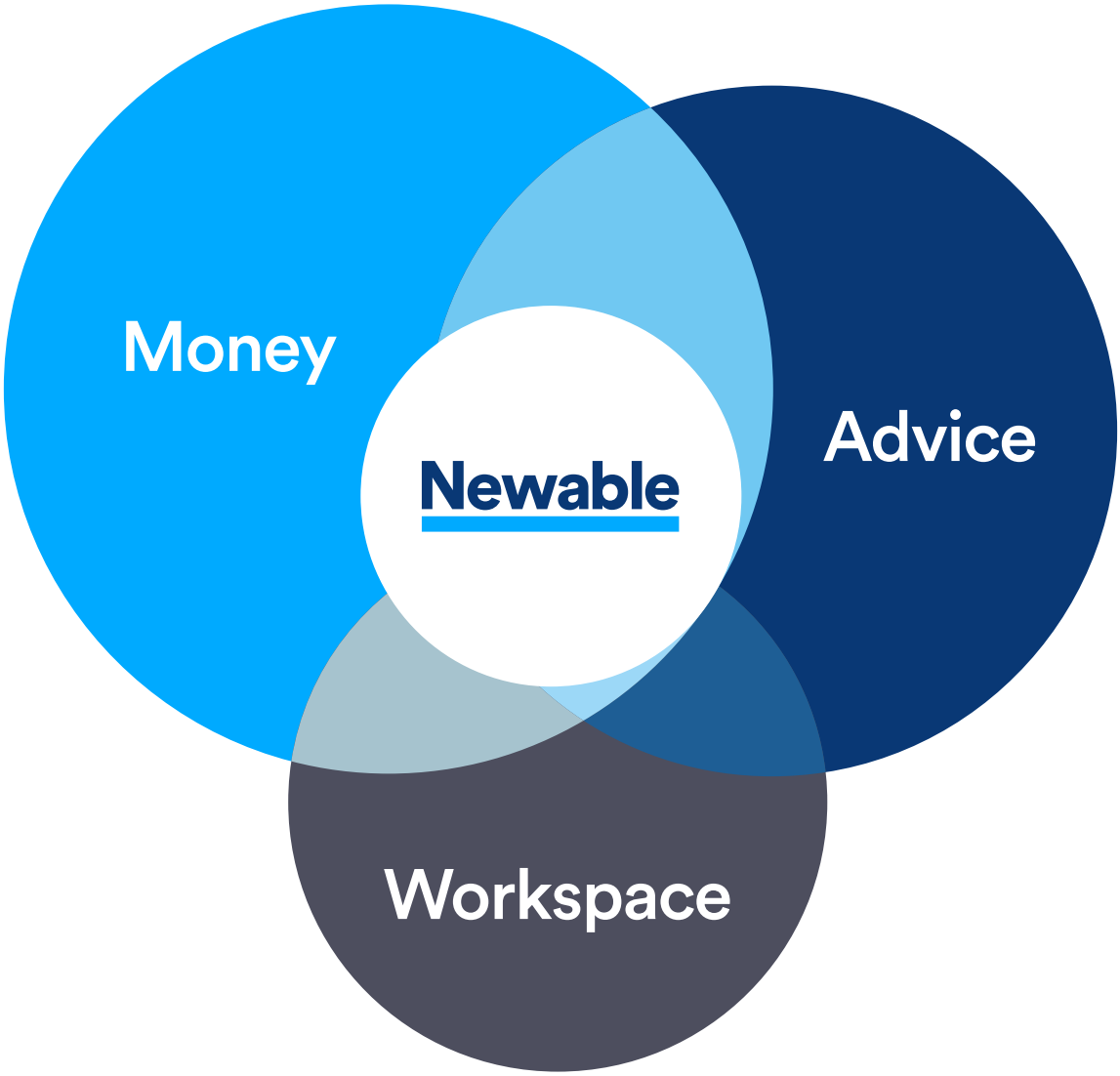
Annual Report 2021



Growing responsible profits
by helping SME businesses to thrive

Country of incorporation of parent Company:
England and Wales

Directors

P G Collis CB
Cllr J W Hopkins
M Karim
A G MacLennan
C J Manson
Cllr G Nicholson (Chair)
A Sharp
M B Walsh
A M Watts CBE
M B Whitefield

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Company number
01653116

Auditors
BDO LLP
55 Baker Street
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Strategic Report

The Directors present the Group's strategic report for the year ended 31 March 2021.

1. Introduction

Newable was founded in 1982 to generate inclusive economic growth for London's SMEs. More recently we have expanded our products and services across a national footprint:

- Our core activities are now focussed on Money, Advice and Workspace. A brief summary of the activities for each area is included in the following pages.
- We continue to develop and enhance this portfolio of services to meet the changing demands of our SME clients.

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

2. Business Review

The 2021 financial year has probably been the most challenging in Newable's history due to the impact of the COVID-19 Pandemic, with various national and local lockdowns experienced across the UK that ultimately resulted in the worst recession the country has seen for some 300 years. This was in addition to the uncertainty caused by the impact of the on-going Brexit negotiations.

Newable's financial year started shortly after the announcement of the first national lockdown with large parts of Newable's businesses closed down and at the peak, c. 45% of staff were furloughed and most remaining staff were working from home. Following the easing of the first lockdown in late June 2020, most of Newable's business activities saw a strong recovery in activity, with most staff coming off furlough. However, the further national lockdowns since then have continued to impact Newable's businesses.

In trading through the Pandemic, significant parts of Newable made real progress in growing their activities during the year:

- Our Advice business won a significant number of Government business support contracts, increasing headcount during the year by c. 45 members of staff and completed the acquisition of Winning Pitch, a Manchester based consulting business.
- Newable Capital, our investing business, continued to grow, completing two new acquisitions.
- Synergy, our vehicle brokerage business, performed strongly with near record volumes and revenues despite being severely impacted by the first national lockdown.
- Newable's property development business completed and sold two development sites for total consideration of £34 million and acquired a new development site for its next project.

These positive results helped offset the challenges faced by some of Newable's other businesses, in particular:

Newable Business Finance ("NBF"):

- NBF's new lending activities ceased during the financial year with the business focusing on collecting out the existing loan book. The success of our loan book management saw us repay our third party wholesaler lender in March 2021. We therefore pivoted our Lending business in August 2020 to focus primarily on credit brokerage and following a period of strong growth we are projecting to become profitable in the 2022 financial year.

Workspace:

- Unsurprisingly, our Workspace businesses were significantly impacted by the Pandemic. The Government's lockdown and work from home guidance saw reduced footfall at our Newflex sites and lead to Officio closing for part of the year.
- However, we have been pleased at the resilience of the trading model, which managed to quickly ensure its office network was COVID-19-compliant, allowing it to remain open resulting in client retention rates in excess of 95% which our research suggests is above the industry average.
- We have also seen a significant improvement in trading and tender opportunities as commercial landlords adapt to a rapidly changing office market, with Newflex well placed to work with Officio and other parts of the Group to submit viable proposals.

Despite this very challenging back drop, I am pleased to advise that Newable's reported revenues more than doubled to £77.8million (FY2020: £36.6 million) reflecting the full year impact of acquisitions made during FY2020, acquisitions made in FY2021 and property development sales. Operating profit before depreciation and amortisation for FY2021 was £1.2 million (FY2020: £9.7 million) with an EBITDA of £1.1 million (FY2020: £9.8 million).

At the post tax level Newable is reporting a loss from continuing operations of loss of £4.8 million (FY2020: profit of £0.6 million) largely due to a one-off provision being booked in relation to Newable's Long Term Incentive Plan.

Newable's consolidated net assets were £52.9 million down from £60.7 million reflecting the reported loss for the year and the impact of an increase in Newable's defined benefit pension scheme deficit (as advised by the actuaries of the scheme).

The Pandemic and its impact have illustrated the resilience of Newable:

- We have a strong balance sheet.
- The defensive strength of our business model, with some entities trading well and offsetting others more severely hampered by the Pandemic.
- Newable's IT infrastructure and our crisis management planning process proved their robustness by seamlessly transitioning nearly all of our office based staff to working from home continuously since March 2020, with no significant issues.

In addition, the Government should be congratulated for its range of measures for business. These have included the employee furlough scheme, tax liability deferrals,the various COVID-19 business interruption loan schemes, as well as the accelerated settlement of public sector liabilities owing to businesses. They have been of great assistance to businesses,including Newable with a number of subsidiaries taking advantage of these support measures. (Note 2 of the consolidated Financial Statements provides further details of the support measures that have been utilised by Newable).

Advice

- 20 year track record of delivering Public Sector / HMG Export and Innovation growth services to SMEs
- All HMG contracts have stable, predictable revenues with the view that HMG does not default on its debts / obligations

Solving problems of our SME clients

- Exporting to a new country / region for the first time
- Securing patents, grants and investment to fund tech innovation
- Accessing HMG business advice, including re COVID-19 and EU transition

Key clients

Department for International Trade

GREATER LONDON AUTHORITY

UKRI Innovate UK

Economic impact

16,000
SME clients forecast to use our Advice services

£9.4bn
of exports generated by our Advisors since 2017

£36m
funding raised for our clients since 2017

FY2021 Summary – Key Milestones

Our Advice business has traded strongly throughout the Pandemic

- Brexit / COVID-19 pivot: The first half of FY2021 was spent assisting over 6,000 SMEs clients across our DIT and Innovate UK contracts navigate the combined impact of Brexit and COVID-19
- Export wins: Managed to deliver £1.57 billion of exports in the second half of the year, equating to an average of £261.6 million / month vs. £248.3 million / month for FY2020
- Events: Shifted online, enabling us to deliver 237 events (vs. 148 in FY2020). Customer satisfaction levels remained above 90% and we expect FY2022 to represent a hybrid year in terms of in-person and online delivery
- Growth in headcount: Combination of new delivery programmes has seen staff numbers rise to 153 in March 2021 (vs. 134 in March 2020)
- Winning Pitch:

  We acquired Winning Pitch, based in Manchester, in January 2021, which offers profitable growth opportunities as follows:
  - Complementary SME focused growth services
  - Coverage in the North of England and Wales
  - Potential for tender synergies allowing us to develop a wider national footprint, with joint tenders being submitted in both Yorkshire and the BEIS Accelerator programme in FY2022

Workspace | Flexible Offices

Vertically integrated Broking and Managed Service model:

NewFlex:
- Providing a Managed Service, operating sites on behalf of landlord clients alongside our own leasehold centres
- Our focus is increasingly on our Managed Service model, which generates monthly management fees, with no lease commitments
- Multi brand strategy enables differentiation from premium to challenging sites

Officio:
- Brokers agreements to place SMEs in flexible offices

Why our clients use us

- Growing propensity to use more local, flexible space
- Flexibility on price and tenure, flexing workstation use in line with trading
- NewFlex: Institutional landlords value our ability to manage a large volume of SME clients and quickly monetise sites
- Officio: Extensive office network permits SMEs to find and negotiate market friendly terms

Flexible Office impact

95%
MoM retention rates across our NewFlex client base

1,500
SME tenants use us to find office space each year

10.5k
workstations managed across 37 sites

Selected institutional clients

Motcomb Estates Limited
Aberdeen Standard Investments
AVIVA
BlackRock
LSI London & Scottish Investments

Opportunity to build market share as the leasehold model is further disrupted

- Pre-COVID, the UK flexible office market grew quickly, disrupting the traditional leasehold model, with c. 6k sites in 2019 vs. c. 4k sites in 2015
- COVID-19 has actually accelerated the need for flexible working, with increased supply enabling SMEs to demand more flexible terms
- We believe a vertically integrated model is key to maximising our growth prospects:
  - Officio provides NewFlex with a proprietary SME customer pipeline
  - Potential to fill sites faster, whilst generating fees for placing SMEs in other sites
  - Multi brand offering enables differentiation from premium to challenging sites

FY2021 Summary – Key Milestones

- The lockdowns lead to a significant downturn in trading conditions, resulting in the partial closure of our Officio business in FY2021
- Implemented an operational investment and sales plan to ensure a COVID-19 compliant portfolio, with customer retention only 5% lower vs. FY2020
- Specifically, our Newflex restructuring reduced Payroll Cost Per Occupied Workstation from £57 per month in March 2020 to £42 per month in March 2021
- Strong start to FY2022 with March 2021 workspace enquiries 80% above March 2020 levels
- Newflex managed to expanded their portfolio with the sales focus now on increasing prices and margin

Our customer brands

Serendipity Labs – Inspiration at Work
Citibase
easyHub
Bold
My Office Club

Workspace | Development

- 30 year track record in converting brownfield sites into light-industrial units
- Strong project execution skills capturing the shift to on-line retail and last-mile delivery

Development impact

£85m
in Sales generated since 2018

191k ft²
of lettable space developed in FY2020 and FY2021

59.7%
gross ROCE achieved across the last three developments

FY2021 Summary

	North London FY2021	South London FY2021
Letting space	65k sq ft	74k sq ft
No. of units	3	5
Sale price	£15.8 million	£18.2 million
Gross Margin	£5.3 million	£6.9 million
Return	50.5%	61.9%

Money | Newable Finance

- SME brokerage, securing loans for our clients, with a focus on: mortgages, working capital finance, asset finance
- Synergy Cars Leasing (acq. Jan 2020) has traded at record monthly revenue levels in FY2021
- As a result of the Pandemic, in FY2021 we pivoted from a lending model to focus on our more profitable brokerage services

Why SMEs choose us

- Simplicity: Reputation for providing professional, clear advice
- Speed: Sourcing finance faster than our clients can, allowing them to focus on their business
- Product agnostic: Securing the right product by covering the entire market

Operating targets

4,000
target vehicles financed in FY2022, up from c. 3k p.a.

30%
target success rate for securing loans for qualified leads

£250m
target brokerage volume 2022

FY2021 Summary – Key Milestones

- NBF: With the introduction of CBILs loans to our core SME target market, we decided to pause our lending operations in April 2020, with the following material impact:
  - Reduction in staff from 14 to 3 FTE during FY2021
  - Loan book placed into run-off with our third-party RCF of £11 million fully redeemed in March 2021
- As part of our lending pivot, we expanded our Broking services in FY2021:
  - Growing our UK presence with c.25 Brokers operating in Cardiff, Manchester and London.
  - Providing SMEs with a suite of secured and unsecured loans
  - Since September 2020, we have secured £27 million of loan funding, delivering £400k net revenue to us
- Synergy: Acquired in FY2020 and delivered strong growth throughout the Pandemic with 3,395 completed orders in FY2021 vs. 2,871 in FY2020

Money | Newable Capital

- Acquiring a controlling share in profitable SMEs with a proven business model and funding the next phase of growth
- Targeting the c.£2 million EBITDA buyout segment
- This part of the market is largely neglected by VCs
- Target pool of 40-50k SMEs
- Acquisitions provide potential for material capital returns and profit consolidation
- Our corporate reputation and history provide privileged access to pipeline
- National office network provides a network to source potential transactions

Why SMEs choose us

- Alternative to a trade sale for Founders seeking to protect their business
- Patient capital approach: Able to secure longer-term support vs. a shorter cycle VC
- Corporate reputation for supporting SME growth alongside our ESG Agenda

Target investment profile and transaction structure

- £5-15 million valuation segment
- Commercial resilience: High customer retention rates across economic cycles
- Presence of IP with product and services development
- Strong management teams, c.10+ years operating history and solid growth potential
- Sector focus: Business Services, Manufacturing, Engineering
- Typical transaction structure:
  - Majority stake acquired, with a c. 4-6x EBITDA multiple
  - c. 30% Deferred consideration, linked to earnings growth over a 2-3 year period

Our market focus

£2m
average EBITDA of each transaction

40-50k
target pool of SMEs identified

3
targeted transactions per annum

Our strategy to deliver ROCE

- Deploying our infrastructure to drive growth with potential for significant EBITDA multiple arbitrage
- Revenue: Investing in the sales function to boost sales
- Gross Margin: Capital investment to improve productivity
- Overheads: Use our central platform to capture operational cost synergies

Selected investment highlights

- Following acquisition of ARC in 2019, we completed a further two acquisitions in 2021, JCA Atkinson (coffin manufacturer) and LFS (passive fire protection services).
- Resilience: All acquisitions traded strongly throughout the Pandemic and we expect this to continue into FY2022
- Our focus remains on delivering the operational changes required to accommodate and accelerate their growth plans with summaries for two of our portfolio companies provided below

ARC Building Solutions
Acquired December 2019

- Since the initial COVID-19 shut down between the end of March and mid May 2020, month on month growth rate of sales has increased by 9.3% vs. the same period in FY2020
- New factory opened in FY2020 has trebled capacity, with a targeted programme of CAPEX and working capital management delivering improved gross margins of 5% versus FY2019
- Efforts to reduce packing waste with a 3.5 tonnes annual reduction in one product alone
- Achieved ISO Occupational H&S certification, focused on improving employee safety and reducing workplace risks
- Invested in the management team with senior appointments in Operations, Commercial and HR

JC Atkinson
Acquired July 2020

- Introduced more stringent stock controls to reduce working capital needs
- Expanded our UK sales footprint
- Earnings growth: EBITDA increased from £1.2 million in FY2016 to £2.1 million in FY2021F
- Improved governance controls by appointing an Independent Chairman with strong expertise in the sector
- Investment in green initiatives
- Continued development of green products / materials in response to customer demands
- Production offcuts used for bio-fuel to provide sufficient energy to run our manufacturing site's heating systems

3. 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:

- Development property business and office space businesses: asset values, occupancy rates, rental yield per desk space and property valuations are tracked.
- Advice business: key export targets as set out in the Group's contracts with the Department of International Trade, are also closely monitored.
- Lending business: loan arrear rates; interest yield, bad debt levels brokerage order volumes are tracked.
- Equity businesses: investment returns, fund inflows, number of investors and investee company performance are tracked.

Review and monitoring takes place through a combination of monthly business reviews, individual Business Board and finance meetings and scheduled Group Board and Group Committee meetings. In addition, Newable's CRM system – SalesForce – is also providing valuable additional and real time KPIs for Newable.

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

4. S172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') requires Directors to explain how they have considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders, which will have an impact on the long-term success of the company.

This S172 statement explains how the directors of Newable and its subsidiaries (together "Newable"):

- have engaged with employees, members, suppliers, customers and others; and
- have regard to employee and members' interests, the need to foster Newable's business relationships with suppliers, customers and others, and the effect, including on the principal decisions taken by the company during the financial year.

This S172 statement focuses on matters of strategic importance to Newable, and the level of information disclosed is consistent with the size and the complexity of Newable's business.

General confirmation of Directors' duties

Newable's Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval at Board Meetings as follows:

- The Directors review the progress against strategic priorities and the changing shape of the business portfolio.
- The Board monitors its decisions and actions, including its implementation of and performance against, the strategy and plan.
- The Board satisfies itself that:
  - Emerging and principal risks are identified and understood, with systems of risk management, compliance and controls in place to mitigate such risks
  - Expected conduct of company business and employees is reflected in Newable's set of values.

