

Company Number: 01653116

NEWABLE LIMITED
Annual Report and Financial Statements
Year Ended
31 March 2022

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NEWABLE LIMITED**Annual Report and Financial Statements for the year ended 31 March 2022****Contents**

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Country of incorporation of parent Company: England and Wales**Directors**

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

Secretary and registered office

M B Walsh
140 Aldersgate Street
London
EC1A 4HY

Company number

01653116

Auditors

CLA Evelyn Partners Limited
45 Gresham Street
London
EC2V 7BG

NEWABLE LIMITED
Strategic Report for the year ended 31 March 2022

The Directors present the Group's strategic report for the year ended 31 March 2022.

1. Introduction

Newable Ltd was founded in 1982 to generate inclusive economic growth for London's small and medium-sized entities ("SMEs"). Since then, Newable Ltd and its subsidiaries ("Newable") has expanded its products and services across the United Kingdom. As a result, Newable's core activities are focused on Money, Advice and Workspace. This Report details the performance and achievements of each of our core activities.

Newable's purpose continues to be to help companies working at the heart of the British economy to thrive. We achieve this by delivering Money, Advice and Workspace to business. Newable has forty years of experience of helping to generate inclusive economic growth by helping Britain's business people start, sustain and scale their businesses. Newable's strategy is to continue to evolve and develop a unique platform of products and services for businesses across Money, Advice and Workspace that is unmatched in the United Kingdom.

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

2. Business Review

The 2022 financial year saw Newable continue its strategy of expanding its range of products and services through organic growth and the targeted acquisition of new products and businesses. This was against the backdrop of the continued impact of the Covid-19 pandemic and the various lockdown measures that impacted on businesses and people through most of Newable's financial year.

Against this difficult backdrop, Newable made significant progress on a number of fronts:

- Our Newable Capital business expanded its portfolio of companies with two acquisitions during the year, Dancerace Plc, a financial services software development business, and Weldfast UK Limited, a leading wholesaler of welding and cutting equipment
- The sale of Newable's property development site in Erith, South East London for a profit of £7.8 million
- Newable winning a contract from UK Export Finance as the first UK non-bank lender to be accredited under its General Export Finance programme
- The winning of the UK Export Finance contract together with Newable's accreditation under the Government's Recovery Loan Scheme ('RLS') enabled Newable to recommence its lending to smaller businesses following the suspension of lending activity during the 2021 financial year due to the impact of the pandemic

NEWABLE LIMITED

Strategic Report for the year ended 31 March 2022 (continued)

Looking at each of Newable's businesses:

Advice

Our Advice business has a track record of over 20 years in delivering Public Sector / HMG Export and Innovation growth services to SMEs with clients including:

- The Department of International Trade
- The Welsh Government
- The Greater London Authority
- Innovate UK
- Lancashire County Council

and generated revenues of £16.8 million in FY22 (FY21: £14.5 million). The Advice Business supported London and South East based SMEs to export and London based SMEs to grow their businesses through Innovation and the development of resilience.

The Advice business has had an outstanding record throughout its history of delivering on the performance targets of its clients across its contracts and, as a result, of winning re-tenders of key contracts. Despite this, and due to a decision across all its export service contracts operating across the United Kingdom, the Department of International Trade decided to bring in-house its export advisory services which supported SMEs in their export efforts.

As a result, some ten outsourced contracts, including Newable's London and South East contracts, were given notice of termination, with the London contract terminating in October 2021 and the South East contract terminating after the year end in June 2022. This was obviously a very disappointing outcome, particularly as these contracts had been operating very successfully for some 20 years.

However, Advice, leveraging the additional resources that have been invested in its business development function, won major additional contracts and funding from Innovate UK and from the Department of Business Energy & Industrial Strategy (BEIS) which have significantly offset these contract losses.

Advice also operates a number of Social Impact programmes which continue to make an important difference through activity such as Building Confidence, our inclusive supply chain initiative delivered on behalf of JP Morgan Chase Foundation.

Finally, Advice's Events business continued to perform strongly through the year, despite the impact of the pandemic, and launched a new Events space managed by Advice – the Insurance Hall in the City of London.

NEWABLE LIMITED
Strategic Report for the year ended 31 March 2022 (continued)

Workspace

Our Workspace business offers an integrated broking and managed services office product comprising:

NewFlex

- Provides a Managed Service, operating sites on behalf of landlord clients alongside its own leasehold centres
- NewFlex's focus is increasingly on its Managed Service model which generates monthly management fees with no lease commitments
- This is combined with a multi-brand strategy enabling differentiation from premium to challenging sites

Officio

- Our office broking operation which brokers agreements to place SMEs in flexible offices.

The acquisition of NewFlex (formerly Citibase) in November 2018 and then Officio in 2020, was driven by the analysis that the market for flexible offices would grow rapidly. In our view, the long-term leases offered by the commercial office market do not offer the flexibility required by agile businesses and fast-growing businesses.

However, the 2022 financial year was challenging for the business, given the pandemic and related lockdowns that continued during the year, which impacted on office-based working and reduced the number of people working in offices. This had a significant adverse impact on occupancy rates and the level of management fees that could be charged to customers.

Despite this, revenues of £37.9 million were generated in FY22 (FY21: £31.2 million) and by the end of March 2022 NewFlex had a network of 13,000 workstations across its office network in 43 offices. In addition, NewFlex has seen significant momentum since the year-end with a 60% increase in the number of workstations being provided to SMEs since March 2022.

Although the pandemic has created short term challenges to the business, it has clearly been a catalyst for accelerating the move away from long term office leases towards short term flexible office space – exactly where NewFlex and Officio operate - which should benefit our business in future years.

Finally, Newable continued its historic property development activities during the 2022 financial year, with its focus on the London market and mainly on industrial and warehouse units and estates. During the year our team completed the sale of Newable's development site in Erith, in South East London with a profit of £7.8 million.

Money

Newable's Money business comprises two divisions – Finance and Equities:

Finance

Our Finance business comprises:

- Lending – Newable Business Finance Ltd

NEWABLE LIMITED

Strategic Report for the year ended 31 March 2022 (continued)

- Broking – securing loans for our clients, with a focus on mortgages, working capital finance and asset finance
- Vehicle leasing - Synergy Automotive Ltd

Newable Business Finance Ltd was very badly affected during 2021 as a result of the Government's various emergency loan schemes to smaller businesses (e.g., Business Bounce Back Loans and CBILs) which cut across the SME unsecured business finance market in which Newable Business Finance Ltd operated. As a result, lending operations ceased during 2021 and the business focused on managing the existing loan book and supporting its existing SME borrowers through the pandemic and recession.

However, in late 2022, it is pleasing to report that lending to SMEs restarted following the winning of the UK Export Finance contract, together with Newable's accreditation under the Government's Recovery Loan Scheme ('RLS'). Since this relaunch, we have seen strong demand for loan products from SMEs and, since the year-end, the loan book has grown to some £6 million with monthly origination of new loans of around £1 million. As a result, the business will shortly reach breakeven and move into profitability.

Partially in response to the impact of the pandemic on Newable's lending business, but also as part of our continuing plans to develop our offering in this area, Newable launched in 2021 its broking business. This is a sector where significant revenues can be generated through matching borrowers and lenders without taking on balance sheet risk.

Following a restructure of this business in late 2021, and operating from London and Bournemouth, the business achieved £94 million of loan funding for clients in FY22 (FY21: £27 million) and the business is operating profitably and currently generating monthly revenues of some £200,000.

Turning to Synergy Automotive Ltd ("Synergy"), Newable's vehicle leasing broking business - the business operates across SMEs including small fleet, consumer (company car allowance) and retail consumers (including sole traders / mixed use) sectors.

Synergy saw a very strong recovery in demand for vehicles in FY22 from the previous financial year, as the vehicle market recovered from the impact of the pandemic and lockdowns. Synergy benefited strongly from its focus on online operations for winning new business as customers, in a reaction to the pandemic, moved away from the traditional approach of visiting car showrooms.

Although record order volumes were achieved in FY22, the business was held back by the supply problems that were experienced by all car manufacturers during the year. Despite this, Synergy recorded revenues of £4.0 million in FY22 (FY21: £3.5 million).

Equities

Newable's Capital business continued to grow strongly during FY22. Newable Capital focuses on acquiring a controlling share in established and profitable SMEs with a proven business model and funding the next phase of growth, and typically with EBITDA of around £2 million. This is a market that has been largely neglected by the venture capital sector. Acquisitions in this area provide potential for material capital returns and the ability to consolidate the results of the acquired businesses into Newable's financial results.

Newable Capital's portfolio now comprises six companies across the United Kingdom, following two further acquisitions during the financial year – Dancerace, a receivables finance software business, and Weldfast UK Limited, a wholesaler of welding and cutting equipment. In addition, we expect to

NEWABLE LIMITED

Strategic Report for the year ended 31 March 2022 (continued)

make a further two acquisitions during the 2023 financial year, with one already having completed in April 2022.

Overall, the portfolio performed extremely well during FY22 with total revenues being reported of £62.0 million for FY22 (FY21: £24.0 million) and strong EBITDA performance.

In addition to Newable Capital, Newable also provides equity investment through Newable Ventures Ltd ("NVL"). NVL is a leading early-stage Investor focusing on UK based early stage emerging technology / knowledge intensive based businesses.

3. Principal Risk and Uncertainties

The principal risks and uncertainties facing Newable are discussed extensively in this Annual Report. The Board's assessment is that the following uncertainties are currently being faced by Newable:

- The outlook for the UK economy
- The extent of rising levels of inflation and energy costs
- The effect of the war in Ukraine on the economy and supply chains
- The availability of labour resources

In addition to these uncertainties Newable is also exposed to 'business as usual' risks, which are managed, together with the uncertainties above, through the execution of Newable's Risk Management strategy, which is overseen by the Risk and Governance Committee. Newable's Risk Management Strategy is to:

1. Identify our principal risks – our business strategy provides the context within which our objectives are outlined, and principal risks established.
2. Define our risk appetite for our principal risks.
3. Manage risk within Advice, Money, Workspace and Management Services with effective independent oversight.
4. Ensure a sound risk control and risk-aware culture exists.

Newable's Risk Appetite Statement identifies the five principal risks which Newable faces and defines its appetite for them. The table below sets out the principal risks and provides a description of key themes currently being faced within each principal risk and outlines what actions, as a part of Newable's Risk Management Framework, are being taken to manage them.

Principal Risks & Themes	What we are doing to manage the risk
Growth Risk	
• Unheralded changes in legislation or government policy affecting the provision of products and/or services offered	• Our strategy affords a natural hedge against adverse sector market movements as we operate in several different industries

NEWABLE LIMITED

Strategic Report for the year ended 31 March 2022 (continued)

The equity capital constraint (arising out of the Newable's Limited's Guarantee ownership structure) potentially hindering growth opportunities coupled with a decline in debt finance availability (following a contraction of government schemes provided during the pandemic) and rising interest rates. Note 31 to the financial statements shows the impact of interest rate movements on Group profitability	We continue to explore ways of raising finance to support our growth ambitions. See note 6 – Future Developments – on page 9 for plans for increasing Newable's equity capital
Capital and Liquidity Risk	
The credit risks arising from on-balance sheet lending to SMEs	Lending is part funded by partners and has Government backed guarantee programmes in place to reduce the level of risk exposure to Newable
Operational Risk	
The relentless cyber security threat environment	Newable's Cyber Security Committee has increased the frequency with which it meets to help ensure Newable's cyber threat response is bolstered
The key people risk with regards to subject matter experts in the various industries within which the Group operates	Succession planning continues to be a priority to ensure business continuity
Legal and Regulatory Risk	
The regulatory compliance risks arising from regulators including the Financial Conduct Authority	Newable's Compliance function runs an annual compliance monitoring program to monitor compliance with applicable laws and regulations
ESG Risk	
The exposure to health and safety risk has increased over the period due to acquisition of more manufacturing and warehouse type businesses	Newable has a Board-level Environmental and Social Impact Committee working alongside the Risk and Governance Committee to ensure that Newable is proactive in managing and accelerating efforts in relation to Environment Social and Governance matters, including Health and Safety

NEWABLE LIMITED
Strategic Report for the year ended 31 March 2022 (continued)

4. Key Performance Indicators

Integral to the performance management of the Group, the Board and management regularly monitor actual against budgeted revenue, costs and underlying pre-tax profitability and earnings before interest, taxation, depreciation and amortisation ("EBITDA"). This is achieved by a combination of the production of monthly management accounts, cost centre reporting, quarterly reforecasts and the preparation of annual budgets at the individual business and Group level.

