,460	47,280

Bank borrowings are secured, through fixed and floating rate charges, on the Group's freehold and leasehold property.

Lambert Smith Hampton, chartered surveyors, valued the Group's investment properties as at 31 March 2019. The valuations were performed in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The Directors consider that their valuation is an accurate reflection of fair value at the year-end.

A fair value hierarchy of 3 is attributed to the investment property as there are a significant number of unobservable inputs used to determine the fair value of property. Fair value is determined by applying the income approach based on the estimated rental value of the property, and rental growth rates as estimated by the external valuer based on comparable transactions and industry data. The estimated rental value per square foot ranges from £11.50 to £19.00 (2018: £10.72 to £19.00). The estimated yield ranges from 3.96% to 7.77% (2018: 4.73% to 9.40%). The average weighted unexpired term ranges from 1.25 years to 12.17 years (2018: 0.6 years to 16.3 years). The occupancy rates at the year-end varied from 83% to 100% (2018: 95% to 100%).

The historical cost of the properties is £31,418,646 (2018: £34,647,798) comprising freehold properties of £26,549,843 (2018: £25,750,248) and leasehold properties of £4,868,803 (2018: £8,714,550).

During the year £3,723,000 (2018: £4,805,000) was recognised in the Statement of Profit and Loss relating to rental income from investment properties. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £482,000 (2018: £629,000). Operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to £273,000 (2018: £460,000).

At 31 March 2019, there was no restriction on the potential future realisation of investment property or the remittance of income and proceeds of disposal (2018: £nil). At 31 March 2019, there were no contractual obligations to purchase investment property (2018: £nil).

There were no changes to the valuation techniques of level 3 fair value measurements in the period. The fair value measurement is based on the above items highest and best use, which does not differ from their actual use.

14. Intangible assets

Group	Customer Contracts	Customer Relations	Client Relations	Software	Goodwill (note 15)	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2017	103	120	-	-	498	721
Additions acquired through business combinations	-	385	-	-	40	425
Disposals	-	(120)	-	-	(498)	(618)
At 31 March 2018	103	385	-	-	40	528
Accumulated amortisation and impairment						
At 1 April 2017	13	60	-	-	249	322
Amortisation charge	11	38	-	-	-	49
Disposals	-	(60)	-	-	(249)	(309)
At 31 March 2018	24	38	-	-	-	62

Group	Customer Contracts	Customer Relations	Client Relations	Software	Goodwill (note 15)	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2018	103	385	-	-	40	528
Additions acquired through business combinations	-	582	1,909	33	11,968	14,492
Additions	-	-	-	25	110	135
Disposals	-	-	-	-	-	-
At 31 March 2019	103	967	1,909	58	12,118	15,155
Accumulated amortisation and impairment						
At 1 April 2018	24	38	-	-	-	62
Amortisation charge	10	62	77	4	-	153
Disposals	-	-	-	-	-	-
At 31 March 2019	34	100	77	4	-	215
Net book value						
At 31 March 2019	69	867	1,832	54	12,118	14,940
At 31 March 2018	79	347	-	-	40	466

It is the view of senior management that included in the £14,750,000 consideration paid for Citibase Holdings Limited ("Citibase") £582,000 is attributable to customer relations, £1,909,000 to client relations and £11,386,000 to goodwill. The goodwill has arisen on the leasehold properties and managed service offices operated by Citibase. In addition, net assets of £4,350,000 were acquired (including £33,000 of intangible assets), there were finance-related costs totalling £213,000 associated with the acquisition and other costs of £341,000 charged to the Consolidated Statement of Profit and Loss.

The Group also acquired St Georges Commercial Finance Ltd ("St Georges") for consideration of £592,000 of which £582,000 it attributed to goodwill. The goodwill has arisen on the key employees acquired with St. Georges and their knowledge and expertise, which does not qualify for separate recognition. In addition, net assets of £36,000 were acquired. During the year, St. Georges developed £25,000 of software.

14. Intangible assets (continued)

Additional consideration of £110,000 was paid, during the year, in relation to London Business Angels, a business acquired in the previous year. This has been attributed to goodwill.

The amortisation period for intangible assets, excluding goodwill, is 10 years. For those balances brought forward at the start of the year the remaining amortisation periods are as follows:

Customer Contracts – 8 years

Customer Relations – 9 years

The impairment review carried out on 31 March 2019 determined that goodwill has not been impaired.

15. Goodwill and impairment

Newable is required to test whether goodwill has suffered any impairment, which it calculates at the end of its financial year. This test involves estimating future annual cash flows and discounting them at a suitable rate to determine their present value.

The calculations performed are based on the pre-tax cash flow projections derived from financial budgets approved by directors and forecasts over 10 years.

During the year, Newable acquired Citibase Holdings Limited, the managed office space group, and St. Georges Commercial Finance Limited, a company offering credit brokerage services. The goodwill associated with these acquisitions is £11,968,000 (see note 32).

Additional consideration of £110,000 was paid, during the year, in relation to London Business Angels, a business acquired in the previous year. This has been attributed to goodwill.

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

Group	**2019**	**2018**
	£000	**£000**
Managed service properties	8,380	-
Leasehold properties	2,801	-
Other	937	40
Total (note 14)	12,118	40

The recoverable amounts on the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets and longer-term forecasts. Other major assumptions are as follows:

	Managed Service Properties	**Leasehold Properties**	**Other**
	%	**%**	**%**
2019			
Discount rate	18	18	15
Growth rate	2	2	2

	Managed Service Properties	**Leasehold Properties**	**Other**
	%	**%**	**%**
2018			
Discount rate	-	-	-
Growth rate	-	-	-

15. Goodwill and impairment (continued)

The discount rate of 18% used for managed service and leasehold properties was an adjusted estimate based on contributory asset charge (CAC) rates of 12% for fixed assets (in line with rates used in the asset finance market) and 16% for working capital (an average market rate used for unsecured short-term loans).

The discount rate of 15% for other CGUs is a prudent estimate based on knowledge of the business sector, and market rates.

The growth rate of 2% is used as it is in line with those adopted by UK corporates. The growth rate applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year five.

With regard to the assessment of value in use, the directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to be materially different from its recoverable amount.