When making decisions, each Director ensures that they have acted in the way that they consider, in good faith, would most likely promote Newable's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

Newable's Directors understand the business and the evolving environment in which they operate. Newable's purpose is to make a sustainable profit from helping other businesses thrive and to grow the size of the business through increasing profitability. This is balanced with keeping staff well-being and safety paramount, as well as Newable's social and environmental responsibilities being fundamental to our business approach.

Newable's strategy is to develop the Group in order to provide:

- Money, advice and workspace for clients
- Rewarding and fulfilling careers for staff
- Balanced returns for stakeholders

and to achieve this in an environmentally long-term sustainable manner. Newable's measures of success include:

- trebling the size of our business through increased profitability and investment
- reducing Newable's impact on the environment
- significantly expanding Newable's range of products and services to smaller businesses
- having highly motivated professional staff who value working for Newable and act as ambassadors for the business as evidenced in staff surveys and other measures
- significantly raising Newable's profile in the business sectors in which it operates, and nationally.

The objective of Newable's strategic ambitions is to increase long-term value for Newable, whilst recognising that the long-term success of our business is dependent on our stakeholders and the external impact of our business activities on society and the environment.

S172(1) (B) "The interests of the company's employees"

Newable's long-term success is predicated on the commitment of our employees to our purpose and their demonstration of our values on a daily basis. The Directors recognise that our employees are fundamentally important to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, Newable's Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

Newable provides its employees with information on matters of concern to them and consults with them on a regular basis, so that their views are taken into account when making decisions which are likely to affect their interests. Newable engages with its employees to ensure that we foster an environment that they are happy to work in and that best supports their well-being. Employees receive regular updates on the Group's performance via Town Hall meetings held physically or virtually. The Group also holds employee forums, feedback forms and surveys, as well as external reviews and benchmarking. The Directors also recognise that our pensioners, though no longer employees, also remain important stakeholders.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, government, regulators and delivery partners. Newable seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. Newable continuously assesses the priorities related to customers and those with whom we do business, and the Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment or divestment proposals.

S172(1) (D) "The impact of the company's operations on the community and the environment"

This aspect is inherent in our strategic ambitions and has been part of Newable's heritage since Newable began business in 1982. Newable used to publish annually its "Making an Impact" Report to reflect the social contribution made by Newable's day to day activities. This will be replaced by a new ESG Report published annually.

As reported elsewhere, Newable has also established an Environment and Social Impact Committee of the Board, which, in addition to the three Non-Executive Directors, also has staff from across the business attending and contributing to the Committee's deliberations and decisions.

Newable has also created an Environment Team with membership comprising members of staff from across Newable and has been working with Green Mark to achieve an internationally recognised environmental accreditation standard. This team reports to the ESI Committee.

In addition to the Environment Team, Newable also has a Values Team operating which also has membership comprising members of staff from across Newable. This Team focuses on Newable's culture, people issues and Newable's wider engagement with stakeholders and also reports to the ESI Committee.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

Newable is economically, environmentally and socially responsible, and is a values-driven business, whose values are defined as a result of a company-wide engagement process. The Board periodically reviews and approves clear frameworks, such as General Business Principles, Newable's Code of Conduct, Compliance manuals (which include Whistleblowing), and its Modern Slavery Statement, to ensure that its high standards are maintained, both within Newable and the business relationships we maintain. This is also supported by a staff training programme. This, complemented by the way the Board is informed and monitors compliance with relevant governance standards, helps assure its decisions are taken, and that Newable acts, in ways that promote high standards of business conduct.

S172(1) (F) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on all stakeholders. In doing so, our Directors act fairly as between Newable's members.

Culture

The Board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The Board has established honesty, integrity and respect for people as Newable's core values. The General Business Principles and Code of Conduct help everyone in Newable to act in line with these values and comply with relevant laws and regulations. Newable's commitment and policies on Health, Safety, Security, Environment & Social Performance apply across Newable and are designed to help protect employees, people and the environment. Newable has also taken and will continue to take active measures to maintain a diverse and inclusive culture.

The Board considers Newable's Employee Surveys to be one of its principal tools to measure employee engagement, motivation, affiliation and commitment to Newable. It provides insights into employee views and has a consistently high response rate. The Board also utilises this engagement to understand how survey outcomes are being leveraged to strengthen Newable's culture and values.

5. Principal Risks and Uncertainties

In line with the Quoted Companies Alliance Corporate Governance Code the Board pays careful attention to effective risk management, considering both opportunities and threats.

The principal risks, as identified in the Group's Risk Appetite Statement, which could have an impact on the Newable's performance, are:

- **Market Risk:** Newable has a medium appetite for market risk, reflecting the Group's desire to grow, and helps to mitigate risks arising from adverse market movements through careful monitoring of the profile of market risk and associated controls.

- **Capital and Liquidity Risk:** Newable does not have access to equity markets due to its capital structure – limited by guarantee – and therefore regularly reviews cash flow forecasts and requirements to ensure it has sufficient funds to operate and to support growth plans.

- **Operational Risk:** Newable has a low appetite for breakdowns in its operating environment. A risk assessment process that assesses all aspects of key decisions is in place to assist Newable in identifying and, where possible, mitigating risk.

- **Regulatory Risk:** Newable has a low appetite for a failure to comply with applicable laws and regulations, code of conducts and standards of good practice. The Group's Head of Compliance runs an annual compliance monitoring programme to monitor compliance with applicable laws and regulations.

- **Credit Risk:** Newable Lending's operations, although currently paused, advance loans to SMEs. This lending exposes Newable to the risk that these amounts may not be recoverable. This

risk is mitigated by controls around the client take-on assessment process and on-going monitoring procedures. In addition, Newable has guarantee arrangements in place from partners that can offset a proportion of debts that may be incurred.

Newable operates a widely accepted three lines of defence assurance model where management is the first line of defence and is directly responsible for managing risk, the second line of defence is staff (namely Risk and Compliance functions) who oversee risks to help ensure they are managed appropriately, and the third line of defence are auditors who provide independent assurance.

During the year, Newable continued its investment in its three lines of defence assurance model through the creation of a new Head of Risk position. In addition, the Risk Committee was established as a formal Committee of the Board and took on responsibility for Governance oversight and was renamed the Risk and Governance Committee to reflect these wider responsibilities.

Note 32 of the Financial Statements contains specific information on financial instrument risk.

6. Conclusion

Our financial year was ultimately heavily impacted by the ongoing COVID-19 pandemic, with the UK enduring various local and national lockdowns. Given the range of businesses we operate the impact of COVID-19 has been varied, including the temporary closure of some of our operations through to our Advice businesses seeing a growth in revenue as the Government provided funding for COVID-19 support services.

Overall however, I am very pleased to be able to report our ability to trade successfully throughout FY2021 with Newable maintaining a strong balance sheet that positions us to accelerate our growth plans in the current financial year as the UK economy reopens.

Finally, I would like to emphasise my gratitude to all of our staff, many of whom have had to work remotely for most of the financial year and have exceeded all reasonable expectations in terms of continuing to support our SME clients during an unprecedented period of economic uncertainty. I would also like to extend this gratitude to my Board colleagues at Newable for their contribution over the last year, with a special mention for Joe Montgomery, who left us in March 2021. There has been a great deal of hard work by every single person across the business. Despite the many challenges the country faces, I look forward, with confidence, to Newable's future.

ON BEHALF OF THE BOARD
C Manson, Chief Executive
26 July 2021

Avantika Gupta
Investment Manager

Directors' Report

The Directors present their Annual Report and Financial Statements for the year ended 31 March 2021. The Financial Statements are for Newable Limited (the "Company") and its subsidiaries (together, the "Group").

1. Results and Future Developments

The Group's loss for the year, after taxation and non-controlling interests, amounted to £4,837,000 (2020: profit of £567,000). In accordance with the articles of association no dividend is payable to members.

Financial Risk Management – see Strategic Report above
Charitable donations – £19k 2021 (£5k 2020)
Post Balance Sheet events – see Note 37 to the Accounts
Future Developments – see Strategic Report and below:

As part of our 5 Year Strategic plan our focus remains on becoming the "go to" place for our UK SME client base:

- Strengthen existing products and services
- Launch new products and services that exhibit proven demand with significant synergy and profit potential
- Acquire established SMEs that:
  - Support existing products and services
  - Fit the criteria for Newable Capital, which seeks to support management teams and accelerate the next phase of growth of high-growth potential SMEs.

2. Directors

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

Non-Executive Directors		Executive Directors	
P G Collis CB		M Karim	(Chief Information Officer)
Cllr J Hopkins		C J Manson	(Chief Executive)
A G MacLennan		M B Walsh	(Chief Financial Officer)
J Montgomery CB	(resigned 12/3/2021)	M B Whitefield	(Chief People Officer)
Cllr G Nicholson	(reappointed Chair 24/3/2021)		
V A Sharp			
A M Watts CBE			

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, and they do not have any interest in the shares of any other Group undertakings.

P G Collis CB, A M Watts CBE, A G MacLennan and V A Sharp acted as Private Members throughout the year. J Montgomery CB acted as a Private Member until his resignation from the Board on 12 March 2021.

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. 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
26 July 2021

Daisy Parker
Project Manager

Corporate Governance

1. Chair's Statement

Newable, from its beginning in 1982, has always striven to apply a social values led framework to all of its business activities: values that promote respect, sustainability and inclusiveness that have been applied to our relationships with the business community and the wider economy. We have always taken the view that there is more to business than a narrow and exclusive focus on the profit and loss account. We set out to create sustainable profits for Newable and for our customers, the small business community, to grow and prosper.

In this year's Annual Report and our new ESG Report (newable.co.uk/esgreport),we have included our work on delivering Newable's Environmental, Social & Governance strategy (ESG), a crucial building block for the future of Newable and one that formalises our social values led tradition and enhances and strengthens our current intent and future activities.

Newable Limited is a Company limited by guarantee with no shareholders. Instead, it has a combination of private, original and new 'ordinary members'. Our Group Board recognises that this legal structure means it lacks traditional shareholders and the challenge they bring to a business. This unique corporate arrangement requires the Group Board to maintain a high standard of corporate governance, to a standard that can provide the objective challenge of a traditional shareholder alongside ensuring the business is supported in performing to the best of its abilities.

For us it follows that effective and accountable governance takes the lead position in our corporate objectives. Individually and collectively we are committed to maintaining the highest standards of governance and as a Group Board ensure that the Company across all of our divisions has in place the structures, resources and reporting lines to deliver effective, accountable and transparent corporate governance, able to account and report to our stakeholders.

As described elsewhere in our Annual Report, over the course of the year we have re-organised our Group Board Committee structure to enhance our corporate governance arrangements and to deliver our ESG and Audit & Risk objectives whilst keeping pace with our growing business activities. We have committed to adopting the Sustainability Accounting Standards Board (SASB) Framework for reporting on our Group activities in addition to the Group reporting against the United Nations Sustainability Development Goals (SDG) for the year ending 31st March 2022 onwards.

It has been an extraordinary year for us all but we have continued to work at pace, seeking opportunities and delivering growth. We have kept our focus on the future and have equipped Newable's governance for the growth and opportunities ahead.

Guy Nicholson, Group Chair
22 July 2021

2. Corporate Governance Framework

To ensure we maintain this high standard of corporate governance, the Group Board adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code from 1 April 2019. This followed a review of a number of possible Corporate Governance Codes in addition to the QCA Code, particularly the UK Corporate Governance Code and the Wates Corporate Governance Principles for Large Private Companies.

Our five core corporate values are:

Dream big | Get going | Grow together | Always improve | Pass it on

The adoption of the QCA Code reinforces our commitment to those values and how we apply them from an environmental, social and governance perspective to our various stakeholders:

Clients | Members | Employees | Environment

We have set out below our approach in relation to complying with each of the ten principles of the QCA Code.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Our business strategy is to develop Newable in order to provide:

- Money, advice and workspace for clients
- Rewarding and fulfilling careers for staff
- Balanced returns for stakeholders

As a company limited by guarantee, Newable does not have shareholders. Instead, we operate using the following core principles:

- To derive long-term value in an environmentally friendly manner for all of our stakeholders including its members and customers
- To make sustainable profits from helping other businesses to thrive.

Please see the Strategic Report section of our Annual Report for more information on the key strategic execution challenges and how they will be addressed.

Principle 2: Seek to understand and meet shareholder needs and expectations

Newable's original and new ordinary members ("members") are the London Boroughs and the Corporation of London. The Company Articles specify a proportion (less than 20%) of the Board of Directors ("the Board") must be Borough Representatives.

Each year, Newable provides members with its Annual Report and a review of Newable's activities. The members are invited to attend the Annual General Meeting, where they have the opportunity to ask questions and address any concerns to the Board. Two of the Non-Executive Directors ("NEDs") are required to represent the London Boroughs and to help ensure the Board maintains an understanding of the views of the members.

Any member, or any of Newable's other stakeholders, can request a meeting with the Company's leadership by contacting the Group Chief Financial Officer, Michael Walsh: michael.walsh@newable.co.uk.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

Newable publishes, at the beginning of each financial year, its 'ESG Report' to reflect the wider contribution made by Newable's day to day activities. The report can be found on our website.

Newable has established an Environmental and Social Impact Committee of the Board led by a senior NED to expand Newable's programme in this important area. This new Committee was approved by the Board in July 2020 and is supported by an Environment Committee and a Values Committee.

In addition, we have launched an ESG Project to enhance and strengthen Newable's work on ESG and to provide more visibility about how much Newable has already long been doing in the ESG space. This project is on-going and has developed an ESG Strategy, worked on developing additional policies and processes to strengthen our engagement with stakeholders and continues to further strengthen Newable's commitments and environmental credentials.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Risk and Governance Committee has played a key role in promoting the efforts to further develop Newable's risk culture and to enhance staff's understanding of Newable's risks, and their role in managing and mitigating those risks. The Committee leads on the formal regular reviews of Newable's risk policies, risk appetite and risk management information, reviews and approves key governance policies and makes appropriate recommendations to the Board. This Committee also oversees the work of Newable's Cyber Security Committee and the work of Newable's Crisis Management Team.

Newable's Audit Committee is supported by an internal audit function that is outsourced to RSM, an independent firm. During the year, the Audit Committee reviewed the results of a number of internal audit reports covering various issues, to test the strength of our internal controls and risk processes.

RSM will continue this programme of work in the forthcoming year, which is part of a planned rolling programme across Newable.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Group Board of Directors meets formally three times during the financial year, in addition to a number of additional meetings outside the normal course of business to address specific issues or proposals. The Group Board has overall responsibility for leading and controlling Newable and is accountable to the ordinary members for financial and operational performance.

As at 31 March 2021, the Group Board was comprised of:

- A Non-Executive Chair
- Four Executive Directors
- Five NEDs
- With the exception of the Chair and one Non-Executive Director, both Borough Representatives, the remaining NEDs are Private Members of the Company.

Two Non-Executive Directors have served in excess of 10 years, however the Board believes that they both remain objective and at arm's length of the company given their wide range of external appointments to other Boards and the extent of their professional experience. Their continued engagement and contributions are highly valued.

The Group Board has reviewed the independence of the NEDs and has concluded that, with the exception of the two NEDs who are also Councillors representing two of Newable's original ordinary members, the London Borough of Hackney and the London Borough of Lambeth respectively, the Non-Executive Directors are independent.

The Group Board is supplied with comprehensive Board papers in advance of each Board meeting, including financial and business reports covering each of Newable's principal business activities.

Regular attendance at Group Board meetings, Committee and Subsidiary Board meetings (with meetings lasting normally two to three hours) is an important commitment on the part of Executive and NEDs to ensure that governance arrangements remain robust and effective. In addition, NEDs chair and are included in the membership of all the Group Board's Committees.

Group Board Meetings Attendance:

Directors Name	To May 2021	To May 2020
P G Collis CB	3/3	3/3
J Hopkins	2/3	2/3
A G MacLennan	3/3	3/3
M Karim	3/3	N/A
C J Manson	3/3	3/3
J Montgomery CB (resigned 12 March 2021)	2/3	1/3
G Nicholson (Chair)	3/3	3/3
V A Sharp	3/3	3/3
M B Walsh	3/3	3/3
A M Watts CBE	3/3	3/3
M B Whitefield	3/3	3/3
N K Wright (resigned 26 March 2020)	N/A	2/3

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Executives and NEDs bring together a broad range of business and Government experience and apply independent, objective and informed analysis to discussions and decisions.

This enables the Group Board to provide clear and effective leadership and maintain the highest standards of integrity across Newable's business activities. Biographical details of members of the Group Board are detailed on Newable's external website at: https://www.newable.co.uk/team.php

The roles of the Chair and Chief Executive Officer are kept distinct and separate, with a clear division of responsibilities. Peter Collis acts as the Senior Independent Director and provides, as required, advice and guidance on issues being addressed by the Board. The Board considers that both the Non-Executive Group Chair and the Senior Independent Director are independent of the Chief Executive Officer.

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 to obtain relevant independent professional advice at the Company's expense and undertake training on specific issues, new legal requirements and technical developments as and when required.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Group Board undertakes an annual self-assessment process, the results of which are reviewed by the Board and the Nominations Committee, which helps to inform future priorities for Board performance development generally. In addition the Board periodically (usually every three years) undertakes a third-party evaluation of Board performance and effectiveness, the latest review of which took place during the last financial year. The results of the independent review were very positive and its recommendations are currently being reviewed and implemented.

The Group Board and its Committees also undertake annual reviews of all of the following:

- Conflicts of interest and related policies
- Whistleblowing policy
- Executive remuneration and performance
- ESG Strategy and policies
- Board and Committee terms of reference
- Relevant legal and compliance developments
- Relevant health and safety matters
- Risk Management Framework and Risk Appetite Statements

Principle 8: Promote a culture that is based on ethical values and behaviours

Newable is a values-driven business. Our five values were defined as a result of a Group wide engagement process in 2016 and reflect the underlying principles that Newable has operated under since it was founded in 1982. The five values are Dream Big, Get Going, Grow Together, Always Improve and Pass it On. Newable remains committed to these values which underpin its strategy.

Together these values are intended to help foster a culture that generates professional confidence, an inclusive and high-morale working environment that promotes ethical behaviour and high standards in the workplace and in our relationships with third parties. We monitor progress against our values through regular staff surveys which are discussed and reviewed at Board meetings.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Group Board has adopted a formal schedule of matters that detail key aspects of the Company's affairs and activities; these are presented to the Group Board for decision and/or adoption.

Responsibility for the development and recommendations of strategic plans and for the implementation of strategies and policies approved by the Group Board and operational management is delegated to the Boards of Newable's individual businesses and the Group Board Committees. Both Executive and NEDs are members of the business Boards and Committees.