Note 5 of the financial statements provides an analysis of revenues by major business unit and type of revenue.

In addition, weekly KPI Reporting has been developed which tracks key business metrics for each of Newable's individual businesses. Examples of KPI's tracked include:

- For Newable's Workspace business - occupancy rates, rental yield per workstation, number of workstations let and levels of enquiries are tracked.
- Advice business - key targets as set out in the Group's contracts with public sector agencies are closely monitored together with the number and progress of tenders being bid for.
- Lending business - loan arrear rates, interest yield and bad debt levels are tracked.
- Equity businesses - investment returns, fund inflows, number of investors and investee company performance are tracked.

Review and monitoring take place through a combination of monthly business reviews, individual Business Board and finance meetings and scheduled Group Board and Group Committee meetings. In addition, the recently introduced Customer Relationship Management ("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.

5. s172 Statement

Companies Act 2006 s172

The Directors consider, both individually and collectively, that in the decisions taken during the financial year, they have satisfied the requirements of s172(1) of the Companies Act 2006 in acting in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its Members, as a whole, and in doing so having regard to its stakeholders and matters outlined in s172(1).

Long term strategy

The Board meets regularly and is responsible for establishing Newable's long-term strategy and ensuring that these are communicated across the business.

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 Newable's Social, Environmental and Governance ("ESG") responsibilities being fundamental to our business approach.

The focus during FY22 remained consistent with Newable's strategy in prior years – to provide:

- Money, Advice and Workspace for clients
- Rewarding and fulfilling careers for staff
- Balanced returns for stakeholders

NEWABLE LIMITED

Strategic Report for the year ended 31 March 2022 (continued)

In setting Newable's long-term strategy, 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, Directors act fairly towards the Newable's Members.

Each of the key stakeholder groups and matters are outlined below.

Employees

Newable's long-term success is predicated on the commitment of our employees to our purpose, and their demonstration of Newable's values on a daily basis. The Directors recognise that our employees are fundamentally important to our business and delivery of our strategic ambitions.

Regular employee engagement comes from a number of different channels including:

- An annual confidential and independently coordinated 'all people' survey
- Regular Town Hall meetings to update on Newable's performance
- Employee forums such as our Social Impact team
- *Employee feedback forms*
- External reviews and benchmarking
- CEO breakfast meetings
- HR one-to-one coffee catch-ups

Employee engagement led to the introduction of the following during financial year 2022:

- Employee forums
- Flexible working arrangements
- Staff mentoring and training initiatives – Fuelling Ambition
- Several improvements were made to employee benefits resulting from the recommendations arising from "Project Bounty" which carried out a wide-ranging review of benefits offered to employees by Newable

Customers

The Directors recognise that engagement through listening, understanding and responding to clients and customers is critical to long-term success.

The Executive Directors engage with customers and framework providers regularly through:

- Meetings
- Dedicated account management
- Customer interviews
- Site visits
- Conferences
- Digital and Social media channels

The feedback from customer engagement helps to inform the long-term Money, Advice, and Workspace strategies, budgets, and business plans and which are regularly considered and approved by the Board.

Suppliers

Newable's Directors understand that the success and reputation of Newable is connected to its relationship with its suppliers. Accordingly, Newable seeks to develop positive and collaborative relationships with its suppliers based on minimum standards as set out in our Supplier Code of Conduct which is issued to all suppliers. Newable is continuing to focus on expanding its third-party assurance process.

NEWABLE LIMITED

Strategic Report for the year ended 31 March 2022 (continued)

Members

Newable Ltd.'s Original and New Ordinary members ("Members") are the thirty-three London Boroughs and the Corporation of London. In addition, Newable Ltd has four Private Members who are also Non-Executive Directors ("NEDs"). 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, and Directors are available to meet with Members as and when Members request this. Two of the NEDs are also required to represent the London Boroughs and to help ensure the Board maintains an understanding of the views of the Members.

Communities and environment

The implementation of Newable's ESG strategy requires regular consideration of the communities and environment within which Newable operates. Newable's Environment and Social Impact Committee assists the Directors in understanding the impact of Newable's operations on communities and the environment. Some of these areas include:

- Carbon reporting
- Gender and Ethnic pay gap reporting
- Engagement with local communities
- Staff engagement
- Staff health initiatives
- Gender, ethnic and sexual orientation diversity initiatives

During the year, Newable appointed its first ESG and Sustainability Manager to further Newable's efforts in supporting communities and the environment.

Business Conduct

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 Anti-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, help ensure its decisions are taken, and that Newable acts in ways that promote high standards of business conduct.

6. Future Developments

Following the end of the FY22 financial year, but before the approval and signing of this Annual Report and Financial Statements, a major development affecting Newable's future took place.

On 29 September 2022, the Board approved the sale, subject to certain regulatory clearances, of Newable Ltd.'s investment in Newable UK Holdings Ltd ("NUKHL") to Newable's senior management and employees. NUKHL in turn owns all of Newable's operating businesses.

The purpose of the transaction is to ensure that the Newable Group has a capital structure in place which is capable of supporting anticipated growth in pursuit of the company's objective: to make sustainable profits from helping other companies to thrive.

In exchange, Newable Ltd will receive redeemable preference shares in the acquiring company (Newable Partnership Ltd) which it is anticipated will be redeemed by end 2030. The intention is to

NEWABLE LIMITED

Strategic Report for the year ended 31 March 2022 (continued)

return the proceeds from the redemption of these preference shares to Newable Ltd.'s Members – the London Boroughs and the Corporation of London, via a voluntary liquidation / administration process of Newable Ltd.

This is a very significant development and more information will be provided to stakeholders following completion of the sale to Newable Partnership Ltd which is anticipated, once regulatory clearances have been obtained, by the end of March 2023.

7. Conclusion

Despite the ongoing impact of Covid-19 and associated lockdowns during the year, our results for the year to 31 March 2022 demonstrate our strong recovery from the impact of the pandemic and have been achieved despite the well-publicised problems with supply chain issues across the economy, the increasing threat of higher inflation and, towards the end of the year, the start of the war in Ukraine.

I am pleased to be able to report these positive results, Newable has increased profitability which demonstrates the continued potential of the business. Newable really is a special business and I am confident, with the new ownership structure in place (as reported in Future Developments above), that we will navigate the challenges that lie ahead as we execute our strategy to grow the business and to deliver outstanding products and services to our customers.

Finally, I would like to record again my gratitude to all our staff and to my Board colleagues at Newable for their contributions over the last year. 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 in Newable's future.

On behalf of the Board



C J Manson
Chief Executive

23 November 2022

NEWABLE LIMITED

Directors' Report

The Directors present their annual report and financial statements for the year ended 31 March 2022. The financial statements are for Newable Limited (the "Company") and its subsidiaries (together, the "Group").

1. Results and Future Developments

The Group's profit for the year, after taxation, amounted to £6,349,000 (2021: a loss of £4,837,000), and has been added to reserves. In accordance with the articles of association no dividend is payable to Members.

Financial Risk Management - see the Strategic Report above

Charitable Donations - £16,000 (2021: £19,000)

Post Balance Sheet Events – see Note 35 to the Financial Statements

Future Developments - see the Strategic Report above

2. Directors

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

Non-Executive Directors

P G Collis CB
J W Hopkins
A G MacLennan
Cllr G Nicholson (Reappointed Chair 23 March 2022)
V A Sharp
A M Watts CBE

Executive Directors

M Karim (Chief Information Officer)
C J Manson (Chief Executive)
R C Thompson (Chief Financial Officer) appointed 31 March 2022
M B Walsh (Chief Governance Officer)
M B Whitefield (Chief People Officer)

3. Directors' Interests in Shares

The Company is limited by guarantee without share capital.

Certain Non-Executive Directors are appointed from time to time to act as Private Members of the Company. These Private Members have no rights to participate in the income and assets of the Company. P G Collis CB, A G MacLennan, V A Sharp and A M Watts CBE acted as Private Members throughout the year. None of these Directors has, or had at any time during the year, any interest in the shares of any other Group undertakings.

NEWABLE LIMITED
Corporate Governance Framework (continued)

4. Auditors

Following the resignation of BDO LLP as auditors to the Company, in accordance with Section 485 of the Companies Act 2006, a resolution to appoint CLA Evelyn Partners Limited as auditors of the Group and Company was proposed and approved at a General Meeting of the Company on 9 June 2022.

5. Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with the UK-adopted international accounting standards, 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 the UK-adopted international accounting standards, 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; and
- 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



R C Thompson
Director
23 November 2022

140 Aldersgate Street
London
EC1A 4HY

NEWABLE LIMITED
Corporate Governance Framework

Corporate Governance

Chair's Statement

Newable Limited is a Company limited by guarantee with no shareholders. Instead, it has a combination of Private, Original and New Ordinary members. The Directors recognise that this legal structure means Newable lacks traditional shareholders and the challenge they bring to a business.

This 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.

To ensure we achieve a high standard of corporate governance, the Board of Directors has elected to follow the principles of the Quoted Companies Alliance ("QCA") Corporate Governance Code. The principles of the Code are embedded into Newable's internal reporting and governance structures, ensuring effective application.

We set out below our approach in relation to the ten key principles of the QCA Code.

Principle 1: Establish a strategy and business model

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 and socially responsible manner for all our stakeholders including 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: Understand and meet Members' needs and expectations

Two of the Non-Executive Directors ("NEDs") represent the London Boroughs and help ensure the Board of Directors maintains an understanding of the views of the Members. In addition, four Non-Executive Directors are also Members of the Company.

Each year, 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. In addition, Newable provides members with its Annual Report and Consolidated Financial Statements and a review of Newable's activities.

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

NEWABLE LIMITED
Corporate Governance Framework (continued)

Principle 3: Wider stakeholder and social responsibilities

Newable's long-term success relies upon good relations with all its stakeholder groups, both internal and external. The Board affords highest priority to ensuring that it maintains a strong understanding of the needs and expectations of all stakeholders.

This work is led predominately by Newable's Environmental and Social Impact Committee. Please see Newable's s172 statement for more information on how Newable engages with and considers its stakeholders.

Principle 4: Effective risk management throughout the organisation

The Risk and Governance Committee plays a key role in promoting the efforts to further develop Newable's risk culture, 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 framework, 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 work in the forthcoming year, which is part of a planned rolling programme across Newable.

Principle 5: A balanced and well-functioning Board led by the Chair

The Board and the Committees regularly receive detailed and high-quality information to facilitate proper assessment of any matters requiring a decision or insight. The Board comprises the Chief Executive Officer, Chief Financial Officer, Chief People Officer, Chief Information Officer, Chief Governance Officer and six Non-Executive Directors including the Chair. The Group Board has reviewed the independence of the NEDs and has concluded that, with the exception of the two NEDs who represent two of Newable's Original Ordinary Members, the London Borough of Hackney and the London Borough of Lambeth, they are independent.

Executive Directors are employed by the Group on a full-time basis whereas the Non-Executive Directors are remunerated on a fixed-fee part-time basis. All Directors devote a significant portion of their time in order to discharge their duties both at and outside of Board meetings.