16. Subsidiaries

The subsidiaries and joint ventures of Newable Limited, all of which are incorporated and registered in England and Wales and have been included in these consolidated financial statements, are as follows:

		Percentage of ownership interest at 31 March	
Name of company	**Nature of business**	**2019**	**2018**
Newable Trade (London) Limited	Administrative company	100	100
Newable Trade (South East) Limited	Administrative company	100	100
Newable International Consulting Limited	Consultancy services company	100	100
GLE Enterprise Partners Limited	Consultancy services company	100	100
Newable Commercial Finance Limited	Credit brokerage services company	100	-
Batavia Road 1 Ltd	Development property company	100	100
Newable Developments Limited	Development property company	100	100
Newable Property Developments Limited	Development property company	100	100
Newable LLF Limited	Enterprise agency	100	100
London Business Loans (Wholesale) Limited	Enterprise agency	100	100
Newable RGF Limited	Enterprise agency	100	100
Leeds North East GP Limited	General partner	100	100
London GP Limited	General partner	100	100
PIF GP No 1 Limited	General partner	100	100
PIF GP No 2 Limited	General partner	100	100
PIF GP No 3 Limited	General partner	100	100
PIF GP No 4 Limited	General partner	100	100
PIF GP No 7 Limited	General partner	100	100
SMH GP Limited	General partner	100	100
South West GP Limited	General partner	100	100
YVF GP (Development) Limited	General partner	100	100
YVF GP (Investment) Limited	General partner	100	100
Citibase Holdings Limited	Holding company	100	-
Newable Capital Group Limited	Holding company	100	100
Newable Contracts Holdings Limited	Holding company	100	100
Newable Equity Limited	Holding company	100	100
Newable Lending Limited	Holding company	100	100
Newable Office Space Limited	Holding company	100	-
Newable UK Holdings Limited	Holding company	100	100
PW Group Holdings Limited	Holding company	100	100
PW Growth Finance Ltd	Holding company	100	97*

16. Subsidiaries (continued)

Name of company	Nature of business	Percentage of ownership interest at 31 March 2019	2018
PW Group Holdings Limited	Holding company	100	100
PW Growth Finance Ltd	Holding company	100	97*
Newable Private Equity Limited	Investment company	100	100
Leeds Enterprise Limited	Investment company	100	100
Leeds North East Investments Limited	Investment company	100	100
London Seed Capital Limited	Investment company	100	100
Newable Investments Limited	Investment company	100	100
Newable Private Investing Limited	Investment company	100	100
Newable Ventures Limited	Investment company	100	100
Newable Yorkshire (Holdings) Limited	Investment company	100	100
SMH Venture Finance Limited	Investment company	100	100
Newable Properties Limited	Investment property company	100	100
Waterfront Studios Limited	Investment property company	100	100
PW Asset Finance Ltd	Invoice discounting company	100	100
Newable Digital Limited	IT services company	100	100
Newable Business Finance Limited	Loans company	50 **	50 **
Newable Business Loans Limited	Loans company	50 **	100
CBLH Limited	Managed business centres	100	-
Citibase Limited	Managed business centres	100	-
FLHSL Limited	Managed business centres	100	-
Newable Events Limited	Management services company	100	100
Newable Management Services Limited	Management services company	100	100
Citib@se Limited	Dormant company	100	-
Citybase Limited	Dormant company	100	-
East London Property Investment Fund Ltd	Dormant company	100	100
Enterprise London Ltd	Dormant company	100	100
FLHAV Limited	Dormant company	100	-
FLHLG Limited	Dormant company	100	-
Freedom Business Centres Limited	Dormant company	100	-
Newable Avitus Limited	Dormant company	50**	-
Newable Business Villages Ltd	Dormant company	100	100
Newable Lending for Growth Limited	Dormant company	100	100
Pop-Up Business Centres Limited	Dormant company	100	-
Pop-Up Serviced Offices Limited	Dormant company	100	-
Newable Capital Limited	Dormant company	100	100
Newable Capital Ventures Limited	Dormant company	100	100
Angels in Medcity Limited	Dormant company	100	100
Newable Capital Finance Limited	Dormant company	100	100
London Business Angels Limited	Dormant company	100	100
Newable Nominee Limited	Dormant company	100	100
Newable Trust Limited	Dormant company	100	100
St Georges Property Finance Surrey Limited	Dormant company	100	-
UK Space Tech Angels Limited	Dormant company	100	100

16. Subsidiaries (continued)

The above entities have a registered address of 140 Aldersgate Street, London, EC1A 4HY.

All subsidiaries and joint ventures, except for Newable UK Holdings Limited and London Business Loans (Wholesale) Limited, are indirect shareholdings of Newable Limited.

* PW Growth Finance Limited had a non-controlling interest of 3%, which represents 3% voting rights, but the Group acquired this during the year at a cost of £119,176.

** Newable Business Finance Limited, Newable Business Loans Limited and Newable Avitus Limited each have a non-controlling interest of 50%, which represents 50% voting rights.

GLE Enterprise Partners Limited is one of two members of Barnsley Business and Innovation Centre Limited, a company limited by guarantee.

17. Joint ventures

Group share of net assets	**2019**	**2018**
	£000	**£000**
Newable Business Finance Limited	1,502	1,932
Barnsley Business and Innovation Centre Limited	2,433	-
Total	3,935	1,932

Group share of total comprehensive income	**2019**	**2018**
	£000	**£000**
Newable Business Finance Limited	(430)	(400)
Barnsley Business and Innovation Centre Limited	2,433	-
Total	2,003	(400)

The Group has a 50% interest in joint venture, Newable Business Finance Limited, a company incorporated and operating in the United Kingdom.

17. Joint ventures (continued)

As at 31 March

Group	**2019**	**2018**
	£000	**£000**
Current assets	17,886	10,728
Non-current assets	146	51
Current liabilities	(10,085)	(2,490)
Non-current liabilities	(4,943)	(4,425)
Net assets/(liabilities) (100%)	3,004	3,864
Joint venture net assets (50%)	**1,502**	**1,932**
Revenue	2,342	1,099
Loss from continuing operations	(859)	(800)
Total comprehensive income/(expense) (100%)	(859)	(800)
Group share of total comprehensive income/(expense) (50%)	**(430)**	**(400)**
Included in the above amounts are:		
Depreciation and amortisation	21	17
Impairment	1,225	1,035
Interest income	2,107	1,003
Interest expense	860	108

On 1 June 2018, the Group sold its subsidiary, Newable Business Loans Limited, to Newable Business Finance Limited for consideration of £1.

Newable Business Finance Limited has two loan facilities at 31 March 2019: one for £7.5 million with Unity Bank, with interest charged at 2.95% above base rate. This commenced in December 2017 and was repaid in full in May 2019, being replaced by a new facility of £17.5m with Shawbrook Bank. The other facility is with BCI Finance Limited for £10m, which commenced in September 2018 and runs for two years, with interest charged at 12.50% above LIBOR.

The loan facilities of Newable Business Finance Limited are secured by way of fixed and floating charges against the loan receivables of subsidiary Newable Business Loans Limited.

During the year, the Group provided financing of £1,991,000 to Newable Business Finance Limited.

The Group also has a 50% interest in joint venture, Barnsley Business and Innovation Centre Limited, a company incorporated and operating in the United Kingdom. Significant influence was demonstrated from 1 April 2018 so only the current year's results can be included, rather than net assets. Barnsley Business and Innovation Centre Limited owns two properties, which were revalued to their fair value at 31 March 2019, which can also be included.