During the year, particular areas of focus for the Group Board, its supporting Committees and the Business Boards included:

- Strategic Direction
- Business Acquisition Proposals
- Cyber Security
- Newable's environmental impact and how to address it
- Regulatory compliance, particularly GDPR and Anti-financial crime policies
- Financial reporting and monitoring
- Capital Structure and planning
- Diversity, inclusion and company culture
- Governance, board composition and evaluation

In order to ensure effective control and oversight, the Group Board has a number of Committees with specific responsibilities defined by written terms of reference, which are reviewed annually.

During FY2020 a significant restructuring of the Board's Committees took place. Previously the Group Board had three Committees. These were:

- The Audit Review Committee
- The Remuneration and Personnel Committee
- The Nominations Committee

In addition, there was a Risk Committee which was a subcommittee of the Audit Review Committee.

The proposed revised committee structure was approved by the Group Board at its July 2020 meeting and the restructured committees held their first meetings in autumn 2020. The revised committee structure comprises:

- The Audit Committee
- The Remuneration Committee
- The Risk and Governance Committee
- The Environmental and Social Impact Committee ("ESI"), and
- The Nominations Committee

In addition, the Cyber Security Committee is a subcommittee of the Risk and Governance Committee.

There were several major drivers for the revised structure:

- To further strengthen Newable's risk processes by establishing the Risk Committee (now the Risk and Governance Committee) as a Committee of the Board.
- To focus the Audit Committee on its core role of oversight of the year end audit process, relations with the external auditors and its oversight and review of Newable's internal controls including Newable's internal audit programme. As a result, its previous responsibility for reviewing and approving key policies and for Newable's governance arrangements has been transferred to the strengthened Risk and Governance Committee.
- The Remuneration Committee has transferred its oversight of staff policies and diversity policies / company culture to the new ESI Committee.
- To provide greater focus and visibility to Newable's historic commitment to ESG and to Newable's wider stakeholders, a new Committee – the ESI Committee – has been established, which will focus on the environmental, social, stakeholder agenda and will also consider governance issues where they relate to the ESG agenda before referring to the Risk and Governance Committee for final approval.

Terms of Reference for the Committees are available on request from the Company Secretary.

A report from each of the Committees is given in Section 3 below.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Newable communicates annually with the original and new ordinary members through the Annual Report and Financial Statements that are distributed to all Members, the Annual General Meeting (AGM) itself and all are extended an invitation to have one-to-one meetings. Access to corporate information is also available to Members, customers both current and future, and Newable's other stakeholders, through Newable's external website, www.newable.co.uk.

3. Committees

3.1 Audit Committee

The Audit Committee usually meets three times in the year, consisting of three independent Non-Executive Directors. 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 and internal controls, including Newable's FCA compliance monitoring process. Newable has established a system of internal control, which includes the accounting systems needed to manage and record transactions undertaken by the business.

The Audit Committee also reviews the independence of the external auditors, including the relationship between audit and non-audit work performed by the external auditors, and the nature and scope of the audit with the external auditors prior to commencement. It continues to monitor the scope and results of the annual audit, including 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.

Audit Committee Meetings Attendance:

Director's Name	To May 2021	To May 2020
P G Collis CB (Chair)	3/3	3/3
A G MacLennan	3/3	3/3
V A Sharp	3/3	3/3
A M Watts CBE (Resigned 22 July 2020)	1/3	3/3

3.2 Remuneration Committee

The Remuneration Committee also usually meets three times per year. The Remuneration Committee consists of three independent Non-Executive Directors. Executive Directors may attend at the invitation of the Chair with the Chief Executive Officer, Chief People Officer and the Chief Financial Officer normally in attendance (but are always excluded when their own performance and remuneration are under review).

The Remuneration Committee assists the Board in discharging its responsibilities for executive remuneration policy, remuneration arrangements of Directors and remuneration generally across the Group.

For further details of the work of the Remuneration Committee, refer to the Remuneration Report under Section 4.

Remuneration Committee Meetings Attendance:

Director's Name	To May 2021	To May 2020
P G Collis CB	3/3	3/3
A G MacLennan (Chair)	3/3	3/3
A M Watts CBE	3/3	3/3

3.3 Risk and Governance Committee

The Risk and Governance Committee usually meets three times per year. The Risk and Governance Committee was originally established in 2018 as the Risk Committee, a subcommittee of the Audit Committee focusing on Newable's risk processes and compliance with FCA regulations. Following the restructuring of the Group's committees in the summer of 2020, its role has been expanded to cover Governance policies and arrangements, including Terms of Reference (most of which had previously been the responsibility of the Audit Committee). To reflect this wider role, the Committee was renamed the Risk and Governance Committee.

The Committee continues to provide focus on Newable's risk agenda, including promoting and developing Newable's risk culture and to assist Newable's ongoing programme of improving its risk processes. In addition, the Committee has responsibility for overseeing Newable's policies in relation to its regulatory obligations including FCA regulation, Financial Crime legislation and data protection regulations (GDPR). This includes providing oversight of Newable's Cyber Security Committee which is a subcommittee of the Risk and Governance Committee.

The Risk and Governance Committee comprises three NEDs. Executive Directors and senior staff may attend at the invitation of the Chair with the Chief Executive Officer, Chief People Officer, the Chief Financial Officer, the Head of Risk and Head of Compliance normally in attendance.

Risk and Governance Committee Meetings Attendance:

Director's Name	To May 2021	To May 2020
V Sharp (Chair)	3/3	3/3
A M Watts CBE	3/3	3/3
P Collis CB (joined 22 July 2020)	1/3	N/A

3.4 Environmental and Social Impact Committee ("ESI")

The ESI Committee, created in July 2020, provides Newable with a greater focus on its ESG strategy, its ESG agenda, and gives greater visibility to Newable's historic focus on this important issue.

The ESI Committee has responsibility for overseeing Newable's work on its environmental impact and how this is being mitigated, on Newable's engagement with its stakeholders and how that can be strengthened, and for governance issues that relate specifically to the ESG agenda, working closely with the Risk and Governance Committee.

The ESI Committee also has responsibility (transferred from the Remuneration Committee) for seeking to improve and enhance best practice with regard to people policy and procedures, which it will regularly monitor. During FY2021, there has been a continuing emphasis on the effectiveness of Newable's diversity and inclusion policy through the review of employee statistics including the ratio of staff by gender, age and ethnicity. The Committee will keep HR activities, training and development under regular review.

Newable is committed to the principles of diversity, inclusion and equality of opportunity and actively encourages applications from all sections of the community. It seeks to ensure that no job applicant or employee receives less favourable treatment on the grounds of his or her age, disability, gender, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex

or sexual orientation, or any other unlawfully discriminatory grounds such as trade union membership or part-time working status.

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

ESI Committee Meetings Attendance:

Director's Name	To May 2021	To May 2020
A G MacLennan	2/2	N/A
V A Sharp	1/2	N/A
A M Watts CBE (Chair)	2/2	N/A

3.5 Nominations

The Nominations Committee usually holds one meeting annually. It consists of two Non-Executive Directors and one Executive Director. 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 evaluates Board members' performance, which includes a review of attendance records and contributions to meetings.

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

Nominations Committee Meeting Attendance:

Director's Name	To May 2021	To May 2020
P G Collis CB (Chair)	1/1	1/1
C J Manson	1/1	1/1
A M Watts CBE	1/1	1/1

4. Remuneration Report

Introduction

The Remuneration 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.

Annual Bonus Scheme

Newable operates a number of bonus schemes tailored to the particular needs of its individual businesses and for the Group as a whole but which have a number of common features, including:

- Bonus schemes operate based on a share of total reported profits.
- 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 as calculated for bonus purposes 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.
- Bonuses paid to management and staff are not pensionable.

Long-Term Incentives

In addition to the annual bonus schemes described above, in which all staff participate, a long-term incentive plan ("LTIP") 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 Committee.

The LTIP will operate over a six-year period from 1 April 2017 to 31 March 2023. Under the rules of the LTIP, Newable may 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. It is the intention of the Committee that any replacement LTIP Scheme, post FY2023 will incorporate ESG KPI targets that will need to be met to trigger payments by the LTIP to participants.

Policy on Remuneration of Executive Directors

The objective of Newable's remuneration 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 bonus 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 2021 were:

Basic Salary
Executive Directors' base salaries were assessed against market rates by independent consultants in the summer of 2020, which resulted in increases in salaries, which took effect in August 2020.

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 an LTIP scheme from which all Executive Directors could benefit. 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 contributed on behalf of three Executive Directors to a defined contribution scheme. The contributions are based on base salary only.

Other Benefits
Two Executive Directors have been entitled to receive a company car or the cash equivalent. During the year, the company car scheme for Executive Directors was terminated with cash allowance equivalents being, or to be, consolidated into salaries once the leases expire. All Executive Directors are entitled to the provision of life assurance cover and insurance against critical illness.

Emoluments

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

	Basic Salary	Annual Bonus [1]	Other Benefits [2]	Total 2021	Total 2020 [3]
	£000	£000	£000	£000	£000
Executive Directors					
C J Manson	261.0	-	24.1	285.1	791.0
M Karim (appointed 26 March 2020)	138.3	-	17.3	155.6	-
M B Walsh	192.5	-	25.3	217.8	649.3
M B Whitefield	136.0	-	10.0	146.0	392.2
N K Wright (resigned 26 March 2020)	-	-	-	-	327.2
Non-Executive Directors					
P G Collis CB	24.9	12.4	0	37.3	24.1
J Hopkins	6.9	3.5	0	10.4	6.8
A G MacLennan	24.9	12.4	0	37.3	21.8
J Montgomery CB	6.6	3.5	0	10.1	6.8
Cllr G Nicholson	14.4	7.2	0	21.6	18.7
V A Sharp	24.9	12.4	0	37.3	24.1
A M Watts CBE	24.9	12.4	0	37.3	24.1
	855.3	63.8	76.7	995.8	2,286.1

[1] During the year, the Executive Directors voluntarily surrendered their entitlement to bonuses, which have been allocated to staff.

[2] Other benefits comprise mainly employer contributions to Executive Directors' pension schemes.

[3] The decision to sell Newable's investment property portfolio during FY2020, to free up capital to invest in higher returning asset classes, generated £16.6 million of unrealised property valuation gains (alongside a further £5.8 million gains for FY2020 alone) that had been previously reported in Newable's profit and loss account, as required by International Financial Reporting Standards, over the last twelve financial years. This generated significant one-off bonus payments and total remuneration payable to all staff, including the Executive Directors in respect of FY2020. We do not expect this level of bonus to be repeated in the medium term.

5. Key Performance Indicators

A very important element of our ESG agenda is to provide visibility through the use of data or key performance indicators ("KPIs") that demonstrates Newable's commitment and progress. Set out below are several KPIs which we believe provides valuable insight into Newable's ESG commitment. This is a developing area and will grow as we adopt the SASB reporting framework for FY2022.

For KPIs relating to our people, please see the People and Culture section of the Annual Report for details.

Board Attendance

Regular attendance at Group Board meetings, Committee and Subsidiary Board 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 sections 2 and 3 of this Corporate Governance Report are details of Directors' attendances at Board and Committee meetings.

Other Board KPIs

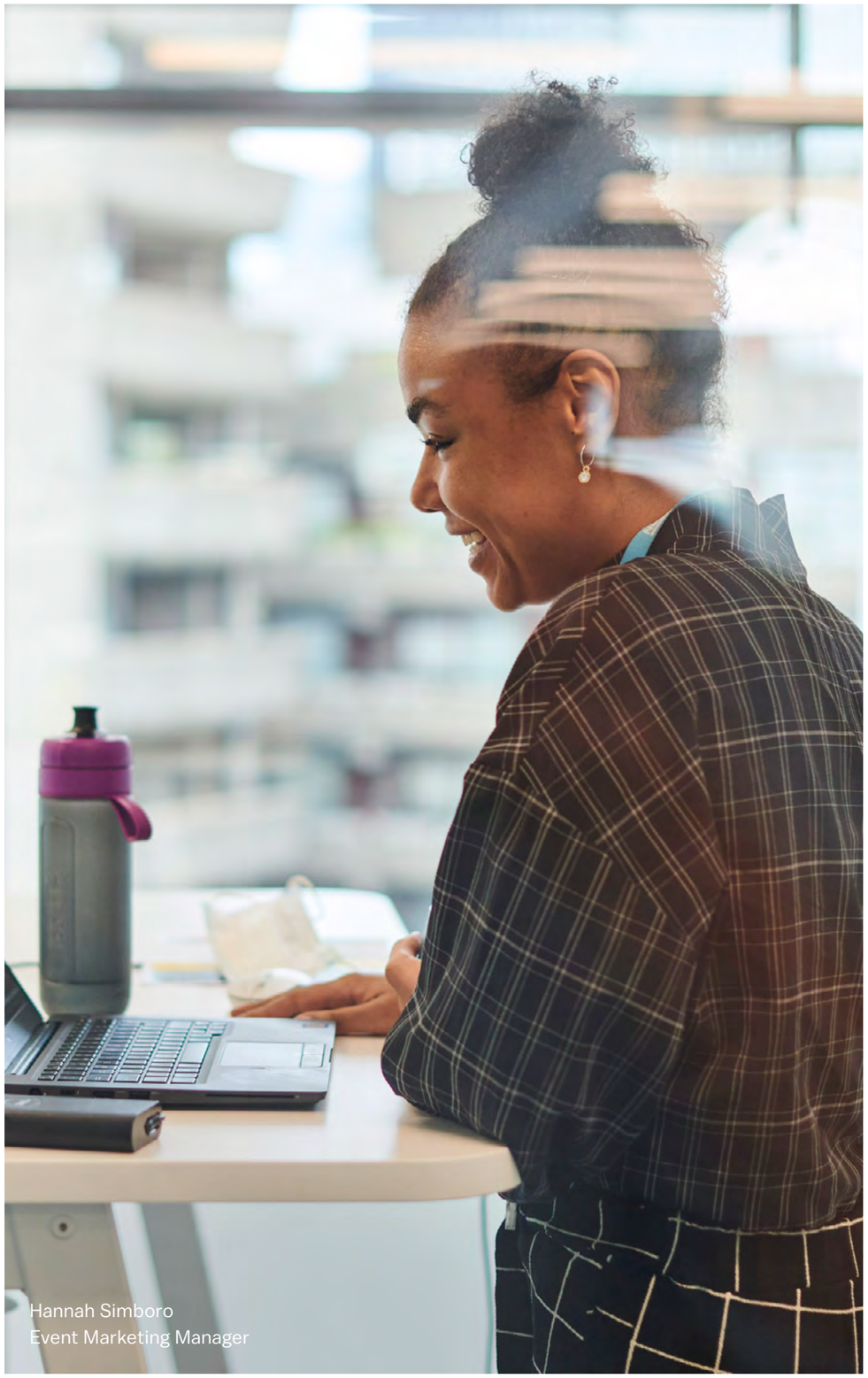
		FY2021	FY2020
1	Female Members as a % of:		
	Group Board	27%	27%
	Board Committees	50%	50%
2	Ethnic Minorities as a % of:		
	Group Board	18%	18%
	Board Committees	-%	-%

Other KPIs

		FY2021	FY2020
1	Total Number of Data Breaches Reported	0	1
2	Total Number of Data Breaches Reported Involving Loss of Personal Data	0	1
3	Monetary Value of Losses arising From Litigation	0	0
4	Total Number of Upheld Complaints to FCA Regulated businesses	0	0
5	Total Number of Reported Cyber Security Breaches	0	0
6	Total Charitable Donations	£20k	£5k
7	Total Donations to Political Parties / Political Causes	0	0

Total Tax Contribution for the period ended 31 March 2021 (all £million)

VAT	6.5
PAYE	3.1
National Insurance	2.3
Business Rates	0.3
Total Taxes paid for year	12.2



Hannah Simboro
Event Marketing Manager

People and Culture

Our People Strategy themes

- To support Newable's ambition to make sustainable profits by helping other businesses to thrive through the recruitment, development and retention of the best available talent
- To facilitate a culture where our people can develop their skills whilst contributing to Newable's objectives and where work is stimulating and rewarding in a diverse, inclusive, creative and innovative environment.
- To be recognised as one of the UK's best employers, with participation in the Best Companies Workplace Engagement Programme resulting in the "One to Watch" accreditation for the third consecutive year (since November 2018)
- We are pleased to report that in May 2021 we achieved accreditation as one of the Top 100 Employers on the Regional lists for London and the South-East

Statistical summary

Whilst not currently required by law, in line with a drive for transparency and as part of our commitment to the principles of diversity, inclusion and equality of opportunity, Newable voluntarily produces diversity and inclusion statistics, including Gender Pay Gap reporting, which is disclosed in this Report.

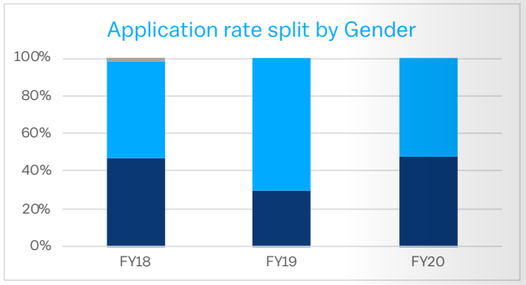
The latest available data is at 31 March 2021, however at present it excludes the following Group subsidiary companies: Officio, Synergy, Winning Pitch and Newable Capital businesses, all of which will be included in future years as we enhance their reporting requirements and systems capabilities.

