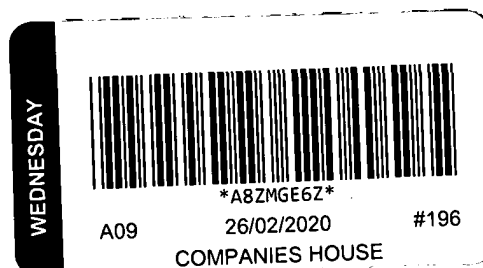


REGISTERED NUMBER: 07200038 (England and Wales)

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
FOR
NEWLAW LEGAL LIMITED**



NEWLAW LEGAL LIMITED

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FOR THE YEAR ENDED 30 JUNE 2019**

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NEWLAW LEGAL LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2019**

DIRECTORS:

M Ward
S E Oakley
P Dicken
N J Lemans
T S Lock
M F Chessman

REGISTERED OFFICE:

Helmont House
Churchill Way
Cardiff
CF10 2HE

REGISTERED NUMBER:

07200038 (England and Wales)

AUDITOR:

KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

NEWLAW LEGAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their strategic report for the year ended 30 June 2019.

REVIEW OF BUSINESS

The Company's latest ABS named 'Your Law' (which was launched last year by National Accident Helpline and supported by the Company) has showed encouraging progress and has continued to build its case load and consequently its levels of settlements to provide an increased contribution from this source which provides a greater proportion of non-RTA cases under management.

During the year the company substantially increased its effective spend on marketing which is a front loaded cost in advance of obtaining additional non RTA business. Whilst these cases together with the growth in the Company's employers' liability and medical negligence practice take longer to settle than road traffic accident claims and require greater cash investment as they progress, they are not affected by government announced reforms of RTA soft tissue injury compensation levels that are presently scheduled to come into effect in April 2020. During the year the consolidation of substantially all of the Company's operations into an existing building in Cardiff was completed and the relocation and other costs of this restructuring are included in exceptional items.

The significant investment in the software and infrastructure services supporting the Company's businesses to meet anticipated changes in working practices, deliver process efficiencies, and support expanding demand for services has now come to fruition with the first phase of the project to replace one of the Company's core operating systems and associated reporting warehouse going live during the year. The second phase of this project is scheduled to go live shortly and the Company is actively involved in further system development to support its work processing cases as and when the planned government reforms to the conduct and outcomes of RTA soft tissue cases are implemented. The board is confident that following the significant changes to the structure of the business over the last financial year that the business is well placed to take advantage of the changes in the personal injury sector, backed by a strong management team and underpinned by the new case management system.

Prior Period Adjustment

The accounts have been restated to incorporate the impact of a correction in the recorded prepayments.

The change has resulted in total profits before taxation reducing by £2,288k of which £1,115k relates to the period ending 30 June 2017 and £1,173k relates to the period ending 30 June 2018.

Total taxation credit at 30 June 2018 increased by £435k of which £212k relates to the period ending 30 June 2017 and £223k relates to the period ending 30 June 2018.

Total profits available for distribution therefore reduced by £1,853k of which £903k relates to the period ending 30 June 2017 and £950k relates to the period ending 30 June 2018.

Consequently the balance sheet at 30 June 2018 has been restated on the following lines:

Prepayments as at 30 June 2018 have been restated by reducing them by £2,288k.

Deferred tax assets at 30 June 2018 have been restated by increasing them by £435k.

KPI's

The Company's key performance indicators are therefore as follows:

The Company's turnover, including income from associates, was £22,750k (2018: £23,107k), a decrease of 1.5%.

The loss after tax was £(1,185)k (2018 restated: £(1,736)k), an decrease of 32%.

Administrative expenses were £10,694k (2018: £10,273k), an increase of 4%.

Debtors were £27,985k (2018 restated: £23,845k), an increase of 17%.

PRINCIPAL RISKS AND UNCERTAINTIES

As a law firm, the Company's activities and arrangements are subject to regulation. Whilst the Company seeks to conduct its business in compliance with all applicable regulations, there remains a residual risk that regulators will find that the Company has not complied fully with all such regulations. Failure by the Company to comply with regulations may adversely affect its reputation (which could in turn lead to fewer referrals), may result in the imposition of fines or an obligation to pay compensation, or may prevent the Company from carrying on a part of its business and could have a materially adverse effect on the Company's business, financial condition and operating results.