17. Joint ventures (continued)

As at 31 March

Group	**2019**	**2018**
	£000	**£000**
Current assets	391	-
Non-current assets	4,982	-
Current liabilities	(131)	-
Non-current liabilities	(375)	-
Net assets/(liabilities) (100%)	4,867	-
Joint venture net assets (50%)	**2,433**	**-**
Revenue	841	-
Profit from continuing operations	105	-
Total comprehensive income (100%)	4,867	-
Group share of total comprehensive income (50%)	**2,433**	**-**
Included in the above amounts are:		
Depreciation	21	-
Staff costs	413	-

18. Fair value through profit or loss (available for sale 2018) investments

Group	£000
At 1 April 2017	3,098
Additions	348
Disposals	(2,272)
Impairment	(157)
At 31 March 2018	1,017
Additions	171
Disposals	(392)
Impairment	(206)
At 31 March 2019	**590**

	2019 £000	2018 £000
Equity services (quoted)	249	684
Managed funds (unquoted)	341	333
	590	1,017

The fair value of quoted securities is based on published market prices at year-end. The fair values of the unquoted securities are valued in accordance with valuations where available. Where market valuations are not available, an alternative valuation methodology is used. For example, in accordance with the European Venture Capital Association Guidelines, where the range of fair values derived by applying a valuation model is significant and the probabilities of the various estimates cannot be reasonably assessed, the investment is carried at cost. A fair value hierarchy of 1 is attributed to the quoted securities. A fair value hierarchy of 3 is attributed to the unquoted managed funds, as there are a significant number of unobservable inputs used to determine the fair value of unquoted securities. Changes in levels are analysed at each reporting date by the Board of Directors.

19. Development properties

Group	2019 £000	2018 £000
As at 1 April	14,174	10,283
Additions	7,870	8,203
Disposals	-	(4,312)
Transfer to investment properties (note 13)	(4,872)	-
As at 31 March	17,172	14,174

Included within the carrying value of development properties is capitalised interest of £220,958 (2018: £220,958). The capitalisation rate used for the current and prior year was 2.63%.

None of the properties under development have been pledged as security against Group liabilities.

20. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Loan receivables on behalf of group undertakings	3,152	3,950	-	-
Loan receivables on behalf of joint venture undertaking (note 33)	-	10,671	-	-
Amounts due from subsidiary undertakings	-	-	11,003	10,600
Trade receivables	1,502	1,338	-	-
Less: provision for impairment on receivables	(2,526)	(3,697)	(8,184)	(8,696)
Total financial assets other than cash and cash equivalents classified as loans and receivables	**2,128**	**12,262**	**2,819**	**1,904**
Other receivables	3,779	2,123	328	214
Corporation tax receivable	139	44	-	1
Prepayments	3,971	1,993	-	-
Contract assets	1,482	1,233	-	-
Total trade and other receivables	**11,499**	**17,655**	**3,147**	**2,119**
Less: non-current portion – loan receivables on behalf of group undertakings	(380)	(378)	-	-
Less: non-current portion – loan receivables on behalf of joint venture undertaking	-	(7,277)	-	-
Current portion	**11,119**	**10,000**	**3,147**	**2,119**

At 31 March 2019, the lifetime expected loss provision for loan, trade and other receivables is as follows:

Group	**Current**	**More than 90 days past due**	**More than 180 days past due**	**Total £000**
Expected loss rate	8%	50%	100%	80%
Gross carrying amount	657	31	2,464	3,152
Loss provision	51	15	2,460	2,526

As at 31 March 2019 loan receivables of £2,445,000 (2018: £2,604,000) were past due and fully impaired.

Company	**Current**	**More than 90 days past due**	**More than 180 days past due**	**Total £000**
Expected loss rate	74%	0%	0%	74%
Gross carrying amount	11,003	-	-	11,003
Loss provision	8,184	-	-	8,184

Management consider both qualitative and quantitative data when assessing if a receivable balance is impaired, such as due diligence, credit reference, agency reports, financial information, credit scores, payment history and underwriting analysis. In assessing loan receivables management use specific information in relation to the loan (such as borrower's status and credit quality), historical credit loss experience, credit loss experience of other similar lenders, and macro-economic factors. A 'backstop' position ensures loans are considered credit-impaired when amounts due are 2 months or more past due.

All non-current receivables are due within three years of 31 March 2019.

20. Trade and other receivables (continued)

Movements in the impairment allowance for loan receivables are as follows:

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Opening provision for impairment of loan receivables	3,697	2,363	8,696	8,257
(Decrease)/increase during the year	(136)	1,334	(512)	439
Receivable written off during the year as uncollectible	-	-	-	-
Unused amounts due to disposal of loan receivables	(1,035)	-	-	-
Current portion	**2,526**	**3,697**	**8,184**	**8,696**

Receivables from related parties and loans to related parties are considered to be a low credit risk. Credit risk for these assets has not increased significantly since their initial recognition.

Movements in the impairment allowance for receivables from related parties and loans to related parties for the year ended 31 March 2019 are as follows:

Group	**Receivables from related parties £000**	**Loans from related parties £000**	**Total £000**
Opening provision for impairment	-	1,035	1,035
Increase during the year	-	288	288
Unused amounts due to disposal of loan receivables	-	(1,323)	(1,323)
At 31 March	**-**	**-**	**-**

The movement in the impairment allowance for receivables from related parties and loans from related parties has been included in the administrative line in the consolidated statement of profit or loss.

21. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade payables	1,308	2,281	-	-
Other payables	1,643	670	23	51
Other payables to the joint venture	2,180	9,614	-	-
Amounts due to subsidiaries	-	-	6,205	5,409
Accruals	6,848	5,787	516	587
Total financial liabilities, excluding loan and borrowings, classified as financial liabilities measure at amortised cost	**11,979**	**18,352**	**6,744**	**6,047**
Income and other taxes	733	216	-	-
Deferred income	1,505	1,870	-	-
Total Trade and other payables	**14,217**	**20,438**	**6,744**	**6,047**

21. Trade and other payables (continued)

Other payables include an amount of £23,000 (2018: £49,000) which represents funding received from the London Boroughs of Wandsworth and Merton. The purpose of this funding is to assist the Group's Business Loans' activities to advance loans to SMEs based in Wandsworth and Merton of £800,000 and £600,000 respectively.

22. Loans and borrowings

Group	Current	Non-current	Current	Non-current
	2019	2019	2018	2018
	£000	£000	£000	£000
Overdrafts	1	-	-	-
Bank loans	1,724	17,526	11,750	-
	1,725	**17,526**	**11,750**	**-**

Bank loans comprise one agreement for a loan facility of £25,000,000, of which £12,000,000 (2018: £10,500,000) was utilised as at 31 March 2019. The borrowing is interest bearing at 2.25% above LIBOR on all balances. The facility was renewed on 1 June 2018 for a further three years until 31 May 2021.

A new bank loan for £7,000,000 commenced in November 2018 for a period of five years, and is due for repayment in quarterly instalments until November 2023. The borrowing is interest bearing at 3.25% above LIBOR on all balances.

One other bank loan for £250,000 (2018: £1,250,000) is interest bearing at 7.85% above LIBOR on all balances and is in place until June 2019.