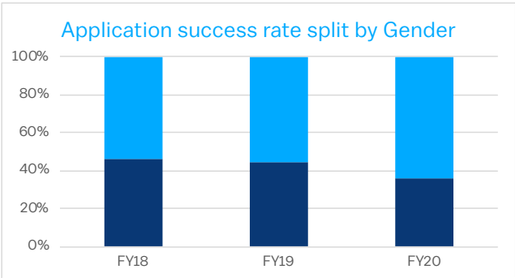
Key people statistics

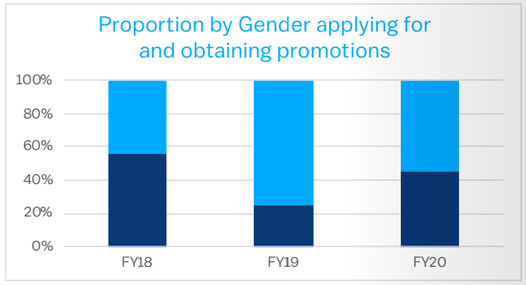
	FY2021	FY2020
Headcount (Newable Ltd and Newflex combined)	364	335
PTE	10.4%	11.9%
Voluntary turnover rate (Staff leaving for roles outside of Newable)	6.8%	12.7%
(Newflex only)	(35%)	(73%)
Gender: Female FTE %	41.4%	44.6%
(Newflex only)	(75%)	(71.5%)
Ethnic minority ratio FTE %	22.5%	21.2%
(Newflex only)	(21.7%)	(24.5%)
Ethnic minority % of new hires	26.3%	22.7%
(Newflex only)	29%	32%

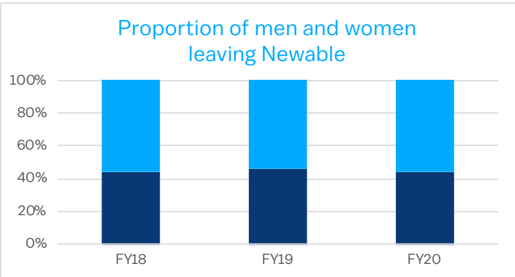
Newable Ltd Gender Pay Gap Reporting

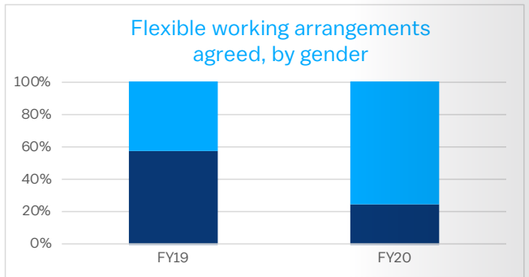
We have produced our Gender Pay Gap Report since FY2018 despite Newable Ltd's headcount being below the 250 headcount reporting threshold. Overall, we are pleased to report that whilst a gender pay gap continues to exist, in FY2021, when compared with the previous years, the median pay gap has reduced significantly from 22.24% in 2018 to 5.85% in 2021. We continue to monitor and develop an evidence base to identify any barriers to gender equality and to inform future priorities for action, including an update on the following key initiatives:











Maternity

For both FY2019 and FY2020, 66% of women who went on maternity leave returned to their original role. In FY2021, 33% of women returned to a new role

Conclusion

We remain committed to report annually on our progress and what we are doing to reduce the gender pay gap. We also recognise that for all employees, working habits and conditions are expected to change post Pandemic. As we work though these changes and implement new policies, we will always bear in mind the objective of further reducing the gender pay gap.


Sanjeev Gordhan
Ventures Director

Independent Auditor's Report

Opinion on the financial statements

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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

We have audited the financial statements of Newable Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of financial position and the company statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the company statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Newable Limited. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IAS, Companies Act 2006 and UK GAAP), regulations impacting taxation in the United Kingdom.

- We understood how the Group and company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. Our review of board minutes and legal expenses accounts were performed to ensure no material legal matters were detected through our audit procedures.

- With the assistance of our taxation specialists, we corroborated management's judgements made in respect of the tax liabilities recorded and their compliance with tax legislation.

- We assessed the susceptibility of the Group and company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Group and company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals, testing compliance with government support schemes utilised during the period and key areas of estimation uncertainty or judgement. These include the key assumptions used in the calculation of the defined benefit pension liability, estimations for the recognition of the LTIP liability, assumptions used in the recognition and impairment assessment of intangible assets and goodwill, bonus accruals recognised for staff, and estimation of the impairment provision against receivable balances.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 Parent 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 Parent 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 Parent Company and the Parent 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

26 July 2021

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


Natasha Boumediene
Marketing Manager

Financial Statements

Consolidated Statement of Profit and Loss
For the year ended 31 March 2021

	Note	2021 £000	2020 £000
Revenue	5	77,841	36,580
Cost of sales		(30,359)	(5,880)
Gross profit		47,482	30,700
Administrative expenses		(37,876)	(35,641)
Movement in Long Term Incentive Plan Provision	27	(6,512)	-
Movement in Deferred Consideration Acquisition Provision	6	(917)	1,522
Gain on the disposal of owned assets		271	1,582
(Loss)/gain on the disposal of investment properties		(1,201)	5,785
Increase in fair value of investment properties	14	-	6,359
Decrease in fair value of development properties	21	-	(606)
Operating profit before depreciation and amortisation	7	1,247	9,701
Share of post-tax profit of equity accounted joint ventures	18	(130)	94
Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA)		**1,117**	**9,795**
Add back:			
Movement in Long Term Incentive Plan Provision		6,512	-
Movement in Deferred Consideration Acquisition Provision		917	(1,522)
Adjusted Earnings Before Interest Taxation Depreciation and Amortisation (Adjusted EBITDA)		**8,546**	**8,273**
Depreciation & Amortisation		(5,529)	(5,351)
Finance income	9	12	128
Finance expense	9	(2,275)	(2,033)
(Loss) / profit before tax		(6,675)	2,539
Tax credit/(expense)	10	1,838	(1,972)
(Loss)/profit from continuing operations		(4,837)	567
(Loss)/profit for the year		**(4,837)**	**567**
Attributable to:			
- Equity holders of the parent		(6,494)	578
- Non-controlling interest		1,657	(11)
		(4,837)	567

The notes on pages 63 to 135 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
As at 31 March 2021

	Note	2021 £000	2020 £000
(Loss)/profit for the year		**(4,837)**	**567**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme	34	(2,106)	(449)
Tax relating to items that will not be reclassified	29	289	266
Other comprehensive loss for the year (net of tax)		**(1,817)**	**(183)**
Total comprehensive (loss)/income for the year		**(6,654)**	**384**
Attributable to:			
- Equity holders of the parent		(8,311)	395
- Non-controlling interest		1,657	(11)
		(6,654)	384

The notes on pages 63 to 135 form part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 31 March 2021

Company Number: 1653116

	Note	2021 £000	Restated 2020 £000
Non-Current Assets			
Property, plant & equipment	11	5,916	3,752
Right-of-use assets	12	21,294	17,614
Investment property	14	-	16,700
Intangible assets	15	50,511	38,898
Investments in equity-accounted joint ventures	18	2,897	2,527
Fair value through profit or loss investments	20	1,047	790
Loan receivables	22	3,627	11,284
Deferred tax asset	29	2,773	2,113
		88,065	93,678
Current Assets			
Development properties	21	12,975	9,718
Inventories	22	1,252	-
Trade and other receivables	23	26,191	20,666
Cash & cash equivalents	38	8,999	4,590
		49,417	34,974
Total Assets		**137,482**	**128,652**
Current Liabilities			
Trade and other payables	24	23,781	16,847
Loans and borrowings	25	4,215	12,263
Lease liabilities	12	2,783	2,553
Provisions	28	224	378
		31,003	32,041
Non-Current Liabilities			
Loans and borrowings	25	10,001	4,631
Lease liabilities	12	20,673	16,139
Other payables	26	7,575	8,156
Provisions	28	478	443
Deferred tax liability	29	1,760	1,750
Employee benefit liabilities	27	13,139	4,745
		53,626	35,864
Total Liabilities		**84,629**	**67,905**
Net Assets		**52,853**	**60,747**

The notes on pages 63 to 135 form part of these consolidated financial statements.

Consolidated Statement of Financial Position (continued)
As at 31 March 2021

	Note	2021 £000	Restated 2020 £000
Capital and reserves			
Members contribution	30	1,300	1,300
Other reserves	31	(1,252)	(1,252)
Retained earnings		52,036	60,347
		52,084	60,395
Non-controlling interest		769	352
Total Members' Funds		**52,853**	**60,747**

The financial statements on pages 53 to 135 were approved and authorised for issue by the Board of Directors on 26 July 2021 and were signed on its behalf by:

M B Walsh
Director

The notes on pages 63 to 135 form part of these consolidated financial statements.

Company Statement of Financial Position
As at 31 March 2021

Company Number: 1653116

	Note	2021 £000	Restated 2020 £000
Non-Current Assets			
Property, plant & equipment	11	-	20
Investments	13	527	1,315
Right-of-use assets	12	2,674	3,275
Deferred tax asset	29	2,322	781
		5,523	**5,391**
Current Assets			
Trade and other receivables	23	16,234	17,003
Cash at bank	38	-	21
		16,234	**17,024**
Current Liabilities			
Trade and other payables	24	(247)	(587)
Lease liabilities	12	(698)	(532)
		(945)	(1,119)
Net current assets		15,289	15,905
Net assets less current liabilities		**20,812**	**21,296**
Non-Current Liabilities			
Lease liabilities	12	(2,879)	(3,514)
Net employee benefit liability	27	(13,059)	(4,745)
		(15,938)	(8,259)
Net Assets		**4,874**	**13,037**
Capital and reserves			
Members contribution	30	1,300	1,300
Retained earnings		3,574	11,737
Total Members' Funds		**4,874**	**13,037**

The financial statements on pages 50 to 131 were approved and authorised for issue by the Board of Directors on 26 July 2021 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 loss for the year dealt within the Group financial statements was £6,346,000 (2020: profit of £2,335,000).

The notes on pages 63 to 135 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
As at 31 March 2021

Cash flows from operating activities	2021 £000	2020 £000
(Loss) / profit for the year	(4,837)	567
Adjustments for non-cash movements:		
Depreciation of tangible fixed assets	1,864	862
Amortisation of right-of-use assets	3,355	2,840
Amortisation of intangible fixed assets	851	607
Impairment losses of intangible fixed assets	-	1,042
Increase in the fair value of investment properties	-	(6,359)
Decrease in the fair value of development properties	-	606
Finance income	116	(128)
Finance costs	2,085	2,585
Share of loss/(profit) in equity accounted joint venture	130	(94)
Share of profit attributable to non-controlling interests	1,472	-
Gain of fair value through profit or loss financial assets	(32)	(103)
Gain on disposal of joint venture interest	-	(2,518)
Movement in deferred consideration acquisition provision	917	-
Loss/(gain) on sale of investment properties	1,020	(5,786)
Taxation (credit) / expense	(1,838)	1,973
Movement in working capital:		
Decrease / (increase) in trade and other receivables	2,128	(21,027)
Increase in inventories	(1,252)	-
Increase in development properties	(3,257)	(3,493)
Increase in trade and other payables	1,276	7,522
(Decrease) / increase in employee benefits	7,223	-
(Decrease) / increase in provisions	(119)	(104)
Cash used in operations	**11,102**	**(21,008)**
Net interest paid	(256)	(1,825)
Corporation tax received / (paid)	1,698	(1,687)
Net cash flows used in operating activities	**12,544**	**(24,520)**

The notes on pages 63 to 135 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows (continued)
As at 31 March 2021

	2021 £000	2020 £000
Net cash flows used in operating activities brought forward	**12,544**	**(24,520)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,922)	(1,520)
Disposals of property, plant and equipment	-	111
Additions to investment properties	(119)	(9)
Disposal of investment properties	15,800	53,075
Purchases of fair value through profit or loss financial assets	(225)	(272)
Proceeds on fair value through profit or loss financial assets	-	175
Purchase of intangibles	(155)	(804)
Payment of deferred consideration	(225)	-
Acquisition of subsidiaries (net of cash)	(12,309)	(18,225)
Net cash generated from investing activities	**13,389**	**32,531**
Cash flows from financing activities		
Repayments of bank borrowings	(13,828)	(13,357)
New bank loans raised	10,935	11,000
Principal paid on lease liabilities	(3,193)	(3,437)
Interest paid on lease liabilities	(922)	(552)
Investment in joint venture	(500)	-
Payment of profit attributable to non-controlling interests	(1,472)	-
Net cash used in financing activities	**(8,980)**	**(6,346)**
Increase in cash and cash equivalents	4,409	1,665
Cash and cash equivalents (including overdrafts) at 1 April	4,590	2,925
Cash and cash equivalents at 31 March (see note 38)	**8,999**	**4,590**

The notes on pages 63 to 135 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
As at 31 March 2021

	Note	Members Contribution	Retained Earnings	Total	Other Reserves	Non-controlling Interest	Total Equity
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2019		**1,300**	**60,279**	**61,579**	**-**	**-**	**61,579**
Impact of change in accounting policy on adoption of IFRS 16		-	(327)	(327)	-	-	(327)
Restated balance at 31 March 2019		**1,300**	**59,952**	**61,252**	**-**	**-**	**61,252**
Comprehensive Income for the year							
Actuarial loss on defined benefit plans	34	-	(449)	(449)	-	-	(449)
Deferred tax effect of gains recognised directly in equity	29	-	266	266	-	-	266
Other comprehensive income		**-**	**(183)**	**(183)**	**-**	**-**	**(183)**
Profit for the year		-	578	578	-	(11)	567
Total comprehensive income for the year		**-**	**395**	**395**	**-**	**(11)**	**384**
Other reserves	31	-	-	-	(1,252)	-	(1,252)
Non-controlling interest from business acquisition		-	-	-	-	363	363
Balance at 31 March 2020		**1,300**	**60,347**	**61,647**	**(1,252)**	**352**	**60,747**
Comprehensive Income for the year							
Actuarial loss on defined benefit plans	34	-	(2,106)	(2,106)	-	-	(2,106)
Deferred tax effect of gains recognised directly in equity	29	-	289	289	-	-	289
Other comprehensive income		**-**	**(1,817)**	**(1,817)**	**-**	**-**	**(1,817)**
Profit/(loss) for the year		-	(6,494)	(6,494)	-	1,657	(4,837)
Total comprehensive income/(loss) for the year		**-**	**(8,311)**	**(8,311)**	**-**	**1,657**	**(6,654)**
Non-controlling interest from business acquisition		-	-	-	-	232	232
Repurchase of shares		-	-	-	-	(1,472)	(1,472)
Balance at 31 March 2021		**1,300**	**52,036**	**53,336**	**(1,252)**	**769**	**52,853**

The notes on pages 63 to 135 form part of these consolidated financial statements.

Company Statement of Changes in Equity
As at 31 March 2021

	Note	Members Contribution	Restated Retained Earnings	Restated Total Equity
		£000	£000	£000
Balance at 31 March 2019		**1,300**	**10,466**	**11,766**
Impact of change in accounting policy on adoption of IFRS 16		-	(254)	(254)
LTIP provision restatements	39	-	(627)	(627)
Restated balance at 31 March 2019		**1,300**	**9,585**	**10,885**
Comprehensive Income for the year				
Actuarial loss on defined benefit plans	34	-	(449)	(449)
Deferred tax effect of gains recognised directly in equity	29	-	266	266
Other comprehensive income		**-**	**(183)**	**(183)**
Profit for the year – restated	39	-	2,335	2,335
Total comprehensive income for the year		**-**	**2,152**	**2,152**
Restated balance at 31 March 2020		**1,300**	**11,737**	**13,037**
Comprehensive Income for the year				
Actuarial loss on defined benefit plans	34	-	(2,106)	(2,106)
Deferred tax effect of gains recognised directly in equity	29	-	289	289
Other comprehensive income		**-**	**(1,817)**	**(1,817)**
Loss for the year		-	(6,346)	(6,346)
Total comprehensive loss for the year		**-**	**(8,163)**	**(8,163)**
Balance at 31 March 2021		**1,300**	**3,574**	**4,874**

The notes on pages 63 to 135 form part of these consolidated financial statements.

Notes on the Financial Statements

1. Incorporation 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 accounting standards in conformity with the requirements of the Companies Act 2006.

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 judgements 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.

2. Basis of preparation (continued)

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 investments
- Contingent consideration
- Investment property
- Business combinations
- Net defined benefit liability
- Long-term incentive plan ("LTIP")

Going concern

The Consolidated and Company financial statements have been prepared on a going concern basis. This has followed a careful evaluation by the Board of the Group's financial position in the light of the COVID-19 pandemic, the associated lock downs that have taken place, the economic recession that the United Kingdom has been experiencing and the forecasts for strong economic performance by the UK economy in 2022 and 2023.

The COVID-19 pandemic has had a significant impact, as explained below, on Newable's financial performance. However, with the assistance of the Government's various business support measures, particularly the employee furlough scheme and the introduction of additional management information, such as increased frequency and review of consolidated cash flow forecasts (including daily and weekly cash flow reviews), careful cost control and unfortunately making a number of staff redundant, Newable's operational performance achieved the budget set by the Board for the financial year.

In addition, Newable is reporting a significant increase in cash balances as at 31 March 2021 compared to the 31 March 2020 position. This reflects significant cash inflows that were generated during FY2021, particularly through:

- The sale of two property developments generating cash inflows of some £33 million.
- Obtaining c£6 million of CBIL funding.
- Significant positive cash inflows being generated by a number of Newable's businesses.
- New debt facilities being put in place to support the acquisition programme of Newable Capital.

2. Basis of preparation (continued)

- Above expected levels of loan repayments by borrowers in Newable Business Finance with total loan repayments during the year of £8.3m, and
- Agreement with HMRC to defer a number of VAT and corporation tax liabilities.

These positive results enabled Newable to:

- Continue its planned acquisition programme with three acquisitions taking place during FY2021.
- Maintain positive and increasing cash balances through the going concern period.
- Acquire a new property development site at a cost of £7.5 million in Erith, South East London.
- Meet all its debt repayment obligations and meet all related financial covenants.
- Fully repay in March 2021, Newable Business Finance's bank loan facility which stood at c£11 million at 31 March 2020, and
- Close the financial year with cash balances of £10 million compared to £4.6 million at 31st March 2020.

The Board's assessment of the Group's going concern status is based on:

1. Detailed consolidated cash flow projections which have been prepared for the period through to July 2022 which confirms that the Group will maintain significant positive cash balances throughout the period.
2. The fact that the Group, at the time of approval of the Consolidated financial statements, currently has on its balance sheet immediately available cash balances of c£11 million.
3. The fact that bank borrowings for which the Group is liable will remain in compliance with all relevant covenants. During the year as part of negotiating for new CBIL funding for one of Newable's subsidiaries, a number of covenants on existing loans with the lender were suspended for one year to November 2021. The lender has confirmed that these suspended covenants will be reviewed prior to November 2021 and can be replaced, if current trading conditions, largely impacted by the pandemic, demonstrate that the suspended covenants are not appropriate.
4. The ability of the Group to take remedial action, if it was required, to reduce cash outflows to address any going concern issues.
5. The fact that the Group could sell other assets held on the balance sheet, such as property development sites, if this was required.
6. Other assumptions including that:

- The British economy will continue to recover from the pandemic during 2021 and 2022.
- Consulting contracts in Newable's Advice business will be renewed or replaced as existing contracts reach their termination date.
- Newable will be able to continue its planned acquisition programme in Newable Capital.
- Newable's next property development at Erith will start building works in early 2022.
- The recovery in the office market, already seen in Newable's flexible office space business, will continue in FY2022 as the economy continues to emerge from lock down.

2. Basis of preparation (continued)

Under our stress test review, cash balances would continue to be positive under any likely adverse scenario identified by Newable. In addition:

1. The United Kingdom is far better prepared to deal with future waves of COVID-19 infections.
2. There are much improved testing facilities: track and trace processes and hospital facilities in place.
3. Awareness and education amongst individuals and organisations about how to minimise the risk of infection has improved.