The Company maintains a legal function and a regulatory risk and compliance function to monitor the management of these risks and compliance with relevant laws and regulations. Reputable external advisors are retained where necessary. Internal policies and practices are reviewed regularly to take account of any changes in obligations. Training and induction programmes ensure that staff receive appropriate training and briefings on the relevant policies and laws.

The business' financial instruments comprise bank balances, trade debtors, trade creditors, Group loan facilities and finance lease agreements. The main purpose of these instruments is to finance business operations.

In respect of the bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of bank and other facilities. All the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding. The majority of trade debtors are debtors from third party insurers following case settlements. The amount presented in the balance sheet is net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring funds are available to meet the amounts due.

ON BEHALF OF THE BOARD:



.....
S E Oakley - Director

Date: 25/09/2019

NEWLAW LEGAL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report with the financial statements of the company for the year ended 30 June 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of legal services.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2019 (2018: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

M Ward
S E Oakley
P Dicken
N J Lemans

Other changes in directors holding office are as follows:

T S Lock - appointed 21 August 2018
M F Chessman - appointed 25 September 2018

N J Lemans resigned on 12 July 2019, after the year end but before the signing date.

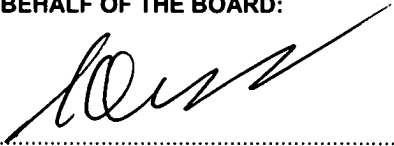
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD:



.....
S E Oakley - Director

Date: 25/09/2019.....

NEWLAW LEGAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2019

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWLAW LEGAL LIMITED

Opinion

We have audited the financial statements of NewLaw Legal Limited ("the company") for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWLAW LEGAL LIMITED

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

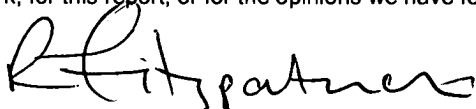
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Robert Fitzpatrick (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 25 September 2019

NEWLAW LEGAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

		2019	2018
	Notes	£'000	as restated £'000
TURNOVER	2	17,311	20,689
Cost of sales		(13,507)	(15,035)
GROSS PROFIT		3,804	5,654
Administrative expenses	9	(10,694)	(10,273)
OPERATING LOSS		(6,890)	(4,619)
Income from associates		5,439	2,418
Interest receivable and similar income	5	14	38
Interest payable and similar expenses	6	(177)	(92)
LOSS BEFORE TAXATION	7	(1,614)	(2,255)
Tax on loss	8,9	429	519
LOSS FOR THE FINANCIAL YEAR		(1,185)	(1,736)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,185)	(1,736)

The notes on pages 11 to 24 form part of these financial statements

BALANCE SHEET
30 JUNE 2019

		2019	2018
		£'000	as restated £'000
FIXED ASSETS	Notes		
Intangible assets	10	1,225	804
Tangible assets	11	864	864
Investments	12	<u>100</u>	<u>100</u>
		2,189	1,768
 CURRENT ASSETS			
Debtors	9,13	27,985	23,845
Cash in hand		<u>53</u>	<u>267</u>
		28,038	24,112
CREDITORS			
Amounts falling due within one year	14	<u>(29,503)</u>	<u>(22,980)</u>
NET CURRENT (LIABILITIES)/ASSETS		(1,465)	1,132
TOTAL ASSETS LESS CURRENT LIABILITIES		724	2,900
PROVISIONS FOR LIABILITIES	17	<u>-</u>	<u>(991)</u>
NET ASSETS		<u>724</u>	<u>1,909</u>
 CAPITAL AND RESERVES			
Called up share capital	18	-	-
Profit and loss account	9	<u>724</u>	<u>1,909</u>
SHAREHOLDER FUNDS		<u>724</u>	<u>1,909</u>

The financial statements were approved by the Board of Directors on 25/09/2019 and were signed on its behalf by:


.....
S E Oakley - Director

NEWLAW LEGAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 July 2017 (as previously reported)	-	4,548	4,548
Prior year adjustment	-	(903)	(903)
Balance at 1 July 2017 (restated)	-	3,645	3,645
Changes in equity			
Total comprehensive income	-	(1,736)	(1,736)
Balance at 30 June 2018 (restated)	-	1,909	1,909
Changes in equity			
Total comprehensive income	-	(1,185)	(1,185)
Balance at 30 June 2019	-	724	724

The notes on pages 11 to 24 form part of these financial statements

1. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

NewLaw Legal Limited (the "company") is a company registered, incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

At the date of signing the company's financial statements, Redde plc has confirmed that it intends to provide financial support as required by the company to meet its financial obligations as they fall due for at least the next twelve months and thereafter for the foreseeable future to enable it to continue to trade. Specifically, it has confirmed that it will not demand repayment of amounts currently made available to the Company within that period.

The directors, having assessed the financial position of Redde plc, which is discussed in the operating and financial review section of the Redde Group annual report for 2019, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Redde Group to continue as a going concern.

On the basis of their assessment of the Company's financial position and that of the Redde Group, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company's ultimate parent undertaking, Redde plc includes the company in its consolidated financial statements. The consolidated financial statements of Redde plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Company Secretary at Redde plc, Pinesgate, Lower Bristol Road, Bath, BA2 3DP. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Redde plc include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Preparation of consolidated financial statements

The financial statements contain information about NewLaw Legal Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Redde plc, Pinesgate, Lower Bristol Road, Bath, BA2 3DP.

Related party exemption

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

Turnover

Turnover in respect of legal services represents amounts chargeable, net of VAT, in respect of legal services to customers.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019**

1. ACCOUNTING POLICIES - continued

Revenue in respect of cases which are contingent upon future events which are outside the control of the Company, is not recognised until the contingent event has occurred. Accrued income in relation to legal services is valued at the lower of cost and net realisable value, after due regard to non-recoverable time. Net realisable value is based on chargeable time less any anticipated write offs prior to completion. No value is placed on work in progress in respect of contingent fee cases until there is virtual certainty as to the outcome of the cases to justify the recognition of an asset.

In the case of interim and processing fees, work in progress is recognised as the contractual legal work is completed, and only to the extent that the receipt of cash flows are virtually certain.

Intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of intangible asset acquired in a business combination is its fair value at the acquisition date.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life of 2 years may have changed since the last reporting date.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Office equipment - 4 years
Computer equipment - 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Investments in associates

Investments in associates are accounted for under the cost method.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

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

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

Pension costs and other post-retirement benefits

The company contributes to the personal pension plans of employees at a fixed percentage of basic earnings. The cost is charged to the income statement as the contributions fall due. The company has no defined benefit arrangements.

Prepayments

Certain marketing costs incurred in relation to sourcing business are deferred and included in prepayments until such time as the cases are either settled or abandoned.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Significant estimates and judgments

In the application of the Company's accounting policies described above, the directors are required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. TURNOVER

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

All turnover arises in the UK.

3. EMPLOYEES AND DIRECTORS

	2019 £'000	2018 £'000
Wages and salaries	12,158	13,089
Social security costs	1,110	1,272
Other pension costs	239	159
	<u>13,507</u>	<u>14,520</u>

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

	2019	2018
Operational	334	358
Office administration	87	98
Management	5	6
	<u>426</u>	<u>462</u>

NEWLAW LEGAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019****3. EMPLOYEES AND DIRECTORS - continued**

	2019	2018
	£'000	£'000
Directors' remuneration	621	667
Directors' pension contributions to money purchase schemes	<u>6</u>	<u>3</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 30 June 2019 is as follows:

	2019	2018
	£'000	£'000
Emoluments	<u>266</u>	<u>263</u>

S Oakley, M Chessman and M Ward were executives of the holding company, Redde plc, during the year to 30 June 2019. Full disclosure of the directors emoluments are in the Redde plc annual report and accounts for 2019. The allocated amount of remuneration for their services as directors for the year was £210k (2018: S Oakley and M Ward: £160k).