Borrowings mature as follows:

Group	2019	2018
	£000	£000
Less than one year	1,725	11,750
Two to five years	17,526	-
	19,251	11,750

23. Deferred income and other payables

Group	2019	2018
	£000	£000
Deferred income and other payables	11	11

Deferred income and other payables comprise monies received and held within separate funds known as the Endowment Fund and the London Seed Capital Fund, part of the Yorkshire Group (Holdings) Limited acquisition. These grant aided co-investment funds provide risk capital to small and medium sized companies. Funding assistance is provided to the Group by way of a grant. The grant received is credited to the Fund and the eligible investment is included within available-for-sale investments. Capital losses arising on these investments are deducted from the relevant Fund. The income arising from these investments is credited to the Statement of Profit and Loss.

24. Employee benefit liabilities

Liabilities for employee benefits comprise:

Group	2019	2018
	£000	£000
Defined benefit pension scheme (note 31)	3,037	3,752
Long term incentive plan scheme	627	329
	3,664	4,081

Categorised as follows:

	2019	2018
	£000	£000
Current	627	329
Non-current	3,037	3,752
	3,664	4,081

During the year an amount of £298,000 (2018: £329,000) was expenses to the consolidated statement of profit and loss in relation to the long-term incentive plan scheme.

In the previous year, loans totalling £102,648 were advanced to employees participating in the long-term incentive plan scheme and will be repaid on 31 March 2022 and 31 March 2023, in accordance with the terms of the scheme.

Estimates and assumptions

The defined benefit scheme operated by the Group is determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 31. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the consolidated statement of financial position.

The Long-term incentive plan scheme follows an agreed methodology in which Management exercises judgement in assessing the fair value of the scheme during the vesting period.

This projects forecast earnings and asset values to March 2023 (the end of the LTIP period) and then applies the LTIP's valuation metrics (discounted to a net present value) to give an estimated value of the liability relating to potential LTIP payments to participants. These forward-looking projections are prepared annually with the estimated liability adjusted as required.

25. Provisions

The movement on provisions is as shown below:

Group	2019	2018
	£000	£000
At 1 April	612	911
Increase in the year	260	25
Release in the year	-	(17)
Utilisation in the year	(245)	(307)
Acquired through business combinations	877	-
At 31 March	1,504	612

25. Provisions (continued)

Group	Due in less than one year	Due in more than one year	Total
	2019	2019	2019
	£000	£000	£000
Provisions	497	1,007	1,504

Amounts provided for at 31 March 2019 comprised a lease provision of £1,265,000 (2018: £587,000), dilapidations of £50,000 (2018: £25,000) and a loss provision of £189,000 (2018: £Nil). Of the £1,137,000 increase in the year, £877,000 was from the acquisition of Citibase. During the year, there was a charge of £25,000 for the dilapidations, £46,000 for leases and £189,000 for losses, and utilisation of £245,000 relating to a lease provision.

26. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a tax rate of 19% (2018: 19%). The movement on the deferred tax account is as shown below:

Group	2019	2018
	£000	£000
Deferred tax asset at 1 April	(1,107)	(868)
Deferred tax liability at 1 April	2,174	1,301
At 1 April	1,067	433
Profit and loss (credit) / charge	(200)	634
Other comprehensive income	122	-
Other balance sheet movement	55	-
At 31 March	1,044	1,067

	2019	2018
	£000	£000
Deferred tax asset at 31 March	(1,089)	(1,107)
Deferred tax liability at 31 March	2,133	2,174
At 31 March	1,044	1,067

Deferred tax assets have been recognised in respect of all such tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

Details of the deferred tax liability, amounts charged/(credited) to the Statement of Profit and Loss and amounts charged/(credited) to Reserves are as follows:

Group	Liability/ (Asset)	Balance Sheet	Charged/ (credited) to Income	Charged/ (credited) to Reserves
	2019	2019	2019	2019
	£000	£000	£000	£000
Property, plant and equipment and intangible assets	-	-	(169)	-
Other temporary differences	1,333	55	(372)	122
Provision	(289)	-	141	-
Total deferred taxation	1,044	55	(400)	122

26. Deferred taxation (continued)

Group	Liability/ (Asset)	Charged/ (credited) to Income	Charged/ (credited) to Reserves
	2018	2018	2018
	£000	£000	£000
Property, plant and equipment and intangible assets	169	67	-
Other temporary differences	1,328	833	78
Provision	(430)	(344)	-
Total deferred taxation	1,067	556	78

Deferred tax assets are only recognised in relation to tax losses and other temporary differences, which would give rise to deferred tax assets where it is considered probable that the losses will be utilised in the foreseeable future, and therefore the asset is recoverable. No deferred tax is recognised in relation to unused brought forward tax losses totaling £92,912 (2018: £92,912).

27. Members' contributions

The Company is limited by guarantee and has no share capital. The £1,300,000 Members' contributions represent amounts received from the original 13 London borough councils, being the original ordinary members. These contributions are repayable only out of the assets of the Company available on a winding-up. In the event of a winding-up, the first £13,000,000 (plus 5% compound interest thereon from 13 November 1997, being the date of adoption of the new Memorandum and Articles of Association) is to be shared equally amongst the original ordinary members. Any surplus above this amount is to be shared equally amongst the original ordinary members and the new ordinary members.

Private members have no right to participate in the income and assets of the Company.

28. Financial Instruments - Risk Management

This note highlights the key potential risks and uncertainties, which could have an impact on the Group's performance, and describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instruments risks from previous periods unless otherwise stated in this note.

The key risks and uncertainties, which could have an impact on the Group's performance, are:

- Credit risk;
- Cash flow interest rate risk;
- Capital and liquidity risk;
- Property Risk; and
- Fair value risk.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables;
- Loan receivables;
- Cash and cash equivalents;
- Investments in quoted and unquoted equity securities;
- Trade and other payables;
- Bank overdrafts; and
- Floating-rate bank loans.

28. Financial Instruments - Risk Management (continued)

(ii) Financial instruments by category

Financial assets

Group	Amortised cost		Fair value through profit or loss	
	2019	2018	2019	2018
	£000	£000	£000	£000
Cash and cash equivalents	2,925	3,377	-	-
Trade and other receivables	1,502	1,338	-	-
Loan receivables	607	10,688	-	-
Equity investments	-	-	590	1,017
Total financial assets	**5,034**	**15,403**	**590**	**1,017**

Financial liabilities

Group	Amortised cost	
	2019	2018
	£000	£000
Trade and other payables	14,228	20,449
Loans and borrowings	19,251	11,750
Total financial liabilities	**33,479**	**32,199**

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, loan receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, loan receivables, and trade and other payables approximates their fair value.

(iv) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below.

	Level 1		Level 3	
	2019	2018	2019	2018
	£000	£000	£000	£000
Equity investments (quoted)	249	684	-	-
Equity investments (unquoted)	-	-	341	333
At 31 March	249	684	341	333

There were no transfers between levels during the period.