The Board has continued to be reassured by the resilience of Newable's range of businesses during the current lockdown and the ability of most of its staff to work remotely and effectively from their homes.

The Board is also reassured that if there were another significant economic down turn due to the pandemic (or some other event), additional measures could be taken to mitigate the impact on Newable, including:

- Asset disposals, such as property development sites.
- Stricter cost controls.
- Salary reduction measures
- Securing additional debt facilities if required
- Enhanced cash flow controls to manage and maintain Newable's cash resources.
- The fact that Newable has a diversified business model ensuring that Newable is not reliant on any one business sector

Taking each of Newable's businesses in turn:

Advice

Newable's Advice business providing consulting services is largely funded by a significant number of largely Government or Government Agency funded contracts. These have continued to operate fully during the lock down. Indeed, additional contracts have been won which has expanded our consulting services. The Government has also continued to be an excellent customer with regard to paying promptly for our services. The Advice business has been further strengthened by the acquisition of Winning Pitch in February 2021 which runs a number of contracts for public sector bodies in the North of England and Wales. Whilst the business was notified recently of reductions in budgeted income from certain contracts in the second half of FY2022, additional funding from other parties has already been agreed to offset this.

WorkSpace

Our office services business has been significantly impacted by the lockdown with most of our office centres being closed for significant periods during FY2021 with a large number of staff being furloughed. Newable has been reassured that rental payments / cash collections have performed significantly better then was initially feared and there has only been a limited number of termination of contracts. In addition, since the start of the easing of the latest lock down in March 2021, enquiry levels and deal volumes, both at NewFlex and Officio, have reached record or close to record levels. This, together with a promising pipeline of new offices contracts, is a encouraging sign for the new financial year.

2. Basis of preparation (continued)

In the medium term, given Newable's focus on competitively priced flexible office space, with customers able to easily / rapidly increase and down size their office needs, rather than entering into long term traditional leases, our view is that Newable is well placed to take advantage of the growing move towards flexible office space which is only going to accelerate due to the impact of the pandemic.

Newable's property development business has continued throughout the lock down with little if any impact arising from the pandemic. Building work at Newable's Dartford development completed and the development was sold in December 2020. In addition, our Alfreds Way development site is in the process of being sold and will raise net cash of £4.7 million. Finally building work at Newable's new 4.7 acre development site at Erith is planned to commence in spring 2022.

Money

Turning to our equity investing and lending businesses, Newable Capital's portfolio companies, ARC and JCA have both performed extremely well during FY2021 following the initial lock down in the spring of 2020 and have exceeded their budgeted targets. Newable Capital also completed its latest acquisition in March 2021 – LFS Ltd, a business that focuses on the manufacture of fire safety doors. Newable Capital will continue to progress its programme of planned acquisitions and indeed expects there will be attractive buying opportunities arising from the impact of the pandemic and associated lock downs.

Our lending business, particularly Newable Business Finance ('NBF'), has, of Newable's businesses, been the most adversely impacted by the pandemic and the introduction by the Government of its Coronavirus Business Interruption Loan Scheme ('CBILS') and related schemes, with no arrangement fees, no interest in the first year of the loan and in many cases without the need for personal guarantees, and which seriously disrupted and indeed largely eliminated NBF's market. As a result, NBF has focused on collecting out its loan book and paying down its borrowings that were used to help finance its lending activities. Overall, during FY2021, NBF's loan book performed better than expected, with monthly collections typically averaging c£700k per month. These cash inflows were used to fully pay off NBF's bank borrowings which were paid off in March 2021.

Looking forward, NBF will launch new lending products during FY2022 as the lending market gradually returns to some form of normality.

In response to these developments, Newable's lending business also launched in August 2020 a credit brokerage business with a number of regional offices established to support this initiative.

Good progress has been made with revenues now averaging £200k per month and we expect the business to be profitable in FY2022.

Turning to Newable's vehicle leasing business – Synergy, also largely ceased operations in March and April 2020, but has recovered strongly since then with very high order volumes which have reached or are close to record levels.

In summary, Newable's range of products and services to smaller businesses has helped Newable to come through the pandemic and lock downs with a number of businesses performing extremely well, helping to offset the impact suffered by some of Newable's other activities such as Lending.

2. Basis of preparation (continued)

Finally, the Board has been reassured by the Government's proactive stance to support business and people through the pandemic. The Government has provided very significant financial support to businesses through its various loan schemes, deferral of tax liabilities, the furlough scheme and grant payments.

Changes in accounting policies

New standards, interpretations and amendments effective from 1 January 2020

There is a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2020:

- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7);
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

The Directors have reviewed the impact on these new standards and interpretations and consider them to be immaterial for the Group.

New standards, interpretations and amendments not yet effective

There is a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022.However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Directors are currently assessing the impact of these new accounting standards and amendments. The Directors do not believe that the amendments to IAS 1 will have a significant

2. Basis of preparation (continued)

impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

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

- IFRS 17 Insurance Contracts (effective 1 January 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

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.

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.

3. Summary of significant accounting policies

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

For business combinations completed prior to 1 January 2010, the Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 January 2010 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree, which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value.

The group has not elected to take the option to use fair value in acquisitions completed to date. From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

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.

3. Summary of significant accounting policies (continued)

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 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.

In accordance with IFRS 15, variable consideration is recorded at the amount the Group expects to receive (net of discounts/rebates).

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 schemes and contracts.

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.

Money

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.

Brokerage 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.

Revenues from the car leasing business, Synergy Automotive Limited, are recognised on delivery of vehicles at a point in time.

Revenues from the manufacturing businesses are recognised at a point in time: Arc Building Solutions Limited on despatch of goods; J C Atkinson and Son Limited on the delivery of goods and London Fire Solutions Limited over time, on the installation of goods supplied.

The Group has recognised revenue over time, which has been claimed in accordance with the UK government Coronavirus Job Retention Scheme for relevant furloughed employees.

Advice

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 reviews 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.

WorkSpace

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 they relate.

Alternative Performance Measures

In reporting financial information, the Group presents APMs, which are not defined or specified under the requirements of IFRS. The Group believes that the presentation of APMs provides stakeholders with additional helpful information on the performance of the business, but does not consider them to be a substitute for or superior to IFRS measures. APMs are also used to enhance

the comparability of information between reporting periods, by adjusting for uncontrollable factors, which affect IFRS measures, to aid users in understanding the Group's performance. Within the period, the Group has 2 APMs, Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA) and Adjusted Earnings Before Interest Taxation Depreciation and Amortisation (Adjusted EBITDA), which exclude adjusted items. Adjusted items include costs or revenues, which due to their size and incidence require separate disclosure in the financial statements to reflect management's view of the underlying performance of the Group and allow comparability of performance from one period to another. Items include movement in Long Term Incentive Plan Provision and the Deferred Consideration Acquisition Provision.

EBITDA represents the profit/(loss) before tax for the period before finance income, finance cost, amortisation and depreciation; Adjusted EBITDA represents EBITDA adjusted for the provision movements mentioned above. These measures are used by the Directors for the purpose of resource allocation and assessment of segment performance.

Employee benefits

The Group introduced a long-term incentive plan ("LTIP") during the 2018 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).

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 may repurchase 50% of the ordinary shares repurchased 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, and the liability spread over the service period until it is fully recorded at each repurchase date. The calculation is discounted at the same rate used in the valuation of the Group's defined benefit pension scheme.

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

3. Summary of significant accounting policies (continued)

Investment in subsidiary undertakings

Investments by the Company in the shares or net assets 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 is 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:

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

The value of intangible assets recognised on business combinations is calculated using estimated discounted cash flow.

Goodwill is subject to an annual impairment review. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

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.

3. Summary of significant accounting policies (continued)

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 exceeds the fair value of consideration paid, the excess is credited in full to the Consolidated Statement of Profit and Loss 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.

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 the Statement of Comprehensive Income, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price less costs to complete the sale.

Investment in joint ventures and 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.

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.

3. Summary of significant accounting policies (continued)

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 from its tax base, except for differences arising on:

- the initial recognition of goodwill arising on business acquisitions;
- 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.

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

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for its lease obligations. The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities.

3. Summary of significant accounting policies (continued)

The depreciation charge is recognised in the Consolidated Statement of Profit and Loss and is calculated over the lease term on a straight-line basis from the commencement date of the lease. Lease liabilities are met by repayment of lease rentals during the lease term.

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

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 16). Assumptions used in arriving at these estimates can be highly judgemental based on prior performance.

The Group exercises judgement in assessing the CGUs

(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.

4. Critical accounting estimates and judgements (continued)

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 ventures, Barnsley Business and Innovation Centre Limited, Newable Avitus Limited and Newable Exemplas Trade Services Limited.

The Group owns 70% of Arc Building Solutions Limited ("ARC") with a commitment to acquire the remaining 30% over the next three years. It is management's judgement that the other shareholders in ARC do not have stakeholder rights so the entity has been accounted for as a wholly owned subsidiary.

(g) Leases – determination of the appropriate rate to discount the lease payments

The Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date when the rate implicit in the lease cannot be readily determined. The calculation of the incremental borrowing rate involves estimation and consideration is given to bank borrowing rates, the asset type and lease term.

(h) Business acquisitions

Management exercises judgement in assessing the value of potential business acquisitions. This involves exercising knowledge and experience in evaluating purchase price allocation, cash generating units and deferred consideration.

(i) Coronavirus pandemic

Management exercises judgement in assessing the potential impact of the coronavirus pandemic on its business including the careful monitoring of cash flow, review of Government initiatives and the UK economy (see note 2).

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 the Directors believe best depicts the nature of our revenue.

Group	2021			
	Money £000	Advice £000	WorkSpace £000	Total £000
Revenues subject to IFRS15				
International trade advice	-	7,964	-	7,964
Brokerage fees	4,013	-	1,563	5,576
Investment revenues	321			321
Managed serviced office revenues	-	-	10,537	10,537
Sale of development properties	-	-	18,215	18,215
IT and administrative services	-	655	-	655
Provision of building supplies	11,114	-	-	11,114
Manufacturing	12,321	-	-	12,321
	27,769	8,619	30,315	66,703
Other revenues				
Advice funded by government body grants	-	5,831	-	5,831
Furlough income – government grants	498	73	856	1,427
Finance income – provision of loans	3,818	-	-	3,818
Rental income	-	-	62	62
	4,316	5,904	918	11,138
	32,085	14,523	31,233	77,841

Group	2021			
	Money £000	Advice £000	WorkSpace £000	Total £000
Timing of IFRS15 revenues				
Point in time	26,508	7,964	18,215	52,991
Over time	1,261	655	12,100	13,712
	27,769	8,619	30,315	66,703

5. Revenue (continued)

Group	2020			
	Money £000	Advice £000	WorkSpace £000	Total £000
Revenues subject to IFRS15				
International trade advice	-	8,171	-	8,171
Brokerage fees	217	-	729	946
Investment revenues	307	-	-	307
Managed serviced office revenues	-	-	15,050	15,050
IT and administrative services	-	169	-	169
Provision of building supplies	3,176	-	-	3,176
	3,700	8,340	15,779	27,819
Other revenues				
Advice funded by government body grants	-	3,431	-	3,431
Finance income – provision of loans	3,807	-	-	3,807
Rental income	-	-	1,523	1,523
	3,807	3,431	1,523	8,761
	7,507	11,771	17,302	36,580
Timing of IFRS15 revenues				
Point in time	3,588	8,171	-	11,759
Over time	112	169	15,779	16,060
	3,700	8,340	15,779	27,819

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.

5. Revenue (continued)

Contract balances

Group	Contract Assets 2021 £000	Contract Assets 2020 £000	Contract Liabilities 2021 £000	Contract Liabilities 2020 £000
At 1 April	2,833	1,482	(333)	(1,505)
Reclassification of opening balances	-	1,247	-	438
Acquired through business combinations				
- Money	1,080	-	(746)	-
Transfer in the period from contract assets to trade receivables:				
- Advice	-	(34)	-	-
- Money	(55)	(49)	-	-
- WorkSpace	(612)	(364)	-	-
Claims received from government body grants				
- Advice	(1,109)	(1,670)	-	-
Claims generated against government body grants				
- Advice	1,187	1,554	-	-
Excess of revenue recognised over cash				
- Money	1,304	55	-	-
- WorkSpace	648	612	-	-
Amounts included in contract liabilities that were recognised as revenue during the period				
- Advice	-	-	90	898
- Money	-	-	13	51
- WorkSpace	-	-	33	34
Cash received in advance of performance and not recognised as revenue during the period				
- Advice	-	-	(699)	(198)
- Money	-	-	(73)	(13)
- WorkSpace	-	-	-	(38)
	5,276	2,833	(1,715)	(333)

6. Deferred Consideration

Group	2021 £000	2020 £000
Movement in deferred consideration acquisition provision	(917)	1,522

In January 2020, Newable acquired 51% of Synergy Automotive Limited, a car leasing business, with put options being issued to acquire the remaining 49% at a future date. During the current year, the present value of the contingent consideration in relation to these options being exercised has increased by £551,000 which has been expensed to the Consolidated Statement of Profit and Loss (see note 31).

During the prior year, Newable acquired 70% of the share capital of Arc Building Solutions Limited ("ARC") with a commitment to purchase the remaining 30% at a future date. During the current year, the present value of the deferred consideration has increased by £1,366,000, and this has also been expensed to the Consolidated Statement of Profit and Loss.

In 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. These performance criteria have not been met so the £1,000,000 deferred consideration, no longer due, has been released to the Consolidated Statement of Profit and Loss.

7. Expenses by nature

Group	2021 £000	2020 £000
Staff costs (note 8)	28,479	22,848
Amortisation of right-of-use assets (note 12)	3.355	2,840
Amortisation of intangible assets (note 15)	851	607
Depreciation (note 11)	1,864	862
Impairment of intangible assets – customer relations (note 15)	-	310
Impairment of intangible assets – goodwill (note 15)	-	732
Auditors' remuneration – for the audit of the Company	7	10
Auditors' remuneration – for the audit of subsidiaries	298	335
Auditors' remuneration – for non-audit services	177	257

8. Employee benefit expenses

	2021 £000	2020 £000
Wages and salaries	19,014	19,562
Social security costs	1,999	2,145
Long-term incentive plan	6,512	-
Pension costs		
- defined contribution schemes	915	1,114
- defined benefit scheme contributions (note 34)	39	27
Total staff costs	28,479	22,848

Average numbers of staff during the year were as follows:

	Group	
	2021 Number	2020 Number
Advice	118	113
WorkSpace	154	178
Money	240	55
Management Services	37	39
	549	385

Staff employed by Newable Limited total 187 (2020: 186) which recharges employee costs to its subsidiaries. Therefore, there are no employee expenses in the company. Other staff are employed and paid by the company's other subsidiaries, including all WorkSpace staff, with the associated cost expensed in the 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 23.

	2021 £000	2020 £000
Salary and bonuses	919	2,233
Defined contribution pension cost	77	53
	996	2,286

Directors' emoluments represent amounts due during the period.

As at 31 March 2021 there were no Directors in the Group's defined benefit scheme (2020 – Nil). There was 1 Director in the Group's defined contribution scheme (2020 – 3).

The highest paid director emoluments receivable were £285,100 during the year (2020: £791,000). The statutory directors' remuneration for the year was £995,800 (2020: £2,286,100).

9. Finance income and expense

Recognised in profit or loss

Group	2021 £000	2020 £000
Finance income		
Interest received on bank deposits	12	128
Interest received on loans made	-	-
	12	128

	2021 £000	2020 £000
Finance expense		
Interest payable on borrowings and similar costs	1,251	1,401
Interest expense on lease liabilities	922	552
Net interest expense from defined benefit scheme (note 34)	102	80
	2,275	2,033
Net finance expense recognised in profit or loss	2,263	1,905

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

10. Taxation

Analysis of taxation expense in the year:

	2021 £000	2020 £000
Current tax (credit) / expense		
UK corporation tax on profits for the year	814	3,694
Adjustments in respect of prior years	(1,068)	(273)
Total current taxation (credit) / expense	(254)	3,421
Deferred tax (credit) / expense		
Origination and reversal of temporary differences	(1,308)	(1,661)
Adjustments in respect of previous periods	(276)	30
Effect of tax rate change	-	182
Total deferred tax credit	(1,584)	(1,449)
Total taxation (credit) / expense	(1,838)	1,972

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:

	2021 £000	2020 £000
(Loss) / profit on ordinary activities before taxation	(6,675)	2,539
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	(1,268)	482
Net expenses / (income) not allowable for tax purposes	1,066	(549)
Unprovided deferred tax movement	47	19
Adjustment in respect of prior years	(1,344)	(253)
Capital gains	-	3,513
Permanent differences	-	(956)
Other timing differences	(339)	(284)
Total taxation (credit) / expense	(1,838)	1,972

11. Property, plant and equipment

Group	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2019	3,358	1,610	503	5,471
Additions	1,100	366	54	1,520
Acquisitions through business combinations	14	473	76	563
Disposals	(541)	(177)	(75)	(793)
Transfers	-	(541)	63	(478)
At 31 March 2020	3,931	1,731	621	6,283
Additions	890	910	122	1,922
Acquisitions through business combinations	-	5,336	17	5,353
Disposals	-	(42)	(5)	(47)
At 31 March 2021	4,821	7,935	755	13,511
Accumulated depreciation				
At 1 April 2019	1,607	643	293	2,543
Charge for the year	529	204	129	862
Acquisitions through business combinations	5	-	-	5
Disposals	(500)	(107)	(75)	(682)
Transfers	-	(219)	22	(197)
At 31 March 2020	1,641	521	369	2,531
Charge for the year	1,178	540	146	1,864
Acquisitions through business combinations	-	3,247	-	3,247
Disposals	-	(42)	(5)	(47)
At 31 March 2021	2,819	4,266	510	7,595
Net book value				
At 31 March 2021	2,002	3,669	245	5,916
At 31 March 2020	2,290	1,210	252	3,752

The transfers in the prior year represent items of software reclassified as intangible assets during the year (see note 15). These items were purchased in a prior year acquisition and identified as part of a detailed review of fixed assets.