The Board aims to meet at least three times a year and as required from time to time to consider specific issues required for decision by the Board. The table below shows the attendance at board meetings during the year:

NEWABLE LIMITED
Corporate Governance Framework (continued)

Director's Name	To May 2022	To May 2021
P G Collis CB	3/3	3/3
J W Hopkins	1/3	2/3
A G MacLennan	3/3	3/3
C J Manson	3/3	3/3
J Montgomery CB (resigned 12 March 2021)	N/A	2/3
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

In addition, the Board held 3 additional meetings to address specific issues in the period to May 2022 and also held 2 half-day strategy sessions.

Principle 6: Experience, Skills and Capabilities

Directors who have been appointed to the Group Board have been chosen because of the skills and experience they offer. The Directors have strong, relevant experience across the areas of government, accounting, banking, governance and people management.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of supporting small to medium sized enterprises ("SMEs").

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings.

Skills and knowledge have been gained through experience in supporting SMEs and these are maintained through ongoing involvement and participation within the sector.

Biographical details of members of the Group Board are detailed on Newable's external website at: <https://www.newable.co.uk/team.php>

Principle 7: Board Evaluation

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 financial year 2020. The results of the independent review were very positive and the recommendations have been implemented.

NEWABLE LIMITED
Corporate Governance Framework (continued)

Principle 8: 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 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 underpins 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: Governance structures and processes that support good decision making

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.

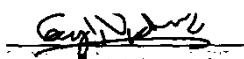
During the year, particular areas of focus for the Group Board, its supporting Committees and the Business Boards included:

- Strategic direction and the development of Newable's next Five Year Strategic Plan
- Business acquisition proposals
- Cyber security
- Newable's ESG strategy and, in particular, Newable's environmental impact and how to address it
- Regulatory compliance
- Financial reporting and monitoring
- Capital structure and planning
- Diversity, inclusion and company culture
- Governance, board composition and evaluation

Principle 10: Strong communication with Members and other relevant stakeholders

Newable communicates annually with the Original and New Ordinary Members, through the Annual Report and Consolidated 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.



Guy Nicholson, Group Chair
23 November 2022

NEWABLE LIMITED
Corporate Governance Framework (continued)

Committees

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, Chief Governance Officer, the Director of Risk, external auditors and internal auditors attend by invitation at the discretion of the Chair.

The Committee is responsible for assisting the Board in discharging its responsibilities for the selection of accounting policies and financial reporting, internal controls including Newable's Financial Conduct Authority ("FCA") compliance monitoring programme. Newable's management has established a system of internal control, which includes the accounting systems needed to manage and record transactions undertaken by the business. However, it must be recognised that any system cannot provide absolute assurance against material misstatement or loss.

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, the nature and scope of the audit with the external auditors prior to commencement and 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.

During the year, the Committee led the process of appointing new auditors to the Company – CLA Evelyn Partners Limited - following the resignation of BDO, the Company's previous auditors.

Audit Committee Meeting Attendance:

Director's Name	To May 2022	To May 2021
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)	N/A	1/3

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, the Chief Financial Officer and the Chief Governance Officer normally in attendance to report on specific matters (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 Committee & Personnel Report on page 20.

NEWABLE LIMITED
Corporate Governance Framework (continued)

Remuneration Committee Meeting Attendance:

Director's Name	To May 2022	To May 2021
P G Collis CB	3/3	3/3
A G MacLennan (Chair)	3/3	3/3
A M Watts CBE	3/3	3/3

Nominations Committee

The Nominations Committee usually holds one meeting annually. It consists of three 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 Sub-Committee administration including the content and timeliness of papers and minutes.

Nominations Committee Meeting Attendance:

Director's Name	To May 2022	To May 2021
P G Collis CB (Chair)	1/1	1/1
C J Manson	1/1	1/1
A M Watts CBE	1/1	1/1
G Nicholson	1/1	N/A

Risk & Governance Committee

The Risk & Governance Committee usually meets three times a year. This Committee comprises three Non-Executive Directors. Executive Directors attend at the invitation of the Chair, with the Chief Executive Officer, Chief People Officer, the Chief Financial Officer, Chief Information Officer the Chief Governance Officer and the Director of Risk normally in attendance.

The Committee continues to provide focus on Newable's risk & governance agenda. This includes promoting and developing Newable's risk culture and to assist in the ongoing programme to improve risk processes.

In addition, the Committee has responsibility for overseeing Newable's governance arrangements, including Board administration, compliance with the QCA corporate governance code and compliance with a range of key policies such as Financial Crime legislation and data protection regulations (GDPR).

As part of its Governance responsibilities, the Risk & Governance Committee liaises closely with the Environmental & Social Impact Committee on the increasingly important ESG agenda.

NEWABLE LIMITED
Corporate Governance Framework (continued)

Risk & Governance Committee Attendance:

Director's Name	To May 2022	To May 2021
V A Sharp (Chair)	3/3	3/3
A M Watts CBE	3/3	3/3
P G Collis CB (joined 22 July 2020)	2/3	1/3

Environmental & Social Impact Committee ("ESI")

The ESI Committee's major responsibility is to provide Newable with a greater focus on its ESG Strategy, its ESG agenda and gives greater visibility to Newable's historic focus on this very important issue.

The Committee comprises three Non-Executive Directors. The Executive Directors will normally be in attendance together with the Director of Risk, Director of HR and the Director of Marketing, together with a number of other staff, reflecting the Committee's wide ranging agenda.

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 for governance issues that relate specifically to the ESG agenda, working closely with the Risk & Governance Committee.

The Committee also has responsibility for seeking to improve and enhance best practise with regards to people policy and procedures. There is a continuing focus on Newable's diversity and inclusiveness policy in relation to gender, sexual orientation, and ethnicity. Newable is committed to the principles of diversity, inclusion and equality.

ESI Committee Attendance:

Director's Name	To May 2022	To May 2021
V A Sharp	3/3	1/2
A M Watts CBE (Chair)	3/3	2/2
A G MacLennan	3/3	2/2

NEWABLE LIMITED
Remuneration Committee & Personnel Review

1. 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 remuneration policy and oversee any major changes to employee benefits for staff
- The determination of appropriate performance conditions for incentive arrangements and bonus payments across Newable

2. 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 and were updated during the year and have a number of common features, which include:

- Bonus schemes operate based on a share of total reported earnings before interest, taxation, depreciation and interest ("EBITDA")
- 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 15% of Newable's EBITDA, as calculated for bonus purposes is applied*
- As before, bonuses paid to management and staff are not pensionable

In addition to the annual bonus schemes described above, in which all staff participate, a long-term incentive plan ("LTIP") has been in operation since 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 operates over a six-year period from 1 April 2017 to 31 March 2023. Under the rules of the LTIP, Newable will repurchase the ordinary shares held by participating members of staff.

The repurchase price used will be determined by agreed price/earnings multiples and asset valuations to value Newable's asset based and trading businesses.

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 them in the light of prevailing market conditions - *following the end of the current LTIP scheme, consideration will be given to the introduction of new LTIP schemes to replace the current scheme.*

NEWABLE LIMITED

Remuneration Committee & Personnel Review (continued)

3. Policy on Remuneration of Executive Directors

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

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

Accordingly, in this respect, the remuneration package of senior executives may include (in addition to an annual salary), both an annual 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 2022 were:

Basic Salary

During the year, Executive Directors' base salaries were assessed against market rates by independent consultants, which resulted in increases in salaries taking effect in April 2022 (no increase in salaries took place in FY22).

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 FY18 an LTIP scheme, from which all Executive Directors (together with Managing Directors of Newable's businesses) could benefit. The Committee reviews the LTIP annually. Any payments under the LTIP will not take place until 2023 and will be non-pensionable.

Pensions

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

Other Benefits

Two Executive Directors are provided with company cars until the lease expires, one of which ended during the year. All Executive Directors are entitled to the provision of life assurance cover and insurance against critical illness.

NEWABLE LIMITED
Remuneration Committee & Personnel Review (continued)

4. Emoluments

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

	Basic Salary	Annual Bonus	Other Benefits*	Total 2022	Total 2021
	£000	£000	£000	£'000	£000
Executive Directors					
C J Manson	276.3	278.1	24.1	578.5	285.1
M Karim	142.5	139.1	18.8	300.4	155.6
M B Walsh	181.7	208.6	22.4	412.7	217.8
M B Whitefield	122.0	139.1	12.0	273.1	146.0
Non-Executive Directors					
P G Collis CB	24.9	-	-	24.9	37.3
J Hopkins	7.0	-	-	7.0	10.4
A G MacLennan	24.9	-	-	24.9	37.3
J Montgomery CB	-	-	-	-	10.1
Cllr G Nicholson	14.4	-	-	14.4	21.6
V A Sharp	24.9	-	-	24.9	37.3
A M Watts CBE	24.9	-	-	24.9	37.3
	843.5	764.9	77.3	1,685.7	995.8

Directors' emoluments represent amounts charged to the profit & loss account during the period rather than amounts paid.

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

* Other benefits comprise mainly employer contributions to Executive Directors' pension schemes and other cash allowances

NEWABLE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWABLE LIMITED

Opinion

We have audited the financial statements of Newable Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise Consolidated Statement of Profit and Loss, Consolidate Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- *the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;*
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

NEWABLE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWABLE LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 set out on page 12, 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

NEWABLE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWABLE LIMITED (continued)

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. 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.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Group's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group:

- Companies Act 2006 in respect of the preparation and presentation of the financial statements;
- FRS102 in respect of the preparation and presentation of the financial statements;
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- We enquired with the Group's management as to the existence of litigation and no material items were identified;
- We have enquired of legal correspondence throughout the year, and nothing has come to light in respect of non-compliance;
- We obtained written management representations regarding disclosure of any non-compliance with laws and regulations;
- We enquired of FCA correspondence as part of compliance with the laws and regulations and nothing has come to light in respect of non-compliance.

Audit procedures performed by the engagement team on the areas where fraud might occur included:

- Testing of the recognition and recoverability of year-end trade debtors and accrued income;
- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals;
- Testing the occurrence of revenue, specifically around the balance sheet date;
- Testing the valuation of goodwill, investments in joint ventures and other intangible assets; and
- Testing the completeness of the preparation of the consolidation.

NEWABLE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWABLE LIMITED (continued)

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. We also considered performance targets and their influence on efforts made by management to meet external pressures in reporting the financial results or for personal interest of the directors.

A further description of our responsibilities is available on the FRC'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.

CLA Evelyn Partners Limited

Mark Bishop
(Senior Statutory Auditor) for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

23 November 2022

NEWABLE LIMITED
Consolidated Statement of Profit and Loss
For the year ended 31 March 2022

	Note	2022 £000	2021 £000
Revenue	5	124,047	77,841
Cost of sales		(65,276)	(30,359)
Gross profit		58,771	47,482
Administrative expenses		(46,180)	(37,876)
Movement in Long Term Incentive Plan Provision	26	1,074	(6,512)
Movement in Deferred Consideration Acquisition Provision	6	(1,867)	(917)
Gain on the disposal of owned assets		29	271
Loss on the disposal of investment properties		-	(1,201)
Increase in fair value of investments		2,047	-
Operating profit before depreciation and amortisation	7	13,874	1,247
Share of post-tax profit of equity accounted joint ventures	17	564	(130)
Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA)		14,438	1,117
(Deduct)/add back:			
Movement in Long Term Incentive Plan Provision		(1,074)	6,512
Movement in Deferred Consideration Acquisition Provision		1,867	917
Adjusted Earnings Before Interest Taxation Depreciation and Amortisation (Adjusted EBITDA)		15,231	8,546
Depreciation & Amortisation		(6,921)	(5,529)
Finance income	9	307	12
Finance expense	9	(1,849)	(2,275)
Profit/(loss) before tax		5,975	(6,675)
Tax credit	10	374	1,838
Profit/(loss) from continuing operations		6,349	(4,837)
Profit/(loss) for the year		6,349	(4,837)
Attributable to:			
- Equity holders of the parent		4,479	(6,494)
- Non-controlling interest		1,870	1,657
		6,349	(4,837)

The notes on pages 36 to 100 form part of these consolidated financial statements.