28. Financial instruments - Risk Management (continued)

The reconciliation of the opening and closing fair value balance of financial instruments is provided below:

	£000
At 1 April 2017	3,098
Additions	348
Disposals	(2,272)
Impairment	(157)
At 31 March 2018	**1,017**
Additions	171
Disposals	(392)
Impairment	(206)
At 31 March 2019	**590**

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of level 3 financial instruments is provided below:

	Profit or loss	
	Increase	**Decrease**
	£000	**£000**
Movement in Fund value	12	(12)
5%		

General objectives, policies and procedures

To identify and control risks, the Group utilises a Risk Management Framework (RMF). The Risk and Audit Committee oversee this as a sub-committee of the Board. The RMF outlines the process by which the Group identifies, manages, monitors and reports the Group's risks. It also assesses whether the Group's resources are capable of withstanding both expected and unexpected levels of risk performance.

The Group operates strong risk governance utilising the "three lines of defence" principle, separating risk origination from risk oversight and risk assurance, and helping to support and develop a culture of risk-awareness across the Group.

The first line of defence is through risk management and control by business managers who identify, assess, monitor and manage the risks in their respective area of the business, escalating any issues as necessary.

Risk and compliance are the second line of defence and is independent of the business and central functions. It maintains and implements the RMF and Group wide risk policies, and monitors the execution and on-going self-assurance testing by the first line of defence. It provides independent oversight, challenge and guidance on risks relevant to the Group's strategy and activities, and monitors performance in relation to the Group's risk appetite.

Internal and external audit provide the third line of defence by providing independent assurance of the Board, via the Risk and Audit Committee, that the first and second lines of defence are both effective in discharging their respective responsibilities.

Credit risk

Credit Risk is the risk of financial loss arising from a customer or counterparty to a financial instrument failing to meet their financial obligations to the Group in accordance with agreed contractual terms. The risk arises from the Group's receivables from customers and clients, primarily in the form of property rentals, invoices and loan repayments.

The Group minimises this risk in its property business by ensuring that a high proportion of customers pay by direct debit, close monitoring of outstanding balances and requirements of customers to pay a deposit at the commencement of the licence as security for their receivable due to the Group. The Group also minimises credit risk by operating with multiple clients without an over reliance on a particular client effectively spreading the credit risk.

28. Financial instruments - Risk Management (continued)

The Group aims to mitigate credit risk in its lending business by targeting only domestic SMEs, and credit risk is managed in accordance with lending policies, the risk appetite and the RMF. The Group focuses on business sectors where the Group believes it has specific expertise and limits concentrated exposures on larger loans, certain sectors and other factors, which can create higher risk. The Group also seeks to obtain security cover, and where appropriate, guarantees from borrowers, and significantly from government sponsored loan guarantee arrangements (e.g. EGF).

Credit risk is assessed through a combination of due diligence, credit reference agency reports, financial information, credit scores and underwriting analysis.

Newable LLF Limited and Newable RGF Limited, two of the Lending business operating companies which advanced loans to London based SMEs, have now ceased new lending activities and are currently in run off with remaining loans advanced and outstanding at 31 March 2019 of £0.6 million. This residual loan book also exposes Newable to the risk that these amounts may not be fully recoverable. The risk under Newable LLF Limited is mitigated by guarantee arrangements.

Advisory service contracts are primarily on a cost-recovery basis and some are grant funded. Over the last 4 years, there have been no bad debts. Given this fact, and that the source of funding is largely from public bodies, management consider the probability of future default remote.

Income from the credit brokerage business is received from the funder and/or client only when the client receives funds, and historically there are no historic bad debts. As such, management regard the probability of debtors defaulting as remote.

The managed office space business ("Citibase"), which was acquired in November 2018, has historically low rates of bad debt. Over the last 4 years, the bad debt average has been 0.7% of revenue which management view as not material.

The Private Investing business was acquired in April 2017 and since this time doubtful debts has averaged 2.3% of revenue which management do not consider being material.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

For further analysis see Trade and other receivables note 20.

Cash in bank and short-term deposits

Group	**2019**		**2018**	
	Cash at Bank	**Short-term Deposits**	**Cash at Bank**	**Short-term Deposits**
UK Bank Rating	**£000**	**£000**	**£000**	**£000**
AA	1,041	318	2,795	582
A	1,566	-	-	-
Note 43	2,607	318	2,795	582

Cash flow Interest rate risk

The Group's borrowings are principally at a margin over LIBOR thus exposing the Group to cash flow interest rate risk. The Group's policy is to ensure the margin is competitive when compared to other banks and to give consideration to hedging to reduce exposure to this risk.

The Group has used a sensitivity analysis technique that measures the estimated change in fair value of the Group's financial instruments to both the Consolidated Statement of Profit and Loss and equity of an instantaneous increase or decrease of 1% in market interest rates. This exercise has been performed purely for illustrative purposes as, in practice, these changes rarely occur in isolation. In preparing this analysis, it has been assumed that changes in market interest rates affect the interest payable or receivable on floating rate financial instruments. The impact on the profit or loss and net assets of a 1% shift (being the maximum reasonable expectation of changes in interest rates) would be an increase or £195,000 (2018: £125,000) or a decrease of £320,000 (2018: £250,000).

28. Financial instruments - Risk Management (continued)

These amounts are estimates of the impact of market risk assuming that the specified changes occur. Clearly, developments in global markets may cause the actual changes to differ significantly from the changes specified above. Therefore, this analysis should not be considered a projection of likely future events and losses. The sensitivities above exclude any potential impact on the Group's retirement benefit obligations.

The Group has in place an interest hedge against interest rate increases on £12.5m of its borrowings, which reduces the impact of any market interest rate rises.

Financial assets receivable by the Group are disclosed in note 20, which illustrates the amount receivable within 12 months and over 12 months.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they arise, or is only able to at excessive expense. The Group has set a liquidity risk appetite which aims to ensure that a prudent level of liquidity is held to cover an unexpected liquidity outflow such that the Group will be able to continue to meet its financial commitments during an extended period of difficulty.

The Group regularly monitors the liquidity position to ensure that sufficient funds are available to meet both current and future requirements. Liquidity management includes managing the Group's working capital and borrowings. The Group's borrowings are the subject of a number of financial covenants which the Directors regularly monitor to ensure both current and future compliance.

The Group's £25 million revolving loan facility with Lloyds Bank, renewed in June 2018, is due to run until May 2021. Interest is charged at LIBOR plus 2.25%. A new £7 million loan facility with Santander commenced in November 2018 and, with repayment quarterly in equal instalments, is due to run until November 2023. Interest is charged at LIBOR plus 3.25%.

The Directors are confident that the Group will have adequate resources to continue in operational existence for the foreseeable future.