11. Property, plant and equipment (continued)

Company	Leasehold improvements £000	Fixtures and fittings £000	Total £000
Cost			
At 1 April 2020	48	7	55
Additions	-	-	-
At 31 March 2021	48	7	55
Accumulated depreciation			
At 1 April 2020	32	3	35
Charge for the year	16	4	20
At 31 March 2021	48	7	55
Net book value			
At 31 March 2021	-	-	-
At 31 March 2020	16	4	20

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

12. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets;
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

12. Leases (continued)

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised. Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
  - lease payments made at or before commencement of the lease;
  - initial direct costs incurred; and
  - the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 28).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

12. Leases (continued)

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Right-of-use assets

Group	**Land and buildings £000**	**Plant, machinery & vehicles £000**	**Total £000**
Cost			
At 1 April 2019	12,366	20	12,386
Additions	1,754	23	1,777
Acquisitions through business combinations	1,794	181	1,975
Lease modifications (restated)	4,316	-	4,316
Amortisation	(2,807)	(33)	(2,840)
Restated as at 31 March 2020	17,423	191	17,614
Additions	153	20	173
Lease modifications	4,999	-	4,999
Acquisitions through business combinations	1,863	-	1,863
Amortisation	(3,291)	(64)	(3,355)
At 31 March 2021	21,147	147	21,294

Company	**Land and buildings £000**	**Plant, machinery & vehicles £000**	**Total £000**
Cost			
At 1 April 2019	**4,016**	**20**	**4,036**
Additions	-	23	23
Amortisation	(767)	(17)	(784)
At 31 March 2020	3,249	26	3,275
Additions	45	-	45
Amortisation	(629)	(17)	(646)
At 31 March 2021	**2,665**	**9**	**2,674**

Refer to note 39 for the prior period restatement reflected.

12. Leases (continued)

Lease liabilities

Group	Land and buildings £000	Plant, machinery & vehicles £000	Total £000
Cost			
At 1 April 2019	13,424	21	13,445
Additions	1,754	23	1,777
Lease modifications (restated)	4,316	-	4,316
Acquisitions through business combinations	1,875	164	2,039
Interest expense	548	4	552
Lease payments	(3,406)	(31)	(3,437)
Restated as at 31 March 2020	18,511	181	18,692
Additions	153	20	173
Lease modifications	4,999	-	4,999
Acquisitions through business combinations	1,863	-	1,863
Interest expense	913	9	922
Lease payments	(3,115)	(78)	(3,193)
At 31 March 2021	23,324	132	23,456

Company	Land and buildings £000	Plant, machinery & vehicles £000	Total £000
Cost			
At 1 April 2019	5,001	21	5,022
Additions	-	23	23
Interest expense	177	1	178
Lease payments	(1,163)	(14)	(1,177)
At 31 March 2020	4,015	31	4,046
Additions	44	-	44
Interest expense	136	-	136
Lease payments	(635)	(14)	(649)
At 31 March 2021	3,560	17	3,577

Refer to note 39 for the prior period restatement reflected.

12. Leases (continued)

Lease liabilities

Group	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000
At 31 March 2021	2,783	3,077	7,937	9,659
At 31 March 2020 (restated)	2,553	2,887	6,750	6,502

Company	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000
At 31 March 2021	659	574	1,848	496
At 31 March 2020	532	709	1,665	1,140

13. Investments

Company	2021 £000	Restated 2020 £000
Investment in subsidiary undertakings		
Net Book Value at 1 April	723	723
Movement on provision	(223)	-
Net Book Value at 31 March	500	723

	2021 £000	2020 £000
Other investments		
Net Book Value at 1 April	592	339
Additions / (disposals)	(565)	166
Movement on provision	-	87
Net Book Value at 31 March	27	592
Total investments	527	1,315
Other investments		
Managed funds (unquoted)	27	592

Refer to note 39 for the prior period restatement reflected.

The Company's principal subsidiaries are listed in note 17 of the Financial Statements.

14. Investment property

Group	Freehold property £000	Leasehold property £000	Total £000
At 1 April 2019	37,820	9,460	47,280
Additions	9	-	9
Disposals	(37,829)	(9,460)	(47,289)
Transfers from development property (note 21)	10,341	-	10,341
Revaluations	6,359	-	6,359
At 31 March 2020	16,700	-	16,700
Additions	119	-	119
Disposals	(16,819)	-	(16,819)
At 31 March 2021	-	-	-

The investment property portfolio was sold during the prior year for £53.2 million as part of Newable's repositioning of its property business ("WorkSpace"), following the acquisition of NewFlex in FY 2019. The one remaining investment property was sold in June 2020 for £15.8 million.

15. Intangible assets

Group	Customer Contracts £000	Customer Relations £000	Client Relations £000	Brands £000	Software £000	Goodwill (note 16) £000	Total £000
Cost or valuation							
At 1 April 2019	103	967	1,909	-	58	12,118	15,155
Additions acquired through business combinations	-	1,191	-	415	164	22,752	24,522
Additions	-	-	-	-	766	38	804
Disposals / write-offs	-	(425)	-	-	-	(732)	(1,157)
Transfers	-	-	-	-	492	-	492
At 31 March 2020	103	1,733	1,909	415	1,480	34,176	39,816
Accumulated amortisation and impairment							
At 1 April 2019	34	100	77	-	4	-	215
Amortisation charge	11	138	236	10	212	-	607
Disposals / write-offs	-	(115)	-	-	-	-	(115)
Transfers	-	-	-	-	211	-	211
At 31 March 2020	45	123	313	10	427	-	918

15. Intangible assets (continued)

Group	Customer Contracts £000	Customer Relations £000	Client Relations £000	Brands £000	Software £000	Goodwill (note 16) £000	Total £000
Cost or valuation							
At 1 April 2020	103	1,733	1,909	415	1,480	34,176	39,816
Additions acquired through business combinations	349	2,564	-	808	-	8,466	12,187
Additions	-	-	-	77	463	32	572
Disposals	-	-	-	-	(306)	-	(306)
Transfers	-	-	-	285	(285)	-	-
At 31 March 2021	452	4,297	1,909	1,585	1,352	42,674	52,269
Accumulated amortisation and impairment							
At 1 April 2020	45	123	313	10	427	-	918
Amortisation charge	10	302	236	108	195	-	851
Disposals	-	-	-	-	(11)	-	(11)
Transfers	-	-	-	15	(15)	-	-
At 31 March 2021	55	425	549	133	596	-	1,758
Net book value							
At 31 March 2021	397	3,872	1,360	1,452	756	42,674	50,511
At 31 March 2020	58	1,610	1,596	405	1,053	34,176	38,898

During the year, the Group acquired a number of businesses for total consideration of £19.4 million of which £8.5 million has been attributed to goodwill (see note 35).

Additional costs of £32,000 were paid during the year, in relation to Ask Officio Holdings Limited, 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:

- Brand – 9 years
- Client Relations – 8 years
- Customer Contracts – 6 years
- Customer Relations – 7 years

The impairment review carried out on 31 March 2021 determined that none of the intangible assets required impairment.

16. 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 projected over 10 years.

During the year, Newable made the following acquisitions:

Company	Business	% Acquired
J. C. Atkinson and Son Limited	Manufacturer of funeral products	100
Winning Pitch Limited	Coaching and advisory services	100

The Group acquired all the assets of London Fire Solutions LLP and transferred them to a company in which it has 60% ownership.

The goodwill associated with these acquisitions is £8,466,000 (see note 35). The goodwill relating to the acquisition of the assets of London Fire Solutions LLP is provisional based on the proximity of the completion date to the year-end, and that goodwill is an estimate based on the completion accounts being finalised.

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

Group Company	CGU	2021 £000
J. C. Atkinson and Son Limited	Supply of coffins, caskets and related products	4,910
Winning Pitch Limited	Provision of advice to SMEs	2,877
London Fire Solutions LLP (trade and assets)	Specialism in passive fire protection manufacture	679
Total (note 15)		8,466

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

J. C. Atkinson and Son Limited	Supply of coffins, caskets and related products %
2021	
Discount rate	11.6
Perpetuity growth rate	4.1
Net selling margin	15.0

16. Goodwill and impairment (continued)

Management considers the discount rate of 11.6% for the CGU is appropriate. It is derived from an average rate of 8.2% for the sector plus a company premium of 3.4%, based on the size of the business. The growth rate is a combination of forecast death rates in the UK (1%) and forecast increase in market share (3.1%).

It is management's view there is no impairment of goodwill at 31 March 2021. Profitability has exceeded expectations in FY 2021, and management anticipates profitability will align to budgeted levels in subsequent years.

Winning Pitch Limited	Provision of advice to SMEs %
2021	
Discount rate	15.9
Perpetuity growth rate	10.0
Net selling margin	13.4

As over 95% of revenues come from public sector contracts, management believes there is no available true comparison to industry averages to use as a benchmarking check, so believe it appropriate to use the transactional internal rate of return of 15.9%.

The growth rate of 10% is used as management believes there will be synergies in future years with Newable's existing businesses enabling the ability to tender for more contracts in a broader geographical area.

It is management's view there is no impairment of goodwill at 31 March 2021. The acquisition occurred in January 2021 since when revenues have remained strong.

London Fire Solutions LLP	Specialism in passive fire protection manufacture %
2021	
Discount rate	18.9
Perpetuity growth rate	2
Net selling margin	7

Management considers the discount rate of 18.9% for the CGU is appropriate. It is derived from an average rate of 8.9% for the construction and materials sector plus a company premium of 10%, in recognition of the pending move to new premises.

The growth rate of 2% is used, which is slightly higher than that 1.3% growth in GDP forecast by the Bank of England for Q1 2023, to reflect the expected increase in production following the move to larger premises.

16. Goodwill and impairment (continued)

It is management's view there is no impairment of goodwill at 31 March 2021 as the acquisition only occurred earlier in that month.

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

Group	2021 £000	2020 £000
Managed service properties	8,625	8,625
Leasehold properties	2,801	2,801
Office space broking	6,546	6,514
Manufacture of specialist cavity fire barriers	9,990	9,990
Provision of vehicle leasing and broking services	1,211	1,211
Lending	5,035	5,035
Supply of coffins, caskets and related products	4,910	-
Provision of advice to SMEs	2,877	-
Specialism in passive fire protection manufacture	679	-
Total (note 15)	42,674	34,176

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	Office Space broking	Manufacture of specialist cavity fire barriers	Provision of vehicle leasing and broking services	Lending
	%	%	%	%	%	%
2021 & 2020						
Discount rate	14	14	12	15	19	10
Perpetuity growth rate	2	2	2	2	2	2

The discount rates used for the other CGUs are considered prudent estimates based on knowledge of the relevant business sectors 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.

The directors believe that if any of the following changes were made to the key assumptions used to assess the value in use, the carrying amount would be greater than the recoverable amount, and impairment would be required. The net selling margin included in the cash-flow projections for Lending, used to assess impairment, includes both managing out the existing loan book and the

16. Goodwill and impairment (continued)

launch of new lending products to support SMEs. Management therefore does not believe it appropriate to apply a percentage change to net selling margin across the business as whole.

	Managed service properties	Leasehold properties	Office space broking	Manufacture of specialist cavity fire barriers	Provision of vehicle leasing and broking services	Lending
	%	%	%	%	%	%
Discount rate	Increase by 5% points	Increase by 5% points	Increase by 9% points	Increase by 5% points	Increase by 18% points	Increase by 5% points
Perpetuity Growth rate	(6)%	(6)%	(17)%	(8)%	(109)%	(6)%
Net Selling Margin	Reduce by 5% points	Reduce by 5% points	Reduce by 19% points	Reduce by 5% points	Reduce by 14% points	-

The recoverable amount of other CGUs that hold a significant proportion of the Group's overall goodwill balance include:

	31 March 2021		31 March 2020	
	Recoverable amount £000	Excess above carrying amount £000	Recoverable amount £000	Excess above carrying amount £000
Managed service properties	17,090	1,500	13,280	373
Leasehold properties	5,252	461	4,081	114
Office Space broking	16,997	10,252	10,684	4,201
Manufacture of specialist cavity fire barriers	20,523	8,060	12,540	2,550
Provision of vehicle leasing and broking services	4,560	3,384	1,659	421
Lending	10,378	4,517	14,092	9,057

17. 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:

Name of company	Nature of business	Percentage of ownership interest at 31 March	
		2021	2020
Newable Trade (London) Limited	Administrative company	100	100
Newable Trade (South East) Limited	Administrative company	100	100
Winning Pitch Trading Limited	Administrative company	100	100
Newable Avitus Limited	Consultancy services company	50*	50*
Newable Enterprise Partners Limited	Consultancy services company	100	100
Newable International Consulting Limited	Consultancy services company	100	100
Newable Commercial Finance Limited	Credit brokerage services company	100	100
Batavia Road 1 Limited	Development property company	100	100
Newable Alfreds Way Limited	Development property company	80*	100
Newable CMW Limited	Development property company	80*	-
Newable Commercial Property Limited	Development property company	100	100
Newable Developments Limited	Development property company	100	100
Newable Property Developments Limited	Development property company	100	100
Newable Victoria Road Limited	Development property company	100	75*
Newable LLF Limited	Enterprise agency	100	100
Newable RGF Limited	Enterprise agency	100	100
Leeds North East 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
Ask Officio Holdings Limited	Holding company	100	100
Newable Atkinson 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 Niagara Limited	Holding company	100	100
Newable Office Space Limited	Holding company	100	100
Newable UK Holdings Limited	Holding company	100	100
Newflex Holdings Limited	Holding company	100	100
PW Group Holdings Limited	Holding company	100	100
PW Growth Finance Limited	Holding company	100	100

17. Subsidiaries (continued)

Name of company	Nature of business	Percentage of ownership interest at 31 March	
		2021	2020
Winning Pitch Limited	Holding 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 Capital Limited	Investment company	100	100
Newable Investments Limited	Investment company	100	100
Newable Private Equity 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
GLE Growth Capital Limited	Investment management company	100	100
Newable Properties Limited	Investment property company	100	100
Waterfront Studios Limited	Investment property company	100	100
PW Asset Finance Limited	Invoice discounting company	100	100
Newable Digital Limited	IT services company	100	100
Newable Business Finance Limited	Loans company	100	100
Newable Business Loans Limited	Loans company	100	100
Newable Lending for Growth Limited	Loans company	100	100
Newable Lending for Growth 2 Limited	Loans company	100	100
Bold Tech Ventures Limited	Managed business centres	60*	60*
Newflex Leases Limited	Managed business centres	100	100
Newflex Special Leases Limited	Managed business centres	100	100
Newflex Limited	Managed business centres	100	100
Newable Events Limited	Management services company	100	100
Newable Management Services Limited	Management services company	100	100
Official Space Limited	Property agency	100	100
Ask Officio UK Limited	Property rental broker	100	100
Ask Officio Group Limited	Property services	100	100
Synergy Automotive Limited	Vehicle leasing	51*	51*
Arc Building Solutions Limited	Manufacture of specialist building supplies	70*	70*
London Fire Solutions Limited	Manufacture of specialist fire doors and screening	60*	-
J. C. Atkinson and Son Limited	Manufacture of funeral products	100	-
Angels in Medcity Limited	Dormant company	100	100
Citib@se Limited	Dormant company	100	100
Citibase Limited	Dormant company	100	100
Citybase Limited	Dormant company	100	100

17. Subsidiaries (continued)

Name of company	Nature of business	Percentage of ownership interest at 31 March 2021	2020
Enterprise London Limited	Dormant company	100	100
Freedom Business Centres Limited	Dormant company	100	100
London Business Angels Limited	Dormant company	100	100
Newable Baird Road Limited	Dormant company	100	100
Newable Business Villages Limited	Dormant company	100	100
Newable Exemplas Trade Services Limited	Dormant company	50*	50*
Newable Trust Limited	Dormant company	100	100
Pop-Up Business Centres Limited	Dormant company	100	100
Pop-Up Serviced Offices Limited	Dormant company	100	100

The registered address of Arc Building Solutions Limited is Unit J, Gildersome Spur, Leeds, West Yorkshire, LS27 7JZ; J C Atkinson and Son Limited is Sedling Road, Washington, Tyne and Wear, NE38 9BZ; Ask Officio Holdings Limited, Ask Officio Group Limited, Ask Officio UK Limited and Official Space Limited have a registered address of Pacific House, Relay Point, Wilncote, Tamworth, Staffordshire, B77 5PA. All other entities listed above have a registered address of 140 Aldersgate Street, London, EC1A 4HY.

All subsidiaries and joint ventures, except for Newable UK Holdings Limited, are indirect shareholdings of Newable Limited.

* Newable Avitus Limited and Newable Exemplas Trade Services Limited each have a non-controlling interest of 50%, which represents 50% voting rights. Synergy Automotive Limited has a non-controlling interest of 49%, which represents 49% voting rights; Bold Tech Ventures Limited 40%, which represents 40% voting rights; Arc Building Solutions Limited 30%, which represents 30% voting rights; London Fire Solutions Limited 40%, which represents 40% voting rights; Newable Alfreds Way Limited 20%, which represents 20% voting rights; and Newable CMW Limited 20%, which represents 20% voting rights.

In accordance with s479 of the Companies Act 2006, Newable Limited has given a parent company guarantee under s479A of the Act to the following subsidiaries: Newable Trade (London) Limited, Newable Trade (South East) Limited, Newable International Consulting Limited, Newable Enterprise Partners Limited, Newable Alfreds Way Limited, Newable Business Villages Limited, Newable Commercial Property Limited, Newable Property Developments Limited, Newable Victoria Road Limited, Newable Atkinson Limited, Newable Contracts Holdings Limited, Newable Equity Limited, Newable Niagara Limited, Leeds North East Investments Limited, London Seed Capital Limited, Newable Capital Limited, Newable Investments Limited, Newable Private Equity Limited, Newable Private Investing Limited, Newable Yorkshire (Holdings) Limited, SMH Venture Finance Limited, GLE Growth Capital Limited, Newable Properties Limited, Waterfront Studios Limited, Newable Digital Limited, Newable Business Finance Limited, Newable Lending Limited, Newable Lending for Growth Limited, Newable Lending for Growth 2 Limited, Newable Events Limited, Official Space Limited, Ask Officio UK Limited, Ask Officio Holdings Limited, Ask Officio Group Limited, Bold Tech Ventures Limited, Newflex Special Leases Limited and Newflex Holdings Limited.

17. Subsidiaries (continued)

Accordingly, these subsidiaries are exempt from the requirements of the Act relating to auditing of individual company accounts for the year ended 31 March 2021.

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

18. Joint ventures

Group share of net assets	2021 £000	2020 £000
Barnsley Business and Innovation Centre Limited	2,981	2,605
Newable Avitus Limited	(84)	(78)
Newable Exemplas Trade Services Limited	-	-
Total	2,897	2,527

Group share of total comprehensive income	2021 £000	2020 £000
Barnsley Business and Innovation Centre Limited	(124)	172
Newable Avitus Limited	(6)	(78)
Total	(130)	94

Barnsley Business and Innovation Centre 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. Barnsley Business and Innovation Centre Limited owns a property, which was revalued to its fair value at 31 March 2021.