NEWABLE LIMITED
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2022

	Note	2022 £000	2021 £000
Profit/(loss) for the year		6,349	(4,837)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme	32	2,446	(2,106)
Tax relating to items that will not be reclassified	28	(426)	289
Other comprehensive gain/(loss) for the year (net of tax)		2,020	(1,817)
Total comprehensive income/(loss) for the year		8,369	(6,654)
Attributable to:			
- Equity holders of the parent		6,499	(8,311)
- Non-controlling interest		1,870	1,657
		8,369	(6,654)

The notes on pages 36 to 100 form part of these consolidated financial statements.

NEWABLE LIMITED
Consolidated Statement of Financial Position
As at 31 March 2022

Company Number: 1653116

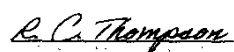
	Note	2022 £000	2021 £000
Non-Current Assets			
Property, plant & equipment	11	8,325	5,916
Right-of-use assets	12	22,215	21,294
Intangible assets	14	58,056	50,511
Investments in equity-accounted joint ventures	17	3,462	2,897
Fair value through profit or loss investments	19	4,635	1,047
Loan receivables	22	311	3,627
Deferred tax asset	28	3,141	2,773
		100,145	88,065
Current Assets			
Development properties	20	-	12,975
Inventories	21	8,654	1,252
Trade and other receivables	22	33,192	26,191
Cash & cash equivalents	36	18,707	8,999
		60,553	49,417
Total Assets		160,698	137,482
Current Liabilities			
Trade and other payables	23	36,139	23,781
Loans and borrowings	24	8,007	4,215
Lease liabilities	12	3,683	2,783
Provisions	27	82	224
		47,911	31,003
Non-Current Liabilities			
Loans and borrowings	24	14,728	10,001
Lease liabilities	12	21,341	20,673
Other payables	25	4,359	7,575
Provisions	27	1,156	478
Deferred tax liability	28	2,018	1,760
Employee benefit liabilities	26	9,826	13,139
		53,428	53,626
Total Liabilities		101,339	84,629
Net Assets		59,359	52,853

The notes on pages 36 to 100 form part of these consolidated financial statements.

NEWABLE LIMITED
Consolidated Statement of Financial Position (continued)
As at 31 March 2022

	Note	2022 £000	2021 £000
Capital and reserves			
Members contribution	29	1,300	1,300
Other reserves	30	(1,252)	(1,252)
Retained earnings		58,535	52,036
		58,583	52,084
Non-controlling interest		776	769
Total Members' Funds		59,359	52,853

The financial statements on pages 27 to 100 were approved and authorised for issue by the Board of Directors on 23 November 2022 and were signed on its behalf by:



R C Thompson
Director

The notes on pages 36 to 100 form part of these consolidated financial statements.

NEWABLE LIMITED
Company Statement of Financial Position
As at 31 March 2022

Company Number: 1653116

	Note	2022 £000	2021 £000
Non-Current Assets			
Investments	13	538	527
Right-of-use assets	12	2,175	2,674
Deferred tax asset	28	2,437	2,322
		<u>5,150</u>	<u>5,523</u>
Current Assets			
Trade and other receivables	22	15,288	16,234
Cash at bank	36	2	-
		<u>15,290</u>	<u>16,234</u>
Current Liabilities			
Trade and other payables	23	(246)	(247)
Lease liabilities	12	(579)	(698)
		<u>(825)</u>	<u>(945)</u>
Net current assets		<u>14,465</u>	<u>15,289</u>
Net assets less current liabilities		19,615	20,812
Non-Current Liabilities			
Lease liabilities	12	(2,344)	(2,879)
Net employee benefit liability	26	(9,746)	(13,059)
		<u>(12,090)</u>	<u>(15,938)</u>
Net Assets		<u>7,525</u>	<u>4,874</u>
Capital and reserves			
Members contribution	29	1,300	1,300
Retained earnings		6,225	3,574
Total Members' Funds		<u>7,525</u>	<u>4,874</u>

The financial statements on pages 31 to 100 were approved and authorised for issue by the Board of Directors on 23 November 2022 and were signed on its behalf by:



R C Thompson
Director

The Company is not publishing a separate statement of financial performance as permitted by section 408 of the Companies Act 2006. The profit for the year dealt within the Group financial statements was £631,000 (2021: loss of £6,346,000).

The notes on pages 36 to 100 form part of these consolidated financial statements.

NEWABLE LIMITED
Consolidated Statement of Cash Flows
For the year ended 31 March 2022

	2022	2021
	£000	£000
Cash flows from operating activities		
Profit / (loss) for the year	6,349	(4,837)
Adjustments for non-cash movements:		
Depreciation of tangible fixed assets	1,583	1,864
Amortisation of right-of-use assets	3,578	3,355
Amortisation of intangible fixed assets	1,760	851
Finance income	(295)	116
Finance costs	1,761	2,085
Share of (profit)/ loss in equity accounted joint venture	(565)	130
Repurchase of shares	1,903	1,472
Gain of fair value through profit or loss financial assets	(2,047)	(32)
Movement in deferred consideration acquisition provision	1,867	917
Loss on sale of investment properties	-	1,020
Taxation credit	(374)	(1,838)
Movement in working capital:		
(Increase) / decrease in trade and other receivables	(4,415)	2,128
Increase in inventories	(7,402)	(1,252)
Decrease/(increase) in development properties	12,975	(3,257)
Increase in trade and other payables	11,245	1,276
(Decrease) / increase in employee benefits	(1,074)	7,223
Increase / (decrease) in provisions	537	(119)
Cash generated from operations	27,386	11,102
Net interest received / (paid)	803	(256)
Corporation tax (paid) / received	(2,514)	1,698
Net cash flows generated from operating activities	25,675	12,544

The notes on pages 36 to 100 form part of these consolidated financial statements

NEWABLE LIMITED
Consolidated Statement of Cash Flows (continued)
For the year ended 31 March 2022

	2022 £000	2021 £000
Net cash flows generated from operating activities brought forward	25,675	12,544
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,744)	(1,922)
Disposals of property, plant and equipment	37	-
Additions to investment properties	-	(119)
Disposal of investment properties	-	15,800
Purchases of fair value through profit or loss financial assets	(1,541)	(225)
Purchase of intangibles	(373)	(155)
Payment of deferred consideration	(3,498)	(225)
Acquisition of subsidiaries (net of cash)	(8,346)	(12,309)
Net cash (used in) / generated from investing activities	(17,465)	845
Cash flows from financing activities		
Repayments of bank borrowings	(5,390)	(13,828)
New bank loans raised	13,909	10,935
Principal paid on lease liabilities	(4,025)	(3,193)
Interest paid on lease liabilities	(1,093)	(922)
Investment in joint venture	-	(500)
Payment of profit attributable to non-controlling interests	(1,903)	(1,472)
Net cash generated from / (used in) financing activities	1,498	(8,980)
Increase in cash and cash equivalents	9,708	4,409
Cash and cash equivalents (including overdrafts) at 1 April	8,999	4,590
Cash and cash equivalents at 31 March (see note 36)	18,707	8,999

The notes on pages 36 to 100 form part of these consolidated financial statements.

NEWABLE LIMITED
Consolidated Statement of Changes in Equity
For the year ended 31 March 2022

	Note	Members Contribution	Retained Earnings	Total	Other Reserves	Non- controlling interest	Total Equity
		£000	£000	£000	£000	£000	£000
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	32	-	(2,106)	(2,106)	-	-	(2,106)
Deferred tax effect of gains recognised directly in equity	28	-	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
Comprehensive Income for the year							
Actuarial gain on defined benefit plans	32	-	2,446	2,446	-	-	2,446
Deferred tax effect of gains recognised directly in equity	28	-	(426)	(426)	-	-	(426)
Other comprehensive income		-	2,020	2,020	-	-	2,020
Profit for the year		-	4,479	4,479	-	1,870	6,349
Total comprehensive income for the year		-	6,499	6,499	-	1,870	8,369
Non-controlling interest from business acquisition		-	-	-	-	40	40
Repurchase of shares		-	-	-	-	(1,903)	(1,903)
Balance at 31 March 2022		1,300	58,535	59,835	(1,252)	776	59,359

The notes on pages 36 to 100 form part of these consolidated financial statements.

NEWABLE LIMITED
Company Statement of Changes in Equity
For the year ended 31 March 2022

	Note	Members Contribution	Retained Earnings	Total Equity
		£000	£000	£000
Balance at 31 March 2020		1,300	11,737	13,037
Comprehensive Income for the year				
Actuarial loss on defined benefit plans	32	-	(2,106)	(2,106)
Deferred tax effect of gains recognised directly in equity	28	-	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
Comprehensive Income for the year				
Actuarial gain on defined benefit plans	32	-	2,446	2,446
Deferred tax effect of gains recognised directly in equity	28	-	(426)	(426)
Other comprehensive income		-	2,020	2,020
Profit for the year		-	631	631
Total comprehensive loss for the year		-	2,651	2,651
Balance at 31 March 2022		1,300	6,225	7,525

The notes on pages 36 to 100 form part of these consolidated financial statements.

NEWABLE LIMITED
Notes to the Financial Statements
For the year ended 31 March 2022

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 UK-adopted 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

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
- Business combinations
- Net defined benefit liability
- Long-term incentive plan (“LTIP”)

Going concern

In carrying out their duties in respect of going concern, the Directors have reviewed the Group’s forecast cashflows, liquidity (including investments), borrowing facilities and related covenants and the forecasted operational activities of the Group. This included an assessment of the impact of the Group’s specific principal risks and economic uncertainties brought about by both domestic and global events.

Forecasts have been prepared and sensitised under a range of scenarios, factoring in the impact of the UK’s current financial outlook including the predicted rise in the UK base rate of interest. These forecasts also included the funding and forecast results and cashflows for the post-year end acquisition of CMS Holdings UK Limited and cash inflows from the potential sale of an investment.

The sensitised forecasts demonstrate that the Group has sufficient cash reserves, other liquid assets and available headroom under its borrowing facilities to remain in compliance with its financial covenants for a period of at least 12 months from the date of signing these financial statements.

The Directors have applied due scrutiny to the forecasts and are satisfied that reasonable assumptions have been made for the going concern opinion. As such, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have an expectation that the Group will have adequate resources to continue to operate for the foreseeable future. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

2. Basis of preparation (continued)

Changes in accounting policies

New standards, interpretations and amendments effective from 1 January 2022

There are 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:

- 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).

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 are 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 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax (Amendments to IAS 12).

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 and the link between settlement of the liability and the outflow of resources. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, the effective date was deferred to annual reporting periods beginning on or after 1 January 2024.

The Directors are currently assessing the impact of these new accounting standards and amendments and do not expect them to have a material impact on the group.

Basis of consolidation

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

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:

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

2. Basis of preparation (continued)

- 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

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity-accounted investments is tested for impairment.

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

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

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

Foreign currency

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

Revenue recognition

The Group 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

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 and Weldfast UK 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 review target performance to assess the likelihood of performance targets being met. Should management believe there is a material risk they would not be met by a level sufficient to trigger a potential reduction in contract value, a contract reduction plan would be implemented.

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

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

recognised in revenue in the Statement of Profit and Loss and is calculated as the difference between the net disposal proceeds and carrying amount of the property.

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

Alternative Performance Measures

In reporting financial information, the Group presents Alternative Performance Measures ("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 operates 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

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
Motor vehicles	-	25% on written down value

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.

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	-	10-20 years
Client relations	-	10 years
Software	-	2-4 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.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Statement of Comprehensive Income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Consolidated Statement of Profit and Loss on the acquisition date.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

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:

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

Other investments

Investments other than investments in subsidiaries are classified as either held for trading or not at initial recognition. At the year-end date, all investments are classified as not held for trading. An irrevocable election has been made to recognise changes in fair value in the profit and loss account.