The following table sets out contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Group	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	£000	**£000**	**£000**	**£000**	**£000**
Trade and other payables	14,228	14,217	11	-	-
Bank loans and overdrafts	19,251	1,725	-	17,526	-
At 31 March 2019	33,479	15,942	11	17,526	-

Group	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	£000	**£000**	**£000**	**£000**	**£000**
Trade and other payables	20,767	-	11	-	-
Bank loans and overdrafts	11,750	-	-	-	-
At 31 March 2018	32,517	-	11	-	-

28. Financial instruments - Risk Management (continued)

Capital Disclosures

Capital risk is the risk that the Group has insufficient capital to cover regulatory requirements and/or to support its growth plans. The Group aims to maintain a strong capital position in line with the capital risk appetite established by the Board. The Group's capital risk appetite reflects the desire to optimise the capital structure of the Group and efficiently utilise its capital resources in order to generate appropriate returns for the Group.

The Group manages its bank loans and equity as capital. In developing business plans, management consider the likely capital requirements and how to fund them. Additional capital is funded by using the least cost source at the time of fund raising. At 31 March, the Group's capital can be summarised as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£000	**£000**	**£000**	**£000**
Bank loans	19,251	11,750	-	-
Members contribution	1,300	1,300	1,300	1,300
	20,551	13,050	1,300	1,300

Externally imposed capital requirements are represented by a number of operational and financial covenants on the bank loans, all of which the Group comfortably operates within.

Fair value risk

The Group has a number of holdings in fair value through profit and loss investments, which expose the Group to fair value risk. This risk is mitigated both by the Group's due diligence procedures that it undertakes prior to entering into an investment and its ongoing monitoring procedures.

The effect of a 1% increase in the value of the equity investments held at the reporting date would, all other variables held constant, have resulted in an increase in the consolidated statement of profit and loss and net assets of £6,000. On the same basis, a 1% decrease in their value would have decreased the consolidated statement of profit and loss and net assets by the same amount.

Newable is exposed to fluctuations in the commercial property market through its investments in commercial property space, in London and the South East. This risk is mitigated by management regularly reviewing market conditions and taking appropriate action, such as property disposals, if market conditions suggest a possible fall in valuations and occupancy levels.

29. Leases

The Group as lessee:

The Group has financial commitments for the forthcoming year in respect of rentals due under operating leases. The total commitments to make these payments fall due as follows:

	2019	**2018**
	£000	**£000**
Less than one year	2,866	1,114
Two to five years	7,564	3,545
Greater than five years	2,284	9,931
	12,714	14,590

29. Leases (continued)

The Company as lessee:

The Company has financial commitments for the forthcoming year in respect of rentals due under operating leases. The total commitments to make these payments fall due as follows:

	2019	2018
	£000	£000
Less than one year	918	918
Two to five years	2,762	3,037
Greater than five years	1,855	2,498
	5,535	6,453

The Group as lessor:

The Group leases out all of its investment properties under operating leases for average terms of 3-5 years to expiry. The future aggregate minimum rental recoverable under non-cancellable operating leases is as follows:

	2019	2018
	£000	£000
Less than one year	1,914	3,781
Two to five years	5,070	6,987
Greater than five years	2,401	2,787
	9,385	13,555

The Company has no lessor commitments.

30. Capital Commitments

The Company has committed to an investment of £1 million in the Seraphim Space Fund ("the Fund"). The Fund is a venture capital fund focusing primarily on space technology related businesses. This capital commitment will be drawn down over a five-year period to, and including, the year ending 31 March 2022. At the end of the year, capital of £341,000 was drawn-down (2018: £185,000).

31. Pension costs - defined benefit scheme

Certain employees of the Group are members of a defined benefit pension scheme operated by the London Pensions Fund Authority, which covers the Group's obligation to provide pensions to retired employees, and currently eligible members of staff, based on final pensionable salary. The assets of the scheme are held independently from the Group's finances and are administered by trustee companies.

As administering authority to the Fund, the London Pensions Fund Authority, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest actuarial valuation of the Fund was carried out as at 31 March 2016 and set contributions for the period from 1 April 2017 to 31 March 2020. There are no minimum funding requirements but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer's withdrawal from the Fund a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013, which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate, by the Fund Actuary.

31. Pension costs - defined benefit scheme (continued)

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the London Pension Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets, which eventually are inherited by the remaining employers.

Pension costs are assessed on the advice of Barnett Waddingham, an independent qualified actuary, following triennial valuations using the projected unit method. The latest valuation of the scheme was carried out at 31 March 2016. The valuation assumed that investment returns would be 3.4% per annum (equal to the discount rate), that salary increases would average 3.90% per annum and that present and future pensions would increase at the rate of 14.4% per annum.

The contribution paid by employees in the scheme ranges from 5.5% to 12.5% of pensionable salaries and the Company's regular cash contribution is 5.5% p.a. of pensionable salaries.

The main financial assumptions used to value the assets and liabilities of the scheme as at 31 March 2018, 2017 and 2016 in accordance with the requirements of IAS 19 are shown in the following table:

	2019	2018	2017
RPI increase	3.40%	3.35%	3.60%
CPI increase	2.40%	2.35%	2.70%
Salary increase	3.90%	3.85%	2.50%
Pension increase	2.40%	2.35%	2.70%
Discount rate for scheme liabilities	2.40%	2.55%	2.70%

Mortality assumptions

The actuaries have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.5% p.a.

The resulting average expectation of life for a male pensioner member currently aged 65 is 21.3 years (23.6 years for females) whereas for a male active member currently aged 45 the life expectancy as at the valuation date is assumed to be 23.1 years (25.5 years for females).

The fair value of the assets held by the pension scheme, the long-term expected rate of return on each class of assets and the value of the scheme's liabilities assessed on the assumptions described above are shown in the following tables.

31. Pension costs - defined benefit scheme (continued)

In accordance with IAS 19, the following liability has been recognised in the Balance Sheet:

	2019	2018
	£000	£000
Group's share of pension fund assets	12,687	11,994
Present value of scheme liabilities	(15,724)	(15,746)
Deficit in the scheme	(3,037)	(3,752)
Related deferred tax asset	515	639
Net pension liability	(2,522)	(3,113)

Assets (Employer)	**Fund value at 31 March 2019 £000**	**Fund value at 31 March 2018 £000**
Equities		
Consumer markets	1,404	1,297
Financial institutions	685	693
Healthcare	422	353
Industrials	826	849
IT and Telecoms	1,153	1,081
Utilities	197	193
	4,687	**4,466**
Investment funds and unit trusts	**1,689**	**1,825**
Cash	**648**	**1,107**
Property	**2,041**	**1,639**
Private Equity	**1,243**	**1,240**
Fixed Income	**576**	**-**
Derivatives		
LDI	728	954
Currency hedge (forward contracts)	10	50
Other	1,065	713
	1,803	**1,717**
Total value of market assets	**12,687**	**11,994**

31. Pension costs - defined benefit scheme (continued)

For accounting periods beginning on or after 1 January 2013, the expected return and the interest cost have been replaced with a single net interest cost that effectively sets the expected return on assets equal to the discount rate of 2.40% (2018: 2.55%).