As at 31 March

Group	2021 £000	2020 £000
Current assets	1,830	323
Non-current assets	4,572	5,466
Current liabilities	(194)	(110)
Non-current liabilities	(1,245)	(469)
Net assets (100%)	4,963	5,210
Joint venture net assets (50%)	2,481	2,605
Investment in joint venture	500	-
	2,981	2,605

18. Joint ventures (continued)

	2021 £000	2020 £000
Revenue	930	931
(Loss)/profit from continuing operations	(247)	140
Total comprehensive (expense)/income (100%)	(247)	345
Group share of total comprehensive income (50%)	**(124)**	**172**
Included in the above amounts are:		
Depreciation	20	46
Staff costs	404	415

Newable Avitus Limited

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

As at 31 March

Group	2021 £000	2020 £000
Current assets	48	101
Current liabilities	(217)	(257)
Net liabilities (100%)	(169)	(156)
Joint venture net liabilities (50%)	**(84)**	**(78)**
Revenue	103	95
Loss from continuing operations	(13)	(156)
Total comprehensive expense (100%)	(13)	(156)
Group share of total comprehensive expense (50%)	**(6)**	**(78)**
Included in the above amounts are:		
Staff costs	23	105

19. Non-controlling interests

Synergy Automotive Limited, a 51% owned subsidiary of the Company, Newable Alfreds Way Limited, a 80% owned subsidiary, Newable CMW Limited, a 80% owned subsidiary of the Company, and London Fire Solutions Limited, a 60% owned subsidiary of the Company have material non-controlling interests (NCI). The NCI of all other subsidiaries that are not 100% owned by the group are not considered material.

Synergy Automotive Limited

Summarised financial information in relation to Synergy Automotive Limited, before intra-group eliminations, is presented below together with amounts attributable to NCI:

Group	31 March 2021 £000	31 March 2020 £000
Current assets	2,966	1,154
Non-current assets	152	168
Current liabilities	(1,989)	(689)
Non-current liabilities	(17)	(29)
Net assets	1,112	604
Non-controlling interest (49%)	**545**	**296**
Revenue	3,735	506
Cost of sales	(356)	(53)
Administrative expenses	(2,847)	(443)
Profit before taxation	539	10
Taxation	-	(15)
Profit after taxation	539	(5)
Non-controlling interest (49%)	**264**	**(2)**

Summarised financial information in relation to Newable Alfreds Way Limited, before intra-group eliminations, is presented below together with amounts attributable to NCI:

Group	31 March 2021 £000
Current assets	5,669
Current liabilities	(5,272)
Net assets	397
Non-controlling interest (20%)	**79**

19. Non-controlling interests (continued)

	£000
Loss from continuing operations	(2)
Total comprehensive expense (100%)	(2)
Non-controlling interest (20%)	**-**

Newable CMW Limited

Summarised financial information in relation to Newable CMW Limited, before intra-group eliminations, is presented below together with amounts attributable to NCI:

Group

	31 March 2021 £000
Current assets	8,987
Current liabilities	(8,380)
Net assets	607
Non-controlling interest (20%)	**121**
Revenue	45
Profit from continuing operations	45
Total comprehensive income (100%)	45
Non-controlling interest (20%)	**9**

London Fire Solutions Limited

Summarised financial information in relation to London Fire Solutions Limited, before intra-group eliminations, is presented below together with amounts attributable to NCI:

Group

	31 March 2021 £000
Current assets	336
Current liabilities	(192)
Net assets	144
Non-controlling interest (40%)	**58**

19. Non-controlling interests (continued)

	£000
Revenue	46
Profit from continuing operations	46
Total comprehensive income (100%)	46
Non-controlling interest (40%)	**18**

20. Fair value through profit or loss investments

Group

	£000
At 1 April 2019	**590**
Additions	272
Disposals	(175)
Revaluation	103
At 31 March 2020	**790**
Additions	225
Disposals	-
Revaluation	32
At 31 March 2021	**1,047**

	2021 £000	2020 £000
Equity securities (quoted)	57	90
Managed funds (unquoted)	990	700
	1,047	790

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.

21. Development properties

Group	2021 £000	2020 £000
As at 1 April	9,718	17,172
Additions	13,775	3,493
Disposals	(10,518)	-
Revaluation	-	(606)
Transfer to investment properties (note 14)	-	(10,341)
As at 31 March	12,975	9,718

Included within the carrying value of development properties is capitalised interest of £218,948 (2020: £58,707). The capitalisation rate used for the current year was 3.75% for the initial cost and 7.5% for subsequent expenditure (2020: 2.63%).

One of the properties under development - Alfreds Way, Barking - has been pledged as security against a Group loan of £1.5 million. In June 2021, this development was sold for £6.6 million and the loan repaid in full.

22. Inventories

Group	2021 £000	2020 £000
Raw materials and consumables	476	-
Work in progress	8	-
Finished goods and goods for resale	891	-
Provision	(123)	-
	1,252	-

23. Trade and other receivables

	Group		Company	Restated
	2021 £000	2020 £000	2021 £000	2020 £000
Loan receivables	12,175	26,636	-	-
Amounts due from subsidiary undertakings	-	-	20,216	21,068
Trade receivables	10,557	3,476	-	-
Less: provision for impairment on receivables	(3,213)	(7,200)	(4,495)	(4,495)
Total financial assets other than cash and cash equivalents classified as loans and receivables	**19,519**	**22,912**	**15,721**	**16,573**
Other receivables	2,439	3,235	471	421
Income and other taxes	-	-	42	-
Prepayments	2,584	2,970	-	9
Contract assets	5,276	2,833	-	-
Total trade and other receivables	**29,818**	**31,950**	**16,234**	**17,003**
Less: non-current portion	(3,627)	(11,284)	-	-
Current portion	**26,191**	**20,666**	**16,234**	**17,003**

At 31 March 2021, the lifetime expected loss provision for loan, trade and other receivables is as follows:

Group 31 March 2021	**Current**	**More than 90 days past due**	**More than 180 days past due**	**Total £000**
Expected loss rate	2%	25%	52%	14%
Gross carrying amount	16,392	1,577	4,762	22,732
Loss provision	336	399	2,478	3,213

Group 31 March 2020	**Current**	**More than 90 days past due**	**More than 180 days past due**	**Total £000**
Expected loss rate	5%	21%	80%	24%
Gross carrying amount	21,801	1,023	7,288	30,112
Loss provision	1,141	215	5,844	7,200

As at 31 March 2021, loan receivables of £963,000 (2020: £4,432,000) were past due and fully impaired.

Company 31 March 2021	**Current**	**More than 90 days past due**	**More than 180 days past due**	**Total £000**
Expected loss rate	22%	0%	0%	22%
Gross carrying amount	20,048	-	-	20,048
Loss provision	4,495	-	-	4,495

23. Trade and other receivables (continued)

Company 31 March 2020	Current	More than 90 days past due	More than 180 days past due	Total £000
Expected loss rate	21%	0%	0%	21%
Gross carrying amount (restated)	21,068	-	-	21,068
Loss provision	4,495	-	-	4,495

Management considers 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 four years of 31 March 2021.

Movements in the impairment allowance for loan, trade and other receivables are as follows:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Opening provision for impairment of loan receivables	7,200	2,526	4,495	8,184
Acquisitions through business combinations	55	2,472	-	-
Increase/(decrease) during the year	3,260	2,202	-	(3,689)
Loans written off	(2,662)	-	-	-
Unused amounts due to disposal of loan receivables	(4,640)	-	-	-
Current portion	**3,213**	**7,200**	**4,495**	**4,495**

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.

The movement in the impairment allowance for loan trade and other receivables has been included in the administrative line in the consolidated statement of profit or loss.

24. Trade and other payables

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade payables	6,025	4,890	11	2
Other payables	7,207	5,363	-	-
Amounts due to subsidiaries	-	-	92	107
Accruals	4,259	3,335	144	476
Total financial liabilities, excluding loan and borrowings, classified as financial liabilities measure at amortised cost	**17,491**	**13,588**	**247**	**585**
Corporation tax payable	3,358	2,283	-	-
Income and other taxes	1,217	643	-	2
Contract liabilities	1,715	333	-	-
Total trade and other payables	**23,781**	**16,847**	**247**	**587**

25. Loans and borrowings

Group	Current 2021 £000	Non-current 2021 £000	Current 2020 £000	Non-current 2020 £000
Bank loans	4,215	10,001	12,263	4,631

A 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 balance outstanding at 31 March 2021 was £3,066,000. The borrowing is interest bearing at 3.25% above LIBOR on all balances.

A new bank loan for £2,500,000 commenced in July 2020 for a period of five years, and is due for repayment in quarterly instalments until July 2025. The balance outstanding at 31 March 2021 was £2,250,000. The borrowing is interest bearing at 3.75% above LIBOR on all balances. Another new loan for £1,500,000 commenced in August 2020 and is due for repayment on sale of one of the Group's development properties. The balance outstanding at 31 March 2021 was £1,500,000 and the borrowing is interest bearing at 15%.

During the year, the Group entered into the following loans offered by the UK Government's Coronavirus Business Interruption Loan Scheme ('CBILS'):

- £750,000 for six years, repayable in monthly instalments of £14,000 from April 2021 to April 2026. The borrowing is interest bearing at 2.85% above the UK base rate on all balances.
- £900,000 for six years, repayable in monthly instalments of £15,000 from May 2021 to May 2026. The borrowing is interest bearing at 2.42% above the UK base rate on all balances.
- £1,600,000 for four years, repayable in monthly instalments of £44,000 from June 2021 to May 2024. The borrowing is interest bearing at 2.42% above the UK base rate on all balances.

25. Loans and borrowings (continued)

- £1,850,000 for six years, repayable in monthly instalments of £92,500 from December 2021 to December 2026. The borrowing is interest bearing at 3.80% above the UK base rate on all balances.
- £1,500,000 for six years, repayable in monthly instalments of £125,000 from December 2023 to December 2026. The borrowing is interest bearing at 3.80% above the UK base rate on all balances.

A loan note of £585,000 was provided during the year for a business combination. This is a 5% fixed rate unsecured loan note due for repayment in February 2026.

The revolving credit facility of £17,500,000 with Shawbrook Bank commencing in May 2019, of which £11,000,000 was utilised at the end of the prior year, was repaid in full in March 2021.

Borrowings mature as follows:

Group	**2021**	**2020**
	£000	**£000**
Less than one year	4,215	12,263
One to two years	2,861	1,684
Two to five years	6,550	2,947
More than 5 years	590	-
	14,216	16,894

26. Other payables

Group	**2021**	**2020**
	£000	**£000**
Other payables	7,575	8,156

Other payables comprise deferred consideration on businesses part acquired during the year and accrued expenses. Deferred consideration of £1,346,000 (2020: £225,000) is payable within one year and is included in trade and other payables.

27. Employee benefit liabilities

Liabilities for employee benefits comprise:

Group	**2021**	**2020**
	£000	**£000**
Defined benefit pension scheme (note 34)	6,008	4,118
Long term incentive plan scheme	7,131	627
	13,139	4,745

27. Employee benefit liabilities (continued)

Categorised as follows:

	2021	**2020**
	£000	**£000**
Current	-	-
Non-current	13,139	4,745
	13,139	4,745

Company	**2021**	**2020**
	£000	**£000**
Defined benefit pension scheme (note 34)	6,008	4,118
Long term incentive plan scheme	7,051	627
	13,059	4,745

Categorised as follows:

	2021	**2020**
	£000	**£000**
Current	-	-
Non-current	13,059	4,745
	13,059	4,745

During the year, £6,512,000 (2020: £Nil) was expensed to the Consolidated Statement of Profit and Loss in relation to the long-term incentive plan schemes.

In 2018, loans totalling £102,648 were advanced to employees participating in the long-term incentive plan schemes, and in 2020 an amount of £72,805. During the year further loans of £24,014 were advanced. The amount unpaid at 31 March 2021 totalled £187,270 (2020: £171,119), due for repayment on 31 March 2022 and 31 March 2023, in accordance with the terms of the schemes.

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 34. 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.

28. Provisions

The movement on provisions is as shown below:

Group	2021 £000	2020 £000
At 1 April	821	1,504
Increase in the year	88	403
Release in the year	(279)	(357)
Utilisation in the year	(45)	(509)
Offset against right-of-use-asset	-	(220)
Acquired through business combinations	117	-
At 31 March	702	821

Group	2021 £000	2020 £000
Provisions due in less than one year	224	378
Provisions due in more than one year	478	443
Total	702	821

Amounts provided for at 31 March 2021 comprised a dilapidations provision of £602,000 (2020: £821,000) and a warranty provision of £100,000 (2020: £Nil). During the year, there was a charge of £88,000 for the dilapidations, a release of £279,000 and utilisation of £45,000. A provision of £117,000 was obtained on the acquisition of the trade and assets of London Fire Solutions LLP. An amount of £Nil (2020: £220,000) from the dilapidations provision was offset against right-of-use assets in accordance with IFRS 16.

29. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020: 19%). The movement on the deferred tax account is as shown below:

	2021 £000	2020 £000
Deferred tax asset at 1 April	(2,113)	(1,089)
Deferred tax liability at 1 April	1,750	2,133
At 1 April	(363)	1,044
Profit and loss credit	(1,584)	(1,449)
Other comprehensive income	(289)	(266)
Other balance sheet movement	1,223	308
At 31 March	(1,013)	(363)

29. Deferred taxation (continued)

	2021 £000	2020 £000
Deferred tax asset at 31 March	(2,773)	(2,113)
Deferred tax liability at 31 March	1,760	1,750
At 31 March	(1,013)	(363)

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) 2021 £000	Balance Sheet 2021 £000	Credited to Income 2021 £000	Credited to Reserves 2021 £000
Property, plant and equipment and intangible assets	1,384	1,220	(163)	-
Other temporary differences	36	2	(400)	-
Provision	(1,292)	1	(1,021)	-
Defined benefit pension scheme	(1,141)	-	-	(289)
Total deferred taxation	(1,013)	1,223	(1,584)	(289)

Group	Asset 2020 £000	Balance Sheet 2020 £000	Charged/(credited) to Income 2020 £000	Credited to Reserves 2020 £000
Property, plant and equipment and intangible assets	327	307	20	-
Other temporary differences	434	-	(633)	(266)
Provision	(1,124)	1	(836)	-
Total deferred taxation	(363)	308	(1,449)	(266)

Company	Asset 2021 £000	Balance Sheet 2021 £000	Credited to Income 2021 £000	Credited to Reserves 2021 £000
Provision	(1,181)	-	(1,181)	-
Defined benefit pension scheme	(1,141)	-	-	(289)
Total deferred taxation	(2,322)	-	(1,181)	(289)

Company	Liability/ (Asset) 2020 £000	Balance Sheet 2020 £000	Charged/(credited) to Income 2020 £000	Credited to Reserves 2020 £000
Provision	(781)	-	-	(266)
Total deferred taxation	(781)	-	-	(266)

29. Deferred taxation (continued)

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 £187,653 (2020: £92,912).

30. 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.

31. Other reserves

In January 2020, Newable acquired 51% of Synergy Automotive Limited, a car leasing business, with put options being issued to acquire the remaining 49% at a future date. The present value of the contingent consideration in relation to these options being exercised is £1,252,000, which has been expensed to Other Reserves with the other side being recognised as a liability at year-end.

32. Financial instruments – risk management

The principal financial instruments used by the Group, from which the key potential risks and uncertainties on financial instruments arise, include 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 – see below table which shows financial instruments by category:

Group	Amortised cost		Fair value through profit or loss	
	2021	2020	2021	2020
	£000	£000	£000	£000
Cash and cash equivalents	8,999	4,590	-	-
Trade and other receivables	10,557	3,476	-	-
Loan receivables	8,962	19,436	-	-
Equity investments	-	-	1,047	790
Total financial assets	28,518	27,502	1,047	790

32. Financial instruments – risk management (continued)

Financial liabilities

Group	Amortised cost	
	2021	2020
	£000	£000
Trade and other payables	31,356	25,003
Loans and borrowings	14,216	16,894
Total financial liabilities	45,572	41,897

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

(i) Market risk

Market risk is the risk that market changes adversely impact the Group.

(a) Fair value risk

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, loan receivables, trade and other payables, and loans and borrowings approximates their fair value and are therefore not measured at fair value.

The following table provides an analysis of financial assets and liabilities held on the Consolidated Statement of Financial Position at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers between levels during the period.

	Level 1		Level 3	
	2021	2020	2021	2020
	£000	£000	£000	£000
Equity investments (quoted)	57	90	-	-
Equity investments (unquoted)	-	-	990	700
At 31 March	57	90	990	700

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 of 5%	50	(50)

32. 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 2019	590
Additions	272
Disposals	(175)
Revaluation	103
At 31 March 2020	**790**
Additions	225
Disposals	-
Revaluation	32
At 31 March 2021	**1,047**

(b) 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 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 2% 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, any potential impact on the Group's retirement benefit obligations has been excluded.

	Profit or loss	
	Increase £000	Decrease £000
Movement in LIBOR of 2%	(284)	284

Financial assets receivable by the Group are disclosed in note 23, which illustrates the amount receivable within 12 months and over 12 months.

Newable is exposed to fluctuations in the commercial property market through its investments in commercial property space in London. 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.

32. Financial instruments – risk management (continued)

(ii) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. 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, independent of the business and central functions. It maintains and implements the Risk Management Framework, provides 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 for the Board, via the Audit Committee, that the first and second lines of defence are both effective in discharging their respective responsibilities.

(iii) 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 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 maximum Group exposure to credit risk at the balance sheet date was £30,119,000 (2020: £32,950,000) being the total of the carrying amount of trade receivables, other receivables, contract assets and amounts due from undertakings in which the Group has a participating interest.

The Group's major credit risk exposure exists in its provision of loans to domestic SMEs. The Group aims to mitigate this credit risk by focusing 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. Moreover, credit risk is assessed through a combination of due diligence, credit reference agency reports, financial information, credit scores and underwriting analysis. The Group also seeks to obtain security cover and, where appropriate, guarantees from borrowers and from government sponsored loan guarantee arrangements. Most loans are underwritten by the Government's Enterprise Finance Guarantee Scheme.

The Group is exposed to credit risk on its £2.5 million invoice factoring facility. Continual monitoring and cautious use of the facility carefully manage this risk.

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.

Further information on credit risk is provided in Note 23.

32. Financial instruments – risk management (continued)

Cash at bank and short-term deposits

Group	2021		2020	
	Cash at Bank	Short-term Deposits	Cash at Bank	Short-term Deposits
UK Bank Rating	£000	£000	£000	£000
AA	7,021	31	3,687	429
A	1,947	-	474	-
Note 38	8,968	31	4,161	429

(iv) Capital and liquidity risk

Capital and liquidity risk is the risk that the Group is unable to meet its financial obligations as they arise.

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.

A £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%.

A new bank loan for £2,500,000 commenced in July 2020 for a period of five years, and is due for repayment in quarterly instalments until July 2025. The borrowing is interest bearing at 3.75% above LIBOR on all balances. Another new loan for £1,500,000 commenced in August 2020 and is due for repayment on sale of one of the Group's development properties which is interest bearing at 15%.