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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

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

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

Retirement benefits: Defined contribution schemes

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

Provisions

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

Deferred taxation

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

- the initial recognition of goodwill 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

3. Summary of significant accounting policies (continued)

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.

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) 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.

(b) 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 cash generating units ("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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

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 and Newable Avitus Limited.

(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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

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	2022			
	Money £000	Advice £000	Workspace £000	Total £000
<i>Revenues subject to IFRS15</i>				
International trade advice	-	5,543	-	5,543
Brokerage fees	5,909	-	2,810	8,719
Investment revenues	543	-	-	543
Managed serviced office revenues	-	-	11,273	11,273
Sale of development properties	-	-	23,500	23,500
IT and administrative services	1,999	106	-	2,105
Provision of building supplies	15,442	-	-	15,442
Manufacturing	44,804	-	-	44,804
	68,697	5,649	37,583	111,929
<i>Other revenues</i>				
Advice funded by government body grants	-	11,120	-	11,120
Finance income – provision of loans	685	-	-	685
Rental income	-	-	313	313
	685	11,120	313	12,118
	69,382	16,769	37,896	124,047

Group	2022			
	Money £000	Advice £000	Workspace £000	Total £000
<i>Timing of IFRS15 revenues</i>				
Point in time	38,198	5,543	23,500	67,241
Over time	30,499	106	14,083	44,688
	68,697	5,649	37,583	111,929

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

5. Revenue (continued)

Group	2021			
	Money £000	Advice £000	Workspace £000	Total £000
<i>Revenues subject to IFRS15</i>				
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
<i>Other revenues</i>				
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
<i>Timing of IFRS15 revenues</i>				
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

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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

5. Revenue (continued)

Contract balances

Group	Contract Assets 2022 £000	Contract Assets 2021 £000	Contract Liabilities 2022 £000	Contract Liabilities 2021 £000
At 1 April	5,276	2,833	(1,715)	(333)
Reclassification of opening balances	-	-	-	-
Acquired through business combinations				
- Money	-	1,080	-	(746)
Transfer in the period from contract assets to trade receivables:				
- Advice	-	-	-	-
- Money	(632)	(55)	-	-
- Workspace	(2,817)	(612)	-	-
Claims received from government body grants:				
- Advice	(2,244)	(1,109)	-	-
Claims generated against government body grants				
- Advice	504	1,187	-	-
Excess of revenue recognised over cash				
- Advice	1,816	-	-	-
- Money	1,890	1,304	-	-
- Workspace	1,399	648	-	-
Amounts included in contract liabilities that was recognised as revenue during the period:				
- Advice	-	-	886	90
- Money	-	-	746	13
- Workspace	-	-	6	33
Cash received in advance of performance and not recognised as revenue during the period:				
- Advice	-	-	(448)	(699)
- Money	-	-	(724)	(73)
- Workspace	-	-	(25)	-
	5,192	5,276	(1,274)	(1,715)

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

6. Deferred Consideration

Group	2022	2021
	£000	£000
Movement in deferred consideration acquisition provision	(1,867)	(917)

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 £874,000 which has been expensed to the Consolidated Statement of Profit and Loss.

During 2020, 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 £1,055,000, and this has also been expensed to the Consolidated Statement of Profit and Loss.

During the prior year, Newable acquired 100% of the share capital of J. C. Atkinson & Son Limited ("JCA"). During the current year, the present value of the deferred consideration has increased by £125,000, and this has also been expensed to the Consolidated Statement of Profit and Loss.

Also in 2021, Newable acquired 100% of the share capital of Winning Pitch Limited ("WP"). During the current year, the present value of the deferred consideration has decreased by £187,000, and this has been credited to the Consolidated Statement of Profit and Loss.

7. Expenses by nature

Group	2022	2021
	£000	£000
Staff costs (note 8)	28,335	28,479
Amortisation of right-of-use assets (note 12)	3,578	3,355
Amortisation of intangible assets (note 15)	1,760	851
Depreciation (note 11)	1,583	1,864
Auditors' remuneration – for the audit of the Company	10	7
Auditors' remuneration – for the audit of subsidiaries	240	298
Auditors' remuneration – for non-audit services	10	177

Auditors' remuneration in the prior year relates to the Group's previous auditors.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

8. Employee benefit expenses

	2022	2021
	£000	£000
Wages and salaries	25,769	19,014
Social security costs	2,465	1,999
Long-term incentive plan	(1,074)	6,512
Pension costs		
- defined contribution schemes	1,133	915
- defined benefit scheme contributions (note 32)	42	39
Total staff costs	<u>28,335</u>	<u>28,479</u>

Average numbers of staff during the year were as follows:

	Group	
	2022	2021
	Number	Number
Advice	154	118
Workspace	159	154
Money	450	240
Management Services	45	37
	<u>808</u>	<u>549</u>

Staff employed by Newable Limited total 223 (2021: 187), 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, with the associated costs expensed in these 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 22.

	2022	2021
	£000	£000
Salary and bonuses	1,609	919
Defined contribution pension cost	77	77
	<u>1,686</u>	<u>996</u>

Directors' emoluments represent amounts due during the period.

As at 31 March 2022 there were no Directors in the Group's defined benefit pension scheme (2021 – Nil). There were 2 Directors in the Group's defined contribution pension scheme (2021 – 1).

The highest paid director emoluments receivable were £578,500 during the year (2021: £285,100). The statutory directors' remuneration for the year was £1,685,700 (2021: £995,800). Details are shown in the Directors' Emolument table on page 22.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

9. Finance income and expense

Recognised in profit or loss

Group	2022	2021
	£000	£000
Finance income		
Interest received on bank deposits	307	12
	<u>307</u>	<u>12</u>
	2022	2021
	£000	£000
Finance expense		
Interest payable on borrowings and similar costs	639	1,251
Interest expense on lease liabilities	1,090	922
Net interest expense from defined benefit scheme (note 32)	120	102
	<u>1,849</u>	<u>2,275</u>
Net finance expense recognised in profit or loss	<u>1,542</u>	<u>2,263</u>

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

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

10. Taxation

Analysis of taxation expense in the year:

	2022	2021
	£000	£000
<i>Current tax expense / (credit)</i>		
UK corporation tax on profits for the year	1,542	814
Adjustments in respect of prior years	(481)	(1,068)
Total current taxation expense / (credit)	1,061	(254)
<i>Deferred tax (credit) / expense</i>		
Origination and reversal of temporary differences	(1,247)	(1,308)
Adjustments in respect of previous periods	76	(276)
Effect of tax rate change	(264)	-
Total deferred tax credit	(1,435)	(1,584)
Total taxation credit	(374)	(1,838)

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:

	2022	2021
	£000	£000
Profit / (loss) on ordinary activities before taxation	5,975	(6,675)
Expected tax charge / (credit) based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	1,135	(1,268)
Net expenses not allowable for tax purposes	432	1,066
Unprovided deferred tax movement	-	47
Adjustment in respect of prior years	(745)	(1,344)
Permanent differences	(77)	-
Other timing differences	(1,119)	(339)
Total taxation credit	(374)	(1,838)

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

11. Property, plant and equipment

Group	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
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
Additions	629	2,951	163	-	3,743
Acquisitions through business combinations	412	569	58	112	1,151
Reclassifications	-	(48)	37	-	(11)
Disposals	(224)	(129)	(358)	-	(711)
At 31 March 2022	5,638	11,278	655	112	17,683
Accumulated depreciation					
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
Charge for the year	760	732	82	9	1,583
Acquisitions through business combinations	206	538	58	63	865
Disposals	(224)	(143)	(318)	-	(685)
At 31 March 2022	3,561	5,393	332	72	9,358
Net book value					
At 31 March 2022	2,077	5,885	323	40	8,325
At 31 March 2021	2,002	3,669	245	-	5,916

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

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.

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 27).

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;

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

12. Leases (continued)

- 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; and
- 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.

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 and vehicles £000	Total £000
Cost			
At 1 April 2020	17,423	191	17,614
Additions	153	20	173
Acquisitions through business combinations	1,863	-	1,863
Lease modifications	4,999	-	4,999
Amortisation	(3,291)	(64)	(3,355)
As at 31 March 2021	21,147	147	21,294
Additions	1,682	503	2,185
Acquisitions through business combinations	2,190	124	2,314
Amortisation	(3,374)	(204)	(3,578)
At 31 March 2022	21,645	570	22,215

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

12. Leases (continued)

Company	Land and buildings £000	Plant, machinery and vehicles £000	Total £000
Cost			
At 1 April 2020	3,249	26	3,275
Additions	45	-	45
Amortisation	(629)	(17)	(646)
At 31 March 2021	2,665	9	2,674
Disposals	(8)	-	(8)
Amortisation	(485)	(6)	(491)
At 31 March 2022	2,172	3	2,175

Lease liabilities Group	Land and buildings £000	Plant, machinery and vehicles £000	Total £000
Cost			
At 1 April 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)
As at 31 March 2021	23,324	132	23,456
Additions	1,662	480	2,142
Acquisitions through business combinations	2,190	168	2,358
Interest expense	1,067	26	1,093
Lease payments	(3,790)	(235)	(4,025)
At 31 March 2022	24,453	571	25,024

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

12. Leases (continued)

Lease liabilities

Company	Land and buildings £000	Plant, machinery and vehicles £000	Total £000
Cost			
At 1 April 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
Additions	-	-	-
Interest expense	114	-	114
Lease payments	(754)	(14)	(768)
At 31 March 2022	2,920	3	2,923

Group	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000
Lease liabilities				
At 31 March 2022	3,683	3,578	9,611	8,152
At 31 March 2021	2,783	3,077	7,937	9,659
Company	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000
Lease liabilities				
At 31 March 2022	579	594	1,750	-
At 31 March 2021	659	574	1,848	496

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

13. Investments

Company	2022 £000	2021 £000
Investment in subsidiary undertakings		
Net Book Value at 1 April	500	723
Movement on provision	-	(223)
Net Book Value at 31 March	500	500
	2022 £000	2021 £000
Other investments		
Net Book Value at 1 April	27	592
Disposals	-	(565)
Revaluation	11	-
Net Book Value at 31 March	38	27
Total investments	538	527
Other investments		
Managed funds (unquoted)	38	27

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

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

14. Intangible assets

Group	Customer Contracts £000	Customer Relations £000	Client Relations £000	Brands £000	Software £000	Goodwill (note 15) £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

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

14. Intangible assets (continued)

Group	Customer Contracts £000	Customer Relations £000	Client Relations £000	Brands £000	Software £000	Goodwill (note 15) £000	Total £000
Cost or valuation							
At 1 April 2021	452	4,297	1,909	1,585	1,352	42,674	52,269
Additions acquired through business combinations	-	3,176	-	-	726	3,845	7,747
Reclassification	(349)	-	-	(61)	-	425	15
Additions	-	137	448	-	782	176	1,543
Transfers	341	36	-	(11)	308	(373)	301
At 31 March 2022	444	7,646	2,357	1,513	3,168	46,747	61,875
Accumulated amortisation and impairment							
At 1 April 2021	55	425	549	133	596	-	1,758
Amortisation charge	48	582	236	224	711	(41)	1,760
Transfers	-	(1)	-	(3)	264	41	301
At 31 March 2022	103	1,006	785	354	1,571	-	3,819
Net book value							
At 31 March 2022	341	6,640	1,572	1,159	1,597	46,747	58,056
At 31 March 2021	397	3,872	1,360	1,452	756	42,674	50,511

During the year, the Group acquired a number of businesses for total consideration of £9.6 million of which £3.8 million has been attributed to goodwill (see note 33).

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 – 8 years
- Client Relations – 7 years
- Customer Contracts – 5 years
- Customer Relations – 6 years

The impairment review carried out on 31 March 2022 determined that none of the intangible assets required impairment (see note 15).