	2019 £000	2018 £000
Reconciliation of plan assets		
At beginning of year	11,994	11,659
Other actuarial gains	-	-
Interest on assets	301	311
Return on assets less interest	780	331
Contributions by participants	34	33
Contribution by employers	39	159
Benefits paid	(445)	(484)
Administration expenses	(16)	(15)
	12,687	11,994

	2019 £000	2018 £000
Reconciliation of plan assets		
At beginning of year	15,746	15,870
Interest cost	396	422
Current service cost	126	129
Contribution by plan participants	34	33
Change in financial assumptions	559	(225)
Change in demographic assumptions	(692)	-
Experience gain on defined benefit obligation	-	-
Estimated benefits paid net of transfers in	(445)	(483)
	15,724	15,746

The following disclosures show the amounts that have been included in the statement of profit and loss and the statement of changes in equity under IAS 19:

Analysis of the amount charged to operating profit

	2019 £000	2018 £000
Service cost	126	129
Net interest on the defined liability	95	111
Administration expenses	16	15
	237	255

31. Pension costs - defined benefit scheme (continued)

Analysis of the amount charged to finance expense

	2019 £000	2018 £000
Expected return on pension scheme assets	-	-
Interest on pension scheme liabilities	95	111
Net gain	-	-
Less deferred taxation	-	-
	95	111

Analysis of amount recognised in equity

	2019 £000	2018 £000
Cumulative actuarial losses recognised directly in equity		
Return on plan assets in excess of interest	780	331
Other actuarial gains on assets	-	-
Change in financial assumptions	(559)	224
Change in demographic assumptions	692	-
Experience gain on defined benefit obligation	-	-
Net gain	913	555
Less deferred tax charge	(122)	(78)
	791	477

Movement in deficit during the year

	2019 £000	2018 £000
At 1 April	(3,752)	(4,211)
Movement in year:		
Current service cost	(126)	(129)
Contributions	39	159
Net losses	(111)	(126)
Net actuarial gains	913	555
At 31 March	(3,037)	(3,752)

It has been agreed with the trustees that the contribution rate for the next year will be 5.5%. For the year ended 31 March 2019 the Group made no additional contributions in order to reduce the deficit (2018: £73,230) and have agreed with the London Pension Fund Authority that no additional payments are due for the year ended 31 March 2020.

31. Pension costs - defined benefit scheme (continued)

History of experience gains and losses

	2019	2018	2017
	£000	£000	£000
Experience gains/(losses) on scheme assets	-	-	-
Value of assets	12,687	11,994	11,659
Percentage of scheme assets	0.0%	0.0%	0.0%
Experience gains on scheme liabilities	-	-	906
Present value of liabilities	15,725	15,746	15,870
Percentage of the present value of the scheme liabilities	0.0%	0.0%	5.7%

Sensitivity analysis

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	15,446	15,725	16,009
Projected service cost	120	123	126
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	15,746	15,725	15,703
Projected service cost	123	123	123
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	15,987	15,725	15,467
Projected service cost	126	123	120
Adjustment to lifer expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	16,278	15,725	15,190
Projected service cost	127	123	119

For the adjustment to the life expectancy assumption, we are assuming a member will live a year longer or a year less. For example, under +1 Year we assumed that a member with a 25 year life expectancy is actually expected to live for 26 years.

Defined contribution schemes

The pension charge in respect of this scheme is the actual contributions paid. These amounted to £566,000 (2018: £546,000).

32. Business combinations

On 12 November 2018, Newable acquired 100% of the share capital of Citibase Holdings Limited ("Citibase") in order to strengthen its property business and expand into managed office space offering to SMEs, for a consideration of £14,750,000, plus a payment of £2,387,000 for net assets.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book Value	Adjustment	Fair Value
	£000	£000	£000
Fixed assets	1,963	-	1,963
Debtors	3,269	-	3,269
Cash	3,662	-	3,662
Liabilities	(4,544)	(1,090)	(5,634)
Customer relations (note 14)	-	1,909	1,909
Client relations (note 14)	-	582	582
Total net assets	**4,350**	**1,401**	**5,751**
Cash consideration paid			17,137
Goodwill (note 14)			**11,386**

Cash outflow on acquisition

	£000
Cash consideration paid	17,137
Cash acquired in subsidiary	(3,662)
Total consideration	**13,475**

Acquisition costs of £554,000 arose as a result of the transaction, of which £341,000 has been recognised as part of administrative expenses in the consolidated statement of profit and loss.

The main factors leading to the recognition of goodwill are:

- Innovative business operative deployed by Citibase
- Key employees and their knowledge and experience

Since the acquisition, Citibase has contributed £4.8 million to group revenues and £0.6 million to group profits.

On 31 May 2018, the Company acquired St Georges Commercial Finance Ltd ("St Georges") for consideration of £550,000, to complement its existing lending business, with additional consideration payments of £42,000 later in the year.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

32. Business combinations (continued)

	Book Value £000	Adjustment £000	Fair Value £000
Fixed assets	2	-	2
Debtors	59	-	59
Cash	57	-	57
Liabilities	(82)	-	(82)
Acquisition costs	-	(26)	(26)
Total net assets	**36**	**(26)**	**10**
Cash consideration paid			592
Goodwill (note 14)			**582**

Cash outflow on acquisition	£000
Cash consideration paid	550
Contingent cash consideration paid	42
Cash acquired in subsidiary	(57)
Total consideration	**525**

Acquisition costs of £26,000 arose as a result of the transaction which have been recognised as part of administrative expenses in the consolidated statement of profit and loss.

The main factors leading to the recognition of goodwill are:

- Key employees and their knowledge and experience

Since the acquisition, St Georges has contributed to £0.3 million to group revenues and £0.1 million to group losses.

33. Related party transactions

In November 2016, the Company entered into a joint venture agreement with Liberis, a member of the Blenheim Chalcot Group, which uses effective, innovative decision systems to provide short-term working capital loans to a variety of SMEs. The loans and associated repayments are based on revenue generated from credit and debit card sales of which a certain agreed percentage is used to repay the loan. Liberis has provided over £120 million of lending to over 3,500 small businesses since its inception in 2007 with a loan range of £2,500 - £300,000.

The joint venture agreement committed the Company to launching a new loan business branded ‘Newable Business Finance’ providing unsecured loans to small businesses of between £25,000 and £150,000 for periods of up to 5 years. This new business is operated by Newable Business Finance Limited, which is jointly owned by the Company and Liberis on a 50:50 basis. The Company and Liberis have the right, under the joint venture agreement, and have each appointed, two directors to the Board of Newable Business Finance Limited.

33. Related party transactions (continued)

Newable Business Loans Limited has an indemnity agreement with Newable Business Finance Limited, its parent company. Under this agreement, Newable Business Loans Limited provides loans, on behalf of Newable Business Finance Limited, to SMEs with all risks and rewards associated with the issue of these loans being passed to Newable Business Finance Limited. Under this agreement, there is a net outstanding balance of £15.3m as at 31 March 2019 (2018: £9.4m).