4. EXCEPTIONAL ITEMS

	2019	2018
	£'000	£'000
Exceptional items	<u>-</u>	<u>(1,243)</u>

Prior year exceptional costs relate to the closure of the Company's main Bristol office, which gave rise to redundancy costs in respect of those staff who were unable or unwilling to relocate to existing head office premises in Cardiff or whose roles were be duplicated as a result of the merger of operations.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£'000	£'000
Bank interest receivable	<u>14</u>	<u>38</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£'000	£'000
Interest payable and similar charges (note 16)	177	89
Hire purchase interest	<u>-</u>	<u>3</u>
	<u>177</u>	<u>92</u>

Interest payable and similar charges includes interest payable on bank loans of £nil (2018: £nil) and on all other loans of £177k (2018: £92k), of which £160k (2018: £87k) was payable to fellow undertakings of the Redde plc group.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

7. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	2019	2018
	£'000	£'000
Depreciation - owned assets	232	172
Depreciation - assets on finance leases	-	25
Other intangibles amortisation	52	-
Auditor's remuneration	<u>22</u>	<u>21</u>

8. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2019	2018 as restated
	£'000	£'000
Current tax:		
UK corporation tax	(429)	(209)
Group relief surrendered	(435)	-
Prior period adjustment	<u>-</u>	<u>(87)</u>
Total current tax	(864)	(296)
Deferred tax	<u>435</u>	<u>(223)</u>
Tax on loss	<u>(429)</u>	<u>(519)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018 as restated
	£'000	£'000
Loss before tax	<u>(1,614)</u>	<u>(2,255)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(307)	(429)
Effects of:		
Employee share option charges on which no deferred tax is recognised	(40)	-
Prior period adjustments - current tax	-	(87)
Depreciation exceeding capital allowance & other unrecognised temporary differences	(86)	-
Tax effect on non-deductible expenses/deductions not in income statement	<u>4</u>	<u>(3)</u>
Total tax credit	<u>(429)</u>	<u>(519)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

8. TAXATION - continued

The weighted average tax rate of 19% (2018: 19%) reflects the standard UK corporation tax rate effective from 1 April 2017. A reduction to 17% (effective from 1 April 2020) was enacted in the 2016 Finance Act. This will reduce the company's future current tax charge accordingly whilst the deferred tax assets and liabilities have been calculated based upon these enacted rates.

Deferred tax not recognised:

	2019	2018
	£'000	£'000
Accelerated depreciation:	13	47
Tax losses carried forward	-	270
Short term timing differences	<u>(3)</u>	<u>57</u>
	<u>10</u>	<u>374</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

9. PRIOR YEAR ADJUSTMENT

During the year, the directors of the company reassessed the application of the Company's accounting policies relating to prior year prepayments for marketing fees, presented within debtors on the balance sheet. The result of this was to conclude that a restatement of the previously reported figures was appropriate to reduce the previously reported prepayments balance, to increase the expense recognised in the statement of comprehensive income, and to increase the deferred tax asset related to the loss incurred. The comparative information has been restated to reflect this adjustment and the effects of this adjustment on these financial statements are summarised below:

Balance Sheet

	2017		2017		2018		2018
	Previously reported	Adj. £'000	Restated		Previously reported	Adj.	Restated
	£'000		£'000		£'000	£'000	£'000
Fixed assets	1,085	-	1,085		1,768	-	1,768
Current assets	21,164	(903)	20,261		25,965	(1,853)	24,112
Creditors < 1 year	(17,678)	-	(17,678)		(22,980)	-	(22,980)
Creditors > 1 year	(23)	-	(23)		-	-	-
Provisions for liabilities	-	-	-		(991)	-	(991)
Net assets	4,548	(903)	3,645		3,762	(1,853)	1,909
Capital & reserves							
Called up share capital	-	-	-		-	-	-
Profit and loss account	4,548	(903)	3,645		3,762	(1,853)	1,909
Shareholders' equity	4,548	(903)	3,645		3,762	(1,853)	1,909

Statement of comprehensive income for the year ended 30 June 2018

	Previously reported	Adjustment	Restated
	£'000	£'000	£'000
Revenue	20,689	-	20,689
Cost of sales	(15,035)	-	(15,035)
Administrative expenses	(9,100)	(1,173)	(10,073)
Income from associates	2,418	-	2,418
Interest receivable and similar income	38	-	38
Interest payable and similar expenses	(92)	-	(92)
Loss before taxation	(1,082)	(1,173)	(2,255)
Tax on loss	296	223	519
Loss for the year	(786)	(950)	(1,736)

NEWLAW LEGAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019**

10. INTANGIBLE FIXED ASSETS

	Other Intangibles £'000
COST	
At 1 July 2018	1,230
Additions	<u>473</u>
At 30 June 2019	<u>1,703</u>
AMORTISATION	
At 1 July 2018	426
Amortisation for year	<u>52</u>
At 30 June 2019	<u>478</u>
NET BOOK VALUE	
At 30 June 2019	<u>1,225</u>
At 30 June 2018	<u>804</u>

All amortisation is included in administrative expenses.