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

15. Goodwill and impairment

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

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

During the year, Newable made the following acquisitions:

Company	Business	% Acquired
Dancerace Plc	Supply and maintenance of software	74
Weldfast (UK) Limited	Supply of welding and cutting equipment	75

The goodwill associated with these acquisitions is £3,846,000 (see note 33).

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

Group		2022
Company	CGU	£000
Dancerace Plc	Supply and maintenance of software	1,669
Weldfast (UK) Limited	Supply of welding and cutting equipment	2,177
Total (note 14)		<u>3,846</u>

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:

Dancerace Plc	Supply and maintenance of software
	%
2022	
Discount rate	14.52
Perpetuity growth rate	2
Net selling margin	16.1

Management considers the discount rate of 14.52% for the CGU is appropriate. It was derived using a Weighted Average Cost of Capital calculation, using the Capital Asset Pricing Model method for the equity component. Sector averages were used for the relevant industry-specific inputs. A size premium of 8% was added into the equity component. The growth rate is based on long term UK expected growth rates.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

15. Goodwill and impairment (continued)

It is management's view there is no impairment of goodwill at 31 March 2022. Profitability has exceeded expectations in FY23, and management anticipate profitability will align to budgeted levels in subsequent years.

Weldfast (UK) Limited	Provision of advice to SMEs %
2022	
Discount rate	11.67
Perpetuity growth rate	2
Net selling margin	10.2

Management considers the discount rate of 11.67% for the CGU is appropriate. It was derived using a Weighted Average Cost of Capital calculation, using the Capital Asset Pricing Model method for the equity component. Sector averages were used for the relevant industry-specific inputs. A size premium of 6% was added into the equity component. The growth rate is based on long term UK expected growth rates.

It is management's view there is no impairment of goodwill at 31 March 2022. Profitability has exceeded expectations in FY23, and management anticipate profitability will align to budgeted levels in subsequent years.

It is management's view there is no impairment of goodwill at 31 March 2022 as the acquisition only occurred earlier in that month.

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

Group	2022 £000	2021 £000
Managed service properties	8,625	8,625
Leasehold properties	2,801	2,801
Office space broking	6,546	6,546
Manufacture of specialist cavity fire barriers	10,184	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	4,910
Provision of advice to SMEs	2,877	2,877
Manufacture of passive fire protection	712	679
Supply and maintenance of software	1,669	-
Supply of welding and cutting equipment	2,177	-
Total (note 14)	46,747	42,674

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

15. Goodwill and impairment (continued)

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	Manuf. of specialist cavity fire barriers	Prov. of vehicle leasing and broking services	Lending	Supply of coffins, caskets and related products	Prov. of advice to SMEs	Manuf. of passive fire protection
	%	%	%	%	%	%	%	%	%
2021									
Discount rate	14	14	12	15	19	10	12	16	19
Perpetuity growth rate	2	2	2	2	2	2	2	2	2
2022									
Discount rate	10	10	11	12	14	10	13	14	13
Perpetuity growth rate	2	2	2	2	2	2	2	2	2

The discount rates used were derived using a Weighted Average Cost of Capital calculation, using the Capital Asset Pricing Model method for the equity component. Sector averages were used for the relevant industry-specific inputs.

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 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

15. Goodwill and impairment (continued)

	Managed Service Properties	Leasehold Properties	Office Space broking	Manuf. of specialist cavity fire barriers	Prov. of vehicle leasing and broking services	Lending	Supply of coffins, caskets and related products	Prov. of advice to SMEs	Manuf. of passive fire protection
	%	%	%	%	%	%	%	%	%
Discount rate	Increase by 5% points	Increase by 5% points	Increase by 26% points	Increase by 12% points	Increase by 32% points	Increase by 11% points	Increase by 4% points	Increase by 3% points	Increase by 61% points
Perpetuity growth rate	-7%	-7%	Not possible	Not possible	Not possible	-25%	-7%	-6%	Not possible
Net selling margin	Reduce by 13% points	Reduce by 13% points	Reduce by 32% points	Reduce by 6% points	Reduce by 27% points	Reduce by 25% points	Reduce by 1% point	Reduce by 3% points	Reduce by 6% points

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

	31 March 2022		31 March 2021	
	Recoverable Amount	Excess above Carrying Amount	Recoverable Amount	Excess above Carrying Amount
	£000	£000	£000	£000
Managed service properties	22,078	8,969	17,090	1,500
Leasehold properties	6,784	2,756	5,252	461
Office Space broking	31,904	7,091	16,997	10,252
Manufacture of specialist cavity fire barriers	38,188	21,731	20,523	8,060
Provision of vehicle leasing and broking services	15,385	13,178	4,560	3,384
Lending	14,294	9,055	10,378	4,517
Supply of coffins, caskets and related products	19,525	5,205	21,893	7,386
Provision of advice to SMEs	7,002	1,587	8,239	2,335
Manufacture of passive fire protection	14,784	13,140	12,477	10,744

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

16. Subsidiaries

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

Name of company	Nature of business	Percentage of ownership interest at 31 March	
		2022	2021
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
Newable Alfreds Way Limited	Development property company	100	80*
Newable CMW Limited	Development property company	100	80*
Newable Commercial Property Limited	Development property company	100	100
Newable Property Developments Limited	Development property company	100	100
Newable Victoria Road Limited	Development property company	100	100
Ask Officio Holdings Limited	Holding company	100	100
Newable Atkinson Limited	Holding company	100	100
Newable Capital Group Limited	Holding company	100	100
Newable Contracts Holdings Limited	Holding company	100	100
Newable CMS Limited	Holding company	100	-
Newable Dancerace Limited	Holding company	74*	-
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
Newable Weldfast Limited	Holding company	75*	-
Newflex Holdings Limited	Holding company	100	100
Winning Pitch Limited	Holding 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 Properties Limited	Investment property company	100	100
Waterfront Studios Limited	Investment property company	100	100
Newable Digital Limited	IT services company	100	100

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

16. Subsidiaries (continued)

Name of company	Nature of business	Percentage of ownership interest at 31 March	
		2022	2021
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
Fredericks Events Limited	Management services company	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	90*	70*
London Fire Solutions Limited	Manufacture of specialist fire doors and screening	60*	60*
J. C. Atkinson and Son Limited	Manufacture of funeral products	100	100
Weldfast (UK) Limited	Manufacture & provision of welding supplies	75*	-
Dancerace Plc	Software company	74*	-
Newable LLF Limited	Dormant company	100	100
Newable RGF Limited	Dormant company	100	100
London Seed Capital Limited	Dormant company	100	100
Angels in Medcity Limited	Dormant company	100	100
Citib@se Limited	Dormant company	100	100
PIF GP No 1 Limited	Dormant company	100	100
PIF GP No 2 Limited	Dormant company	100	100
PIF GP No 3 Limited	Dormant company	100	100
PIF GP No 4 Limited	Dormant company	100	100
PIF GP No 7 Limited	Dormant company	100	100
Leeds Enterprise Limited	Dormant company	100	100
Leeds North East Investments Limited	Dormant company	100	100
SMH Venture Finance Limited	Dormant company	100	100
PW Asset Finance Limited	Dormant company	100	100
PW Group Holdings Limited	Dormant company	100	100
PW Growth Finance Limited	Dormant company	100	100
Newable Yorkshire (Holdings) Limited	Dormant company	100	100
Citibase Limited	Dormant company	100	100

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

16. Subsidiaries (continued)

Name of company	Nature of business	Percentage of ownership interest at 31 March	
		2022	2021
Citybase Limited	Dormant company	100	100
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*
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; Dancerace Plc has a registered address of Riverside South Walcot Yard, Walcot Street, Bath, BA1 5BG; Weldfast (UK) Limited has a registered address of Speedwell Road Parkhouse Industrial Estate East, Chesterton, Newcastle, Staffordshire, ST5 7RG. 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 10%, which represents 10% voting rights; London Fire Solutions Limited 40%, which represents 40% voting rights; Newable Weldfast Limited and Weldfast UK Limited 25%, which represents 25% voting rights and Newable Dancerace Limited and Dancerace Plc 26%, which represents 26% voting rights.

In accordance with s479 of the Companies Act, 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 Alfreds Way Limited, Newable CMW 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 Enterprise Limited, Newable Capital Limited, Newable Capital Group Limited, Newable Investments Limited, Newable Private Equity Limited, Newable Private Investing Limited, Newable Yorkshire (Holdings) 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

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

16. Subsidiaries (continued)

Limited, Newflex Special Leases Limited, Newflex Holdings Limited, Newable Weldfast Limited, Newable Dancerace Limited, Newable RGF Limited, Newable LLF Limited and Fredericks Events Limited.

Accordingly, these subsidiaries are exempt from the requirements of the Act relating to auditing of individual company accounts for the year ended 31 March 2022.

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

17. Joint ventures

Group share of net assets	2022 £000	2021 £000
Barnsley Business and Innovation Centre Limited	3,462	2,981
Newable Avitus Limited	-	(84)
Total	3,462	2,897
Group share of total comprehensive income	2022 £000	2021 £000
Barnsley Business and Innovation Centre Limited	480	(124)
Newable Avitus Limited	84	(6)
Total	564	(130)

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 2022.

As at 31 March

Group	2022 £000	2021 £000
Current assets	868	1,830
Non-current assets	6,262	4,572
Current liabilities	(360)	(194)
Non-current liabilities	(846)	(1,245)
Net assets (100%)	5,924	4,963
Joint venture net assets (50%)	2,962	2,481
Investment in joint venture	500	500
	3,462	2,981

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

17. Joint ventures (continued)

	2022	2021
	£000	£000
Revenue	1,117	930
Profit/(loss) from continuing operations	960	(247)
Total comprehensive income/(expense) (100%)	960	(247)
Group share of total comprehensive income (50%)	480	(124)
Included in the above amounts are:		
Depreciation	3	20
Staff costs	452	404

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	2022	2021
	£000	£000
Current assets	-	48
Non-current assets	-	-
Current liabilities	-	(217)
Non-current liabilities	-	-
Net liabilities (100%)	-	(169)
Joint venture net liabilities (50%)	-	(84)
Revenue	38	103
Profit/(loss) from continuing operations	169	(13)
Total comprehensive expense (100%)	169	(13)
Group share of total comprehensive expense (50%)	84	(6)
Included in the above amounts are:		
Staff costs	14	23

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

18. Non-controlling interests

Synergy Automotive Limited, a 51% 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 2022 £000	31 March 2021 £000
Current assets	3,021	2,966
Non-current assets	131	152
Current liabilities	(1,594)	(1,989)
Non-current liabilities	(480)	(17)
Net assets	1,078	1,112
Non-controlling interest (49%)	528	545
Revenue	3,973	3,735
Cost of sales	(469)	(356)
Administrative expenses	(3,266)	(2,847)
Profit before taxation	250	539
Taxation	(48)	-
Profit after taxation	202	539
Total comprehensive income (100%)	202	539
Non-controlling interest (49%)	99	264

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 2022 £000	31 March 2021 £000
Current assets	3,991	336
Non-current assets	3,095	-
Current liabilities	(6,418)	(192)
Non-current liabilities	(32)	-
Net assets	637	144
Non-controlling interest (40%)	255	58

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

18. Non-controlling interests (continued)

Group	31 March 2022 £000	31 March 2021 £000
Revenue	14,766	46
Cost of sales	(11,863)	-
Administrative expenses	(2,454)	-
Profit before taxation	449	46
Taxation	44	-
Profit after taxation	493	46
 Total comprehensive income (100%)	 493	 46
Non-controlling interest (40%)	197	18

19. Fair value through profit or loss investments

Group	£000
At 1 April 2020	790
Additions	225
Disposals	-
Revaluation	32
At 31 March 2021	1,047
 Additions	 1,541
Disposals	-
Revaluation	2,047
At 31 March 2022	4,635

	2022 £000	2021 £000
Equity securities (quoted)	4,137	57
Managed funds (unquoted)	498	990
	4,635	1,047

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

NEWABLE LIMITED**Notes to the Financial Statements (continued)****For the year ended 31 March 2022****19. Fair value through profit or loss investments (continued)**

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.