Due to the 50:50 shareholder structure, Newable Business Finance Limited is not consolidated into the Company's financial statements but instead is accounted for as a joint venture with the Company's share of the results of Newable Business Finance Ltd being separately disclosed in the Company's financial statements as a 'share of post-tax losses of equity accounted joint ventures' in the Group Statement of Profit and Loss and 'as losses from equity accounted joint venture' in the Group Statement of Financial Position.

The other companies listed below are wholly owned subsidiaries of Newable UK Holdings Limited, which is a wholly owned subsidiary of Newable Limited. Balances relate to the provision of services.

During the year, the Group entered into the following related party transactions:

	Services provided		Services received	
	2019	2018	2019	2018
	£000	£000	£000	£000
Newable Business Finances Limited	928	1,389	-	194

	Amounts owed by related parties		Amounts owed to related parties	
	2019	2018	2019	2018
	£000	£000	£000	£000
Newable Business Finances Limited	2,183	2,236	(3)	(10,773)

During the year, the Company entered into the following related party transactions:

	Amounts owed by related parties		Amounts owed to related parties	
	2019	2018	2019	2018
	£000	£000	£000	£000
Newable Lending Limited	35	35		-
Newable Equity Limited	521	521		-
Newable Private Equity Limited		-	(4,365)	(4,365)
Newable Events Limited		-	-	(97)
Newable Management Services Limited		-	(691)	(547)
Newable Trade (London) Limited	-	-	(1,148)	(400)
Newable Trade (South East) Limited	286	-	-	-
PW Group Holdings Limited	44	44	-	-
Newable UK Holdings Limited	1,933	1,304	-	-
	2,819	1,904	(6,204)	(5,009)

These balances relate to the provision of working capital.

There are loans totalling £102,648 (2018: £102,648) due from employees participating in the long-term incentive plan, which was introduced during the prior year, and will be repaid on 31 March 2022 or 31 March 2023, in accordance with the terms of the plan.

34. Post balance sheet events

On 30 May 2019, Liberis Holdings Limited sold its interest in Newable Business Finance Limited to Newable Limited, and Liberis Loans Limited sold its interest in Newable Business Finance Limited to Newable Lending Limited for consideration of £3,000,000 plus deferred consideration of £1,000,000, should various performance criteria be achieved. Consequently, with effect from 30 May 2019, Newable Business Finance Limited became a wholly owned subsidiary of Newable Limited.

35. Notes supporting statement of cash flows

Group	**2019**	**2018**
	£000	**£000**
Short term bank deposits	318	582
Cash at bank	2,608	2,795
Balance as shown on Group Statement of Financial Position	2,926	3,377
Overdrafts	(1)	-
Balance as shown on Group Cash Flow Statement	2,925	3,377

Company	**2019**	**2018**
	£000	**£000**
Cash at bank	33	5
Balance as shown on Company Statement of Financial Position	33	5

	Non-current loans and borrowings	**Current loans and borrowings**
	£000 (Note 22)	**£000 (Note 22)**
At 1 April 2018	-	11,750
Cash Flows		
New facility with Santander Bank	7,000	-
Increase existing facility with Lloyds Bank	1,500	-
Decrease existing facility with Unity Bank	(1,000)	-
Non-cash flows		
Loans and borrowing reclassified during the year		
Existing facility with Lloyds Bank	10,500	(10,500)
Existing facility with Unity Bank	1,250	(1,250)
At 31 March 2019	19,250	-

35. Notes supporting statement of cash flows (continued)

	Non-current loans and borrowings £000 (Note 22)	Current loans and borrowings £000 (Note 22)
At 1 April 2017	9,544	2,481
Cash Flows	-	3,500
Increase existing facility with Lloyds Bank	-	(3,775)
Decrease existing facility with Unity Bank	-	-
Non-cash flows		
Loans and borrowing reclassified during the year		
Existing facility with Lloyds Bank	(7,000)	7,000
Existing facility with Unity Bank	(2,544)	2,544
At 31 March 2018	-	11,750

During the year, the Group provided financing of £1,991,000 to its joint venture, Newable Business Finance Limited.

36. Transition to new accounting standards

IFRS 9 Financial Instruments

The Group adopted IFRS 9 with a transition date of 1 January 2018. It has chosen not to restate comparative information for prior periods with respect to classification and measurement as adoption of this standard has no material impact on the Group's retained earnings.

The Group has reclassified its financial assets in accordance with IFRS 9 based on the Group's reasons for holding the asset and the nature of the cash flows from the assets. The majority of financial assets will continue to be held at amortised cost (see notes 20 and 28 for more details). Available-for-sale investments have been reclassified from fair value through other comprehensive income to fair value through profit and loss (see notes 18 and 28). Accrued income has been reclassified as contract assets where applicable.

The most significant change of IFRS 9 arises from the impairment requirements. IFRS 9 replaces IAS39's incurred-loss approach to impairment with a forward-looking one based on expected credit losses (ECLs) of financial assets measured at amortised cost. ECLs are a probability-weighted estimate of the present value of credit losses.

In adherence with IFRS 9, the Group uses a three-stage process for impairment based on changes in credit quality since initial recognition:

- A financial asset, which has not deteriorated significantly in credit quality since initial recognition, will be classified as stage 1 and an impairment allowance of 12-month ECLs at the reporting date will be reflected.
- Financial assets that have deteriorated significantly in credit quality since initial recognition, but do not have objective evidence of a credit loss event, will move to stage 2 and the allowance is calculated as lifetime ECLs.
- Where there is objective evidence of impairment at the reporting date, stage 3, the impairment allowance is calculated as the lifetime ECLs, similar to specific incurred losses under IAS39.

36. Transition to new accounting standards (continued)

In assessing and categorising financial assets as credit impaired, the Group will look at both qualitative and quantitative data, using specific information in relation to the asset (such as borrower's status and credit quality), historical credit loss experience, credit loss experience of other similar lenders, and macro-economic factors. In addition to this, a general 'backstop' assumption when a customer has missed two consecutive contractual payments is also used. At this point, the impairment allowance will switch from 12-month ECLs to lifetime ECLs.

The Group calculates its ECL using a model based on probability of default (PD).

- 12-month ECLs are calculated by applying the PD occurring on the loan in the next 12 months to the lifetime ECLs that would result from that default.
- Lifetime ECLs are the present value of the expected cash shortfalls in contractual cash flows, taking into account the potential default at any point during the life of the contract.
- ECLs are discounted to their present values. The discount rate used is the interest rate on a loan, which the group considers to be a good approximation of the original effective interest rate.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers comes into effect for accounting periods beginning on or after 1 January 2018. The objective of the standard is to provide "sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers".

A detailed review of all income stream across the business has been undertaken to ensure income recognition adheres to the new standard. It is noted that rental income, government body grants and finance income are excluded from this standard.

A change in the recognition of revenue from the sale of investment and development properties may affect the timing of the transaction but is not expected to materially affect the Groups financial statements.

For further information, see Revenue note 5 and Summary of Significant Accounting Policies note 3.


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