11. TANGIBLE FIXED ASSETS

	Office Equipment £'000	Computer equipment £'000	Totals £'000
COST			
At 1 July 2018	289	2,647	2,936
Additions	<u>11</u>	<u>221</u>	<u>232</u>
At 30 June 2019	<u>300</u>	<u>2,868</u>	<u>3,168</u>
DEPRECIATION			
At 1 July 2018	263	1,809	2,072
Charge for year	<u>29</u>	<u>203</u>	<u>232</u>
At 30 June 2019	<u>292</u>	<u>2,012</u>	<u>2,304</u>
NET BOOK VALUE			
At 30 June 2019	<u>8</u>	<u>856</u>	<u>864</u>
At 30 June 2018	<u>26</u>	<u>838</u>	<u>864</u>

NEWLAW LEGAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019**

11. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows:

	Office Equipment £'000	Computer equipment £'000	Totals £'000
COST			
At 1 July 2018 and 30 June 2019	<u>138</u>	<u>412</u>	<u>550</u>
DEPRECIATION			
At 1 July 2018	116	412	528
Charge for year	<u>22</u>	<u>-</u>	<u>22</u>
At 30 June 2019	<u>138</u>	<u>412</u>	<u>550</u>
NET BOOK VALUE			
At 30 June 2019	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2018	<u>22</u>	<u>-</u>	<u>22</u>

12. FIXED ASSET INVESTMENTS

	Interest in associate £'000
COST	
At 1 July 2018 and 30 June 2019	<u>100</u>
NET BOOK VALUE	
At 30 June 2019	<u>100</u>
At 30 June 2018	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

12. FIXED ASSET INVESTMENTS - continued

Details of all of the company's subsidiaries at 30 June 2019 are as follows:

Subsidiaries	Country of incorporation	Nature of Business	Class of Share	% holding
NewLaw Trustees	UK	Dormant	Ordinary £1	100
NLS Trustees	UK	Dormant	Ordinary £1	100

Details of all of the company's associates at 30 June 2019 are as follows:

Associates	Country of incorporation	Nature of Business
Ageas Law LLP	UK	Solicitors
H&R Legal LLP	UK	Solicitors
Carole Nash Legal Services LLP	UK	Solicitors
RCN Law LLP	UK	Solicitors
Your Law LLP	UK	Solicitors
Interresolve Law LLP	UK	Dormant

The registered office for all subsidiaries and associates is Helmont House, Churchill Way, Cardiff, CF10 2HE.

The Company is a designated member of each of the above LLPs (which are considered to be joint operations) and has contributed 50% of the capital for each of those LLPs (usually amounting to £1 for each LLP). NewLaw supplies legal processing services to each LLP. Each member firm of the LLP is required to appoint individuals to the management board of the LLPs but NewLaw does not appoint or control the majority of individuals to these boards who are ultimately responsible for the day to day operations, decision making and strategic development of the LLPs and therefore NewLaw is not considered to have overall control of the LLPs. Accordingly the Company only accounts for the results of these joint operations as associated company income based upon the (variable) share of the net income generated by way of profit share after the deduction of any other fixed allocations of such income.

13. DEBTORS

	2019	2018
	£'000	as restated £'000
Amounts falling due within one year:		
Trade debtors	14,898	14,967
Tax	120	63
Deferred tax asset		
Tax losses carried forward	-	435
Accrued income	5,437	3,493
Prepayments	7,477	4,834
	<u>27,932</u>	<u>23,792</u>
Amounts falling due after more than one year:		
Other debtors	53	53
	<u>53</u>	<u>53</u>
Aggregate