20. Development properties

Group	2022	2021
	£000	£000
As at 1 April	12,975	9,718
Additions	576	13,775
Disposals	(13,551)	(10,518)
As at 31 March	-	12,975

Included within the carrying value of development properties in the prior year is capitalised interest of £218,948. The capitalisation rate used for the prior year was 7.5% for the initial cost and 3.75% for subsequent expenditure.

21. Inventories

Group	2022	2021
	£000	£000
Raw materials and consumables	1,650	476
Work in progress	113	8
Finished goods and goods for resale	7,584	891
Provision	(693)	(123)
	8,654	1,252

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

22. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Loan receivables	967	12,175	-	-
Amounts due from subsidiary undertakings	-	-	19,428	20,216
Trade receivables	18,018	10,557	-	-
Less: provision for impairment on receivables	(890)	(3,213)	(4,495)	(4,495)
Total financial assets other than cash and cash equivalents classified as loans and receivables	18,095	19,519	14,933	15,721
Other receivables	5,759	2,439	321	471
Income and other taxes	-	-	19	42
Prepayments	4,457	2,584	15	-
Contract assets	5,192	5,276	-	-
Total trade and other receivables	33,503	29,818	15,288	16,234
Less: non-current portion	(311)	(3,627)	-	-
Current portion	33,192	26,191	15,288	16,234

At 31 March 2022, the lifetime expected loss provision for loan, trade and other receivables is as follows:

Group		More than	More than	
31 March 2022		90 days	180 days	
	Current	past due	past due	Total
				£000
Expected loss rate	4%	7%	19%	5%
Gross carrying amount	17,324	820	841	18,985
Loss provision	675	54	161	890

Group		More than	More than	
31 March 2021		90 days	180 days	
	Current	past due	past due	Total
				£000
Expected loss rate	2%	25%	52%	14%
Gross carrying amount	16,392	1,578	4,762	22,732
Loss provision	336	399	2,478	3,213

As at 31 March 2022 no loan receivables were past due and fully impaired (2021: £963,000).

Company		More than	More than	
31 March 2022		90 days	180 days	
	Current	past due	past due	Total
				£000
Expected loss rate	23%	0%	0%	23%
Gross carrying amount	19,428	-	-	19,428
Loss provision	4,495	-	-	4,495

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

22. Trade and other receivables (continued)

Company		More than 90 days past due	More than 180 days past due	Total £000
31 March 2021	Current			
Expected loss rate	22%	0%	0%	22%
Gross carrying amount	20,216	-	-	20,216
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 five years of 31 March 2022.

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

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Opening provision for impairment of loan receivables	3,213	7,200	4,495	4,495
Acquisitions through business combinations	-	55	-	-
(Decrease)/increase during the year	(324)	3,260	-	-
Loans written off	(1,999)	(2,662)	-	-
Unused amounts due to disposal of loan receivables	-	(4,640)	-	-
Current portion	890	3,213	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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

23. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade payables	8,051	6,025	-	11
Other payables	12,960	7,207	-	-
Amounts due to subsidiaries	-	-	151	92
Accruals	6,196	4,259	95	144
Total financial liabilities, excluding loan and borrowings, classified as financial liabilities measure at amortised cost	27,207	17,491	246	247
Corporation tax payable	1,435	3,358	-	-
Income and other taxes	6,223	1,217	-	-
Contract liabilities	1,274	1,715	-	-
Total trade and other payables	36,139	23,781	246	247

24. Loans and borrowings

Group	Current	Non-current	Current	Non-current
	2022	2022	2021	2021
	£000	£000	£000	£000
Bank loans	8,007	14,728	4,215	10,001

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 2022 was £1,951,000. The borrowing is interest bearing at 3.25% above SONIA on all balances.

Another 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 2022 was £1,750,000. The borrowing is interest bearing at 3.75% above SONIA on all balances.

The Group has 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 balance outstanding at 31 March 2022 was £625,000. 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 balance outstanding at 31 March 2022 was £750,000. The borrowing is interest bearing at 2.42% above the UK base rate on all balances.
- £1,850,000 for six years, repayable in quarterly instalments of £92,500 from December 2021 to December 2026. The balance outstanding at 31 March 2022 was £1,665,000. The borrowing is interest bearing at 3.80% above the UK base rate on all balances.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

24. Loans and borrowings (continued)

- £1,500,000 for six years, repayable in quarterly 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.
- £1,711,000 for five years, repayable in monthly instalments of £35,700 from August 2022 to July 2026. The borrowing is interest bearing at 3.80% above the UK base rate on all balances.

During the year, the Group entered into one loan agreement of £1,500,000 and another for £3,000,000, both for four years, which are interest-bearing at 4.75% above SONIA and 4.25% above SONIA respectively. These are repayable in quarterly instalments of between £112,500 and £262,500 from September 2021 to June 2025. The balances outstanding at 31 March 2022 were £1,500,000 and £2,775,000 respectively.

Loan notes of £1,600,000 were provided in August 2021 for a business combination. These are 6% fixed rate unsecured loan notes which are interest-bearing from August 2022 and due for repayment in July 2027.

A loan for £1,500,000 which commenced in August 2020, and which was secured against one of the Group's development properties, was repaid in full on sale of the property in June 2020. A CBILS loan for £1,600,000 which commenced in June 2020 was repaid in full in July 2021.

Borrowings mature as follows:

Group	2022 £000	2021 £000
Less than one year	8,007	4,215
One to two years	4,545	2,861
Two to five years	8,512	6,550
More than 5 years	1,671	590
	<u>22,735</u>	<u>14,216</u>

25. Other payables

Group	2022 £000	2021 £000
Other payables	<u>4,359</u>	<u>7,575</u>

Other payables comprise deferred consideration on businesses part acquired during the year and accrued expenses. Deferred consideration of £1,682,000 (2021: £1,346,000) is payable within one year and is included in trade and other payables.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

26. Employee benefit liabilities

Liabilities for employee benefits comprise:

Group	2022	2021
	£000	£000
Defined benefit pension scheme (note 32)	3,769	6,008
Long term incentive plan scheme	6,057	7,131
	9,826	13,139

Categorised as follows:

	2022	2021
	£000	£000
Current	-	-
Non-current	9,826	13,139
	9,826	13,139

Company	2022	2021
	£000	£000
Defined benefit pension scheme (note 32)	3,769	6,008
Long term incentive plan scheme	5,977	7,051
	9,746	13,059

Categorised as follows:

	2022	2021
	£000	£000
Current	-	-
Non-current	9,746	13,059
	9,746	13,059

During the year, £1,074,000 was credited to the consolidated statement of profit and loss in relation to the long-term incentive plan schemes (2021: £6,512,000 expense).

In 2018, loans totalling £102,648 were advanced to employees participating in the long term incentive plan schemes, and in 2020 and 2021 further amounts of £72,805 and £24,014 were advanced. The amount unpaid at 31 March 2022 totalled £190,906 (2021: £187,270), due for repayment on 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 32. 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

26. Employee benefit liabilities (continued)

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.

27. Provisions

The movement on provisions is as shown below:

Group	2022	2021
	£000	£000
At 1 April	702	821
Increase in the year	675	88
Release in the year	-	(279)
Utilisation in the year	(139)	(45)
Acquired through business combinations	-	117
At 31 March	<u>1,238</u>	<u>702</u>

Group	2022	2021
	£000	£000
Provisions due in less than one year	82	224
Provisions due in more than one year	1,156	478
Total	<u>1,238</u>	<u>702</u>

Amounts provided for at 31 March 2022 comprised a dilapidations provision of £1,138,000 (2021: £602,000) and a warranty provision of £100,000 (2021: £100,000). During the year, there was a charge of £675,000 for the dilapidations and utilisation of £139,000.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

28. 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:

	2022	2021
	£000	£000
Deferred tax asset at 1 April	(2,773)	(2,113)
Deferred tax liability at 1 April	1,760	1,750
At 1 April	(1,013)	(363)
Profit and loss credit	(1,435)	(1,584)
Other comprehensive income	426	(289)
Other balance sheet movement	899	1,223
At 31 March	(1,123)	(1,013)

	2022	2021
	£000	£000
Deferred tax asset at 31 March	(3,141)	(2,773)
Deferred tax liability at 31 March	2,018	1,760
At 31 March	(1,123)	(1,013)

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

Group	Liability/ (Asset)	Balance Sheet	Credited to Income	Charged to Reserves
	2022	2022	2022	2022
	£000	£000	£000	£000
Property, plant and equipment and intangible assets	2,200	899	(444)	-
Other temporary differences	(1,640)	-	(108)	-
Losses	(883)	-	(883)	-
Defined benefit pension scheme	(800)	-	-	426
Total deferred taxation	(1,123)	899	(1,435)	426

Group	Liability/ (Asset)	Balance Sheet	Credited to Income	Credited to Reserves
	2021	2021	2021	2021
	£000	£000	£000	£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)

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

28. Deferred taxation (continued)

Company	Liability/ (Asset) 2022 £000	Balance Sheet 2022 £000	Credited to Income 2022 £000	Charged to Reserves 2022 £000
Provision	(1,495)	-	(528)	-
Defined benefit pension scheme	(942)	-	-	426
Total deferred taxation	(2,437)	-	(528)	426

Company	Liability/ (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)

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. There are no unused brought forward tax losses.

29. 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.

30. 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

31. 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:

Financial assets

Group	Amortised cost		Fair value through profit or loss	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cash and cash equivalents	18,707	8,999	-	-
Trade and other receivables	17,167	10,557	-	-
Loan receivables	928	8,962	-	-
Equity investments	-	-	4,635	1,047
Total financial assets	36,802	28,518	4,635	1,047

Financial liabilities

Group	Amortised cost	
	2022	2021
	£000	£000
Trade and other payables	40,498	31,356
Loans and borrowings	22,735	14,216
Total financial liabilities	63,233	45,572

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. Fair value risk

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

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

31. Financial instruments – risk management (continued)

	Level 1		Level 3	
	2022	2021	2022	2021
	£000	£000	£000	£000
Equity investments (quoted)	4,137	57	-	-
Equity investments (unquoted)	498	-	990	990
At 31 March	4,635	57	990	990

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%	25	(25)

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

	£000
At 1 April 2020	790
Additions	225
Disposals	-
Revaluation / (impairment)	32
At 31 March 2021	1,047
Additions	1,541
Disposals	-
Revaluation / (impairment)	2,047
At 31 March 2022	4,635

ii. Interest rate risk

The Group's borrowings are principally at a margin over SONIA 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

31. Financial instruments – risk management (continued)

	Profit or loss	
	Increase £000	Decrease £000
Movement in SONIA of 2%	(455)	455

Financial assets receivable by the Group are disclosed in note 22, which illustrates the amount receivable within 12 months and over 12 months.

iii. Credit risk

This 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 £29,936,000 (2021: £30,119,000) 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 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 significantly from government sponsored loan guarantee arrangements, all loans written are under the government's Enterprise Finance Guarantee.

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 22.

Cash in bank and short-term deposits

Group	2022		2021	
	Cash at Bank	Short-term Deposits	Cash at Bank	Short-term Deposits
UK Bank Rating	£000	£000	£000	£000
AA	13,246	3,532	7,021	31
A	1,929	-	1,947	-
Note 36	15,175	3,532	8,968	31

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

31. Financial instruments – risk management (continued)

iv. Financing risk

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 several financial covenants, which the Directors regularly monitor to ensure both current and future compliance.

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. Interest is charged at SONIA plus 3.25%. Another 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. Interest is charged at SONIA plus 3.75%.