During the year, the Group entered into the following loans offered by the UK Government's Coronavirus Business Interruption Loan Scheme ('CBILS'):

- £750,000 for six years, repayable in monthly instalments of £14,000 from April 2021 to April 2026. The borrowing is interest bearing at 2.85% above the UK base rate on all balances.
- £900,000 for six years, repayable in monthly instalments of £15,000 from May 2021 to May 2026. The borrowing is interest bearing at 2.42% above the UK base rate on all balances.
- £1,600,000 for four years, repayable in monthly instalments of £44,000 from June 2021 to May 2024. The borrowing is interest bearing at 2.42% above the UK base rate on all balances.
- £1,850,000 for six years, repayable in monthly instalments of £92,500 from December 2021 to December 2026. The borrowing is interest bearing at 3.80% above the UK base rate on all balances.
- £1,500,000 for six years, repayable in monthly instalments of £125,000 from December 2023 to December 2026. The borrowing is interest bearing at 3.80% above the UK base rate on all balances.

A loan note of £585,000 was acquired during the year through a business combination. This is a 5% fixed rate unsecured loan note due for repayment in February 2026.

32. Financial instruments – risk management (continued)

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	5,350	18,431	5,772	1,803	-
Bank loans and overdrafts	498	3,717	2,861	6,550	590
At 31 March 2021	5,848	22,148	8,633	8,353	590

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	4,890	11,957	7,020	1,136	-
Bank loans and overdrafts	-	12,263	1,684	2,947	-
At 31 March 2020	4,890	24,220	8,704	4,083	-

The Group manages its bank loans and equity as capital. In developing business plans, management considers 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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank loans	14,216	16,894	-	-
Members contribution	1,300	1,300	1,300	1,300
	15,516	18,194	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 operated within.

Further quantitative information in respect of these risks is presented throughout these financial statements.

33. Capital commitments

The Group 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 £598,000 was drawn-down (2020: £471,000).

34. 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 2019 and set contributions for the period from 1 April 2020 to 31 March 2023. 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.

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.

34. Pension costs – defined benefit scheme (continued)

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 2019. The valuation assumed that investment returns would be 2.35% per annum (equal to the discount rate), that salary increases would average 2.85% per annum and that future pensions would increase at the rate of 13.40% 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 was 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 2021, 2020 and 2019 in accordance with the requirements of IAS 19 are shown in the following table:

	2021	2020	2019
RPI increase	3.25%	2.75%	3.40%
CPI increase	2.85%	1.95%	2.40%
Salary increase	3.85%	2.95%	3.90%
Pension increase	2.85%	1.95%	2.40%
Discount rate for scheme liabilities	2.00%	2.35%	2.40%

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 2019. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0 and an initial addition to improvements of 0.5% p.a. and a 2020 weighting of 25%.

The assumed life expectations are unweighted by liability. The resulting average expectation of life for a male pensioner member currently aged 65 is 23.2 years (24.7 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 (26.2 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.

34. Pension costs – defined benefit scheme (continued)

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

	2021 £000	2020 £000
Group's share of pension fund assets	13,114	11,473
Present value of scheme liabilities	(19,122)	(15,591)
Deficit in the scheme	(6,008)	(4,118)
Related deferred tax asset	1,141	781
Net pension liability	(4,867)	(3,337)

Assets (Employer)	**Fund value at 31 March 2021 £000**	**Fund value at 31 March 2020 £000**
Equities		
Consumer markets	1,386	1,354
Financial institutions	617	566
Healthcare	384	324
Industrials	903	695
IT and Telecoms	1,630	1,027
Utilities	157	155
	5,077	4,121
Investment funds and unit trusts	1,425	1,485
Cash	490	495
Property	2,388	2,127
Private Equity	1,127	1,114
Fixed Income	538	579
Derivatives		
LDI	804	589
Currency hedge (forward contracts)	106	(85)
Other	1,159	1,048
	2,069	**1,552**
Total value of market assets	**13,114**	**11,473**

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 2.35% (2020: 2.35%).

34. Pension costs – defined benefit scheme (continued)

	2021 £000	2020 £000
Reconciliation of plan assets		
At beginning of year	11,473	12,687
Other actuarial losses	-	(569)
Interest on assets	265	282
Return on assets less interest	1,750	(564)
Contributions by participants	22	34
Contribution by employers	39	27
Benefits paid	(420)	(408)
Administration expenses	(15)	(16)
	13,114	11,473

	2021 £000	2020 £000
Reconciliation of plan liabilities		
At beginning of year	15,591	15,724
Interest cost	367	362
Current service cost	77	192
Contribution by plan participants	22	34
Change in financial assumptions	3,653	(1,289)
Change in demographic assumptions	(169)	71
Experience gain on defined benefit obligation	(233)	534
Estimated benefits paid net of transfers in	**(420)**	**(408)**
Past service cost	234	371
	19,122	15,591

The following disclosures show the amounts that have been included in the Consolidated Statement of Profit and Loss and the Statement of Changes in Equity under IAS 19:

Analysis of the amount charged to operating profit

	2021 £000	2020 £000
Service cost	77	563
Net interest on the defined liability	102	80
Administration expenses	15	16
	194	659

Analysis of the amount charged to finance expense

	2021 £000	2020 £000
Expected return on pension scheme assets	-	-
Interest on pension scheme liabilities	102	80
Less deferred taxation	-	-
	102	80

34. Pension costs – defined benefit scheme (continued)

Analysis of amount recognised in equity

	2021 £000	2020 £000
Cumulative actuarial losses recognised directly in equity		
Return on plan assets in excess of interest	1,750	(564)
Other actuarial loss on assets	-	(569)
Other actuarial loss	(605)	-
Change in financial assumptions	(3,653)	1,289
Change in demographic assumptions	169	(71)
Experience gain on defined benefit obligation	233	(534)
Net (loss)	(2,106)	(449)
Less deferred tax credit	289	266
	(1,817)	(183)

Movement in deficit during the year

	2021 £000	2020 £000
At 1 April	(4,118)	(3,037)
Movement in year:		
Service cost	294	(563)
Contributions	39	27
Net losses	(117)	(96)
Net actuarial losses	(2,106)	(449)
At 31 March	(6,008)	(4,118)

It has been agreed with the trustees that the contribution rate for the next year will be 13.4%. For the year ended 31 March 2021 the Group made no additional contributions in order to reduce the deficit (2020: £Nil) and has agreed with the London Pension Fund Authority that no additional payments are due for the year ended 31 March 2022.

History of experience gains and losses

	2021 £000	2020 £000	2019 £000
Experience losses on scheme assets	233	(564)	-
Value of assets	13,114	11,473	12,687
Percentage of scheme assets	1.77%	-4.91%	0.00%
Experience losses on scheme liabilities	233	(534)	-
Present value of liabilities	19,122	15,591	15,725
Percentage of the present value of the scheme liabilities	1.22%	-3.42%	0.00%

34. Pension costs – defined benefit scheme (continued)

Sensitivity analysis

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	18,782	19,122	19,471
Projected service cost	107	110	113
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	19,146	19,122	19,100
Projected service cost	110	110	110
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	19,445	19,122	18,806
Projected service cost	113	110	107
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	20,174	19,122	18,131
Projected service cost	115	110	105

For the adjustment to the life expectancy assumption, we are essentially 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 £711,000 (2020: £654,000).

35. Business combinations

On 27 July 2020, Newable acquired 100% of the share capital of J.C. Atkinson and Son Limited ("JCA") for an initial consideration of £6,465,000, plus a payment of £980,656 for net assets. Deferred consideration is payable contingent on EBITDA achieved during financial years ending July 2020, 2021 and 2022. An amount of £1,664,968 was paid in November 2020 based on the EBITDA for the year to July 2020. Deferred consideration for the remaining two years has been valued at £3,174,454. The year-end valuation has been based on an estimated range of EBITDA outcomes from £2,000,000 to £2,400,000. The consideration has been discounted at 2.1%.

35. Business combinations (continued)

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

	Book Value £000	Adjustment £000	Fair Value £000
Fixed assets	2,066	-	2,066
IFRS 16 right-of-use asset	1,778	-	1,778
Stock	1,392	-	1,392
Debtors and other current assets	3,147	-	3,147
Cash	1,970	-	1,970
Liabilities	(3,263)	330	(2,933)
IFRS 16 lease liability	(1,778)	-	(1,778)
Deferred tax liability	-	(407)	(407)
Brand	-	521	521
Customer relationships	-	1,619	1,619
Total net assets	**5,312**	**2,063**	**7,375**

Cash consideration paid	9,111
Deferred consideration	3,174
Goodwill (note 16)	**4,910**

Cash outflow on acquisition

	£000
Cash consideration paid	9,111
Cash acquired in subsidiary	(1,970)
Total consideration	**7,141**

Acquisition costs of £211,000 arose from 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:

- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition
- Cost savings which result in the Group being prepared to pay a premium
- The fact that a lower cost of capital is ascribed to the expected future cash flows of the entire operation acquired than might be to individual assets.

Since the acquisition, JCA has contributed £11.3 million to group revenues and £1.7 million to group profits.

35. Business combinations (continued)

On 22 January 2021, Newable acquired 100% of the share capital of Winning Pitch Limited ("WP") in order to strengthen its advisory business and expand within the UK, for a consideration of £3,150,000, plus a payment of £863,009 for adjusted net assets. A further adjustment amount of £327,775 was paid in April 2021. Deferred consideration is payable contingent on revenues achieved during financial year ending March 2021 and on EBITDA in the subsequent two years. The deferred consideration has been valued at £434,052. The year-end valuation has been based on forecast revenues of £4,000,000 and an estimated range of EBITDA outcomes from £600,000 to £700,000.

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

	Book Value £000	Adjustment £000	Fair Value £000
Fixed assets	266	(249)	17
Debtors	587	-	587
Cash	1,220	-	1,220
Liabilities	(923)	-	(923)
Deferred tax asset / (liability)	5	(223)	(218)
Other	-	44	44
Brand	-	226	226
Customer relationships	-	945	945
Total net assets	**1,155**	**743**	**1,898**

Cash consideration paid	4,013
Deferred consideration	762
Goodwill (note 16)	**2,877**

Cash outflow on acquisition

	£000
Cash consideration paid	4,013
Cash acquired in subsidiary	(1,220)
Total consideration	**2,793**

Acquisition costs of £66,000 arose from 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:

- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition
- Cost savings which result in the Group being prepared to pay a premium

35. Business combinations (continued)

- The fact that a lower cost of capital is ascribed to the expected future cash flows of the entire operation acquired than might be to individual assets.

Since the acquisition, WP has contributed £1.4 million to group revenues and £0.1 million to group profits.

On 1 March 2021, Newable acquired a 60% stake in the trade assets and liabilities of London Fire Solutions LLP ("LFS"), which specialises in the manufacture, installation and maintenance of fire doors and screens as well as the supply and installation of fire stopping solutions. The business was acquired for a consideration of £2,175,000, plus a payment of £200,153 for adjusted net assets.

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

	Book Value £000	Adjustment £000	Fair Value £000
Fixed assets	109	-	109
IFRS 16 right-of-use asset	86	-	86
Stock	114	-	114
Debtors	2,280	-	2,280
Contract assets	1,080	-	1,080
Liabilities	(2,219)	-	(2,219)
IFRS 16 lease liability	(86)	-	(86)
Deferred tax liability	-	(78)	(78)
Customer contracts	-	349	349
Brand	-	61	61
Total net assets	**1,364**	**332**	**1,696**
Cash consideration paid			2,375
Goodwill (note 16)			**679**

Cash outflow on acquisition	£000
Cash consideration paid	2,375
Cash acquired in subsidiary	-
Total consideration	**2,375**

Acquisition costs of £41,000 arose from the transaction, which have been recognised as part of administrative expenses in the consolidated statement of profit and loss.

35. Business combinations (continued)

The main factors leading to the recognition of goodwill are:

- Cost savings which result in the Group being prepared to pay a premium
- The fact that a lower cost of capital is ascribed to the expected future cash flows of the entire operation acquired than might be to individual assets.

Since the acquisition, LFS has contributed £1.2 million to group revenues and £0.05 million to group profits.

36. Related party transactions

The 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 provided loans to employees for £16,151.

There are loans totalling £114,465 (2020: £98,314) due from employees participating in the long-term incentive plan, which was introduced in April 2017, and will be repaid on 31 March 2022 or 31 March 2023, in accordance with the terms of the plan.

There are loans totalling £72,805 (2020: £72,805) due from employees participating in a new long-term incentive plan for the WorkSpace business which was introduced during the prior year.

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

	Restated Amounts owed by related parties		Amounts owed to related parties	
	2021 £000	2020 £000	2021 £000	2020 £000
Newable UK Holdings Limited	11,625	12,244	-	-
Newable Management Services Limited	4,096	4,329	-	-
Newflex Limited	-	-	(92)	(14)
Newable International Consulting Limited	-	-	-	(44)
Newable Trade (South East) Limited	-	-	-	(49)
	15,721	16,573	(92)	(107)

These balances relate to the provision of working capital.

37. Post balance sheet events

On 28 June 2021, the Group's development property located at Alfreds Way, Barking sold for total consideration of £6.6 million. The profit on sale of this property totalling £1 million (including transaction costs), will be reported in the consolidated financial statements for the year ending 31 March 2022.

37. Post balance sheet events (continued)

On 16 July 2021, the Group acquired 74% of the share capital of Dancerace plc, a company that specialises in the development and provision of computer software for the asset-based lending industry. The acquisition is part of the Newable Capital business strategy of acquiring a controlling share in profitable SMEs with proven business models.

	£000
Fixed assets	131
Cash	852
Other current assets	209
Current liabilities	(254)
Non-current liabilities	(14)
Net assets	**924**

At the date of the authorisation of these financial statements a detailed assessment of the fair value of the identifiable net assets has not been completed due to the timing of the acquisition close to the signing date.

Fair value of consideration paid

	£000
Cash	**3,500**

The fair value adjustments are expected to result in the recognition of some goodwill, representing items such as the assembled workforce, which does not qualify for the recognition of assets.

38. Notes supporting statement of cash flows

Group	**2021 £000**	**2020 £000**
Short term bank deposits	31	429
Cash at bank	8,968	4,161
Balance as shown on Group Statement of Financial Position	8,999	4,590
Overdrafts	-	-
Balance as shown on Group Cash Flow Statement	8,999	4,590

Company	**2021 £000**	**2020 £000**
Cash at bank	-	21
Balance as shown on Company Statement of Financial Position	-	21

38. Notes supporting statement of cash flows (continued)

	Non-current loans and borrowings £000 (Note 25)	**Current loans and borrowings £000 (Note 25)**
At 1 April 2020	12,263	4,631
Cash flows		
New facility with Santander Bank	6,350	-
New facility with NatWest Bank	1,600	-
New facility with Royal Bank of Scotland	900	-
New facilities with other third parties	2,085	-
Decrease existing facility with Santander Bank	(2,828)	-
Decrease existing facility with Shawbrook Bank	(11,000)	-
Non-cash flows		
Loans and borrowing reclassified during the year	(5,370)	5,370
Capitalised interest	215	-
At 31 March 2021	4,215	10,001
At 1 April 2019	19,250	-
Cash flows		
New facility with Shawbrook Bank	11,000	-
Decrease existing facility with Santander Bank	(1,106)	-
Decrease existing facility with Lloyds Bank	(12,000)	-
Decrease existing facility with Unity Bank	(250)	-
Non-cash flows		
Loans and borrowing reclassified during the year		
Existing facility with Santander Bank	(4,631)	4,631
At 31 March 2020	12,263	4,631

39. Restatement of prior year

The 2020 comparatives have been restated in these Financial Statements. Under paragraph 10(f) of IAS 1 Presentation of financial statements, this restatement would ordinarily require the presentation of a third Consolidated Statement of Financial Position as at 1 April 2020. However, as the restatement of the items noted below has no net asset impact on the Statement of Financial Position as at that date the Directors do not consider that this would provide useful additional information and, in consequence, have not presented a third Consolidated Statement of Financial Position.

39. Restatement of prior year (continued)

The following table presents the impact of the restatements:

Group	31 March 2020 As originally presented £000	Adjustment (i) £000	1 April 2020 Restated £000
Non-current assets			
Right-of-use assets	13,298	4,316	17,614
Current liabilities			
Lease liabilities	(2,587)	34	(2,553)
Non-current liabilities			
Lease liabilities	(11,789)	(4,350)	(16,139)

(i) The consolidated financial statements for the previous period have been restated to incorporate the modification of a property lease in March 2020, which should have been included in the prior year. The adjustment has increased right-of-use assets by £4,316,000 and lease liabilities by the same amount, those in current liabilities reducing by £34,000 and in non-current liabilities increasing by £4,350,000. As this was a new lease during the year and has no impact on the opening position as at 1 April 2019 a third balance sheet has not been presented.

Company	31 March 2020 As originally presented £000	Adjustments (i) £000	Adjustments (ii) £000	1 April 2020 Restated £000
Non-current assets				
Investments	15,690	(14,375)		1,315
Current assets				
Trade and other receivables	430	16,573		17,003
Current liabilities				
Trade and other payables	(753)	166		(587)
Non-current liabilities				
Net employee benefit liability	(3,337)		(627)	(3,964)
Equity				
Retained earnings	10,000	2,364	(627)	11,737

39. Restatement of prior year (continued)

Company	31 March 2019 As originally presented £000	Adjustments (i) £000	Adjustments (ii) £000	1 April 2019 Restated £000
Non-current assets				
Investments	17,852	(16,739)		1,113
Current assets				
Trade and other receivables	3,147	16,573		19,720
Current liabilities				
Trade and other payables	(6,744)	166		(6,578)
Non-current liabilities				
Net employee benefit liability	(2,552)		(627)	(3,149)
Equity				
Retained earnings	12,380		(627)	12,203

The company financial statements for the previous period have been restated to:

(i) reflect correctly the corporate reorganisation, which occurred in April 2016 in the transfer of investment in subsidiaries to another group company. This adjustment has decreased investments by £14,375,000, increased trade debtors and other receivables by £16,573,000, decreased trade and other payables by £166,000 and increased retained earnings by £2,364,000, which represents the reversal of the impairment charge recognised in the company incorrectly following the restructure. As the position stated as at 1 April 2019 is the same as the position at the date of the transfer no third balance sheet has been presented.

(ii) include the prior period costs of £627,000 relating to the Group's long-term incentive plan ("LTIP") to reflect the expenses in the correct legal entity. This has reduced retained earnings by £627,000 and increased the employee benefits liability by the same amount. As the position stated as at 1 April 2019 is materially the same as the opening position (1 April 2018), the directors are of the opinion the lack of a third balance sheet would not materially impact the users of the financial statements.

Notes

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