The Group has 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 balance outstanding at 31 March 2022 was £625,000. Interest is charged at 2.85% above the UK base rate.
- £900,000 for six years, repayable in monthly instalments of £15,000 from May 2021 to May 2026. Interest is charged at 2.42% above the UK base rate.
- £1,850,000 for six years, repayable in quarterly instalments of £92,500 from December 2021 to December 2026. Interest is charged at 3.80% above the UK base rate.
- £1,500,000 for six years, repayable in quarterly instalments of £125,000 from December 2023 to December 2026. Interest is charged at 3.80% above the UK base rate.
- £1,711,000 for five years, repayable in monthly instalments of £35,700 from August 2022 to July 2026. Interest is charged at 3.80% above the UK base rate.

During the year, the Group entered into one loan agreement of £1,500,000 and another for £3,000,000, both for four years, which are interest-bearing at 4.75% above SONIA and 4.25% above SONIA respectively. These are repayable in quarterly instalments of between £112,500 and £262,500 from September 2021 to June 2025.

Loan notes of £1,600,000 were provided in August 2021 for a business combination. These are 6% fixed rate unsecured loan notes which are interest-bearing from August 2022 and due for repayment in July 2027.

A loan for £1,500,000 which commenced in August 2020, and which was secured against one of the Group's development properties, was repaid in full on sale of the property in June 2020. A CBILS loan for £1,600,000 which commenced in June 2020 was repaid in full in July 2021.

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:

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

31. Financial instruments – risk management (continued)

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	8,051	28,037	1,682	2,678	-
Bank loans and overdrafts	963	7,044	4,545	8,512	1,671
At 31 March 2022	9,014	35,131	6,227	11,190	1,671

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

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

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank loans	22,735	14,216	-	-
Members contribution	1,300	1,300	1,300	1,300
	24,035	15,516	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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

32. 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 2022 and set contributions for the period from 1 April 2023 to 31 March 2026. 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:** If the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

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

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

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

32. Pension costs – defined benefit scheme (continued)

Pension costs are assessed on the advice of Barnett Waddingham, an independent qualified actuary, following triennial valuations using the projected unit method. The valuation of the scheme, which was carried out at 31 March 2019, 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 2022, 2021 and 2020 in accordance with the requirements of IAS 19 are shown in the following table:

	2022	2021
RPI increase (10 – 25 years)	4.00% - 3.45%	3.45% - 3.15%
CPI increase (10 – 25 years)	3.15% - 3.45%	3.05% - 2.75%
Salary increase	4.30%	3.85%
Pension increase	3.30%	2.95%
Discount rate for scheme liabilities	2.60%	2.00%

Mortality assumptions

The actuaries have adopted a set of demographic assumptions that are consistent with those used for the 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 23.3 years and 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 23.2 years and 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.

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

	2022	2021
	£000	£000
Group's share of pension fund assets	14,899	13,114
Present value of scheme liabilities	(18,668)	(19,122)
Deficit in the scheme	(3,769)	(6,008)
Related deferred tax asset	800	1,141
Net pension liability	(2,969)	(4,867)

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

32. Pension costs – defined benefit scheme (continued)

Assets (Employer)	Fund value at 31 March 2022 £000	Fund value at 31 March 2021 £000
Equities		
Consumer markets	1,779	1,386
Financial institutions	932	617
Healthcare	524	384
Industrials	1,075	903
IT and Telecoms	2,225	1,630
Utilities	99	157
	6,634	5,077
Investment funds and unit trusts	1,583	1,425
Cash	714	490
Property	2,984	2,388
Private Equity	1,338	1,127
Fixed Income	413	538
Derivatives		
LDI	43	804
Currency hedge (forward contracts)	(33)	106
Other	1,223	1,159
	1,233	2,069
Total value of market assets	14,899	13,114

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% (2021: 2.35%).

	2022 £000	2021 £000
Reconciliation of plan assets		
At beginning of year	13,114	11,473
Other actuarial losses	-	-
Interest on assets	259	265
Return on assets less interest	1,877	1,750
Contributions by participants	22	22
Contribution by employers	42	39
Benefits paid	(397)	(420)
Administration expenses	(18)	(15)
	14,899	13,114

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

32. Pension costs – defined benefit scheme (continued)

	2022	2021
	£000	£000
Reconciliation of plan liabilities		
At beginning of year	19,122	15,591
Interest cost	379	367
Current service cost	111	77
Contribution by plan participants	22	22
Change in financial assumptions	(610)	3,653
Change in demographic assumptions	-	(169)
Experience gain / (loss) on defined benefit obligation	41	(233)
Estimated benefits paid net of transfers in	(397)	(420)
Past service cost	-	234
	18,668	19,122

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

Analysis of the amount charged to operating profit

	2022	2021
	£000	£000
Service cost	111	77
Net interest on the defined liability	120	102
Administration expenses	18	15
	249	194

Analysis of the amount charged to finance expense

	2022	2021
	£000	£000
Expected return on pension scheme assets	-	-
Interest on pension scheme liabilities	120	102
Less deferred taxation	-	-
	120	102

Analysis of amount recognised in equity

	2022	2021
	£000	£000
<i>Cumulative actuarial losses recognised directly in equity</i>		
Return on plan assets in excess of interest	1,877	1,750
Other actuarial loss on assets	-	-
Other actuarial loss	-	(605)
Change in financial assumptions	610	(3,653)
Change in demographic assumptions	-	169
Experience (loss) / gain on defined benefit obligation	(41)	233
Net gain / (loss)	2,446	(2,106)
Less deferred tax credit	(426)	289
	2,020	(1,817)

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

32. Pension costs – defined benefit scheme (continued)

Movement in deficit during the year

	2022	2021
	£000	£000
At 1 April	(6,008)	(4,118)
Movement in year:		
Service cost	(111)	294
Contributions	42	39
Net losses	(138)	(117)
Net actuarial gains / (losses)	2,446	(2,106)
At 31 March	<u>(3,769)</u>	<u>(6,008)</u>

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 2022 the Group made no additional contributions in order to reduce the deficit (2021: £Nil) and have agreed with the London Pension Fund Authority that no additional payments are due for the year ended 31 March 2023.

History of experience gains and losses

	2022	2021	2020
	£000	£000	£000
Experience (losses)/gains on scheme assets	(41)	233	(564)
Value of assets	14,900	13,114	11,473
Percentage of scheme assets	0.20%	1.77%	-4.91%
Experience (losses)/gains on scheme liabilities	(41)	233	(534)
Present value of liabilities	18,668	19,122	15,591
Percentage of the present value of the scheme liabilities	0.20%	1.22%	-3.42%

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

32. 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	18,337	18,669	19,007
Projected service cost	102	105	109
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%
Present value of total obligation	18,691	18,669	18,647
Projected service cost	105	105	105
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present value of total obligation	18,982	18,669	18,361
Projected service cost	108	105	102
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	19,671	18,669	17,722
Projected service cost	110	105	101

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 £817,000 (2021: £711,000).

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

33. Business combinations

On 16 July 2021, Newable acquired 74% of the share capital of Dancerace Plc ("Dancerace") for an initial consideration of £3,500,000, plus a payment of £814,105 for net assets. Deferred consideration of £700,000 is payable contingent to at least 50% of customers from a newly obtained contract migrating to the Dancerace platform.

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

	Book Value	Adjustment	Fair Value
	£000	£000	£000
Fixed assets	30	-	30
Intangibles	95	630	725
IFRS 16 right-of-use asset	386	-	386
Debtors and other current assets	1,004	-	1,004
Cash	133	-	133
Liabilities	(453)	6	(447)
IFRS 16 lease liability	(386)	-	(386)
Deferred tax liability	-	(339)	(339)
Customer relationships	-	2,239	2,239
Total net assets	809	2,536	3,345

Cash consideration paid	4,314
Deferred consideration	700
Goodwill (note 15)	1,669

Cash outflow on acquisition	£000
Cash consideration paid	4,314
Cash acquired in subsidiary	(133)
Total consideration	4,181

Acquisition costs of £76,000 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.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

33. Business combinations (continued)

Since the acquisition, Dancerace has contributed to £2 million to group revenues and £0.5 million to group profits.

On 18 August 2021, Newable acquired 75% of the share capital of Weldfast (UK) Limited ("Weldfast") for an initial consideration of £9,352,200, plus a payment of £724,657 for adjusted net assets. A further £1,625,000 was invested by the original directors. Deferred consideration of up to £1,000,000 is payable contingent on profits achieved during financial year ending March 2023.

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

	Book Value	Adjustment	Fair Value
	£000	£000	£000
Fixed assets	254	-	254
IFRS 16 right-of-use asset	1,928	-	1,928
Stock	4,579	-	4,579
Debtors and other current assets	7,945	-	7,945
Cash	1,137	-	1,137
Liabilities	(4,149)	-	(4,149)
IFRS 16 lease liability	(1,928)	-	(1,928)
Deferred tax liability	-	(178)	(178)
Customer relationships	-	937	937
Total net assets	9,766	759	10,525
Cash consideration paid			5,302
Loan notes			6,400
Deferred consideration			1,000
Goodwill (note 15)			2,177
Cash outflow on acquisition			£000
Cash consideration paid			5,302
Cash acquired in subsidiary			(1,137)
Total consideration			4,165

Acquisition costs of £151,000 arose from the transaction, which have been recognised as part of administrative expenses in the consolidated statement of profit and loss.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

33. Business combinations (continued)

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, Weldfast has contributed £12.9 million to group revenues and £1 million to group profits.

34. 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 no loans to employees (2021: £16,151).

There are loans totalling £114,465 (2021: £114,465) due from employees participating in the long-term incentive plan, which was introduced in April 2017, and will be repaid on 31 March 2023, in accordance with the terms of the plan.

There are loans totalling £72,805 (2021: £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:

	Amounts owed by related parties		Amounts owed to related parties	
	2022 £000	2021 £000	2022 £000	2021 £000
Newable UK Holdings Limited	11,617	11,625	-	-
Newable Management Services Limited	3,316	4,096	-	-
Newflex Limited	-	-	(103)	(92)
Newable Trade (South East) Limited	-	-	(47)	-
	<u>14,933</u>	<u>15,721</u>	<u>(150)</u>	<u>(92)</u>

These balances relate to the provision of working capital.

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

35. Post balance sheet events

On 8 April 2022, the Group acquired 75% of the share capital of CMS Holdings UK Limited ("CMS"), a company that specialises in the provision of facility management services. 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	1,349
Cash	1,561
Other current assets	4,510
Current liabilities	(4,102)
Non-current liabilities	(44)
Net assets	3,274

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 consideration paid	3,502
Loan notes	6,300
Total consideration	9,802

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.

36. Notes supporting statement of cash flows

	2022	2021
Group	£000	£000
Short term bank deposits	3,532	31
Cash at bank	15,175	8,968
Balance as shown on Group Statement of Financial Position	18,707	8,999
Overdrafts	-	-
Balance as shown on Group Cash Flow Statement	18,707	8,999

NEWABLE LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 March 2022

36. Notes supporting statement of cash flows (continued)

Company	2022 £000	2021 £000
Cash at bank	2	-
Balance as shown on Company Statement of Financial Position	2	-

	Current loans and borrowings £000 (Note 24)	Non-current loans and borrowings £000 (Note 24)
At 1 April 2021	4,215	10,001
Cash Flows		
New facilities with Santander Bank	6,676	-
New facility with PNC	5,633	-
New facilities with other third parties	1,600	-
Decrease existing facility with Santander Bank	(1,925)	-
Decrease existing facility with other third parties	(1,715)	-
Decrease existing facility with NatWest Bank	(1,600)	-
Decrease existing facility with Royal Bank of Scotland	(150)	-
Non-cash flows		
Loans and borrowing reclassified during the year	(4,727)	4,727
At 31 March 2022	8,007	14,728

At 1 April 2020	12,263	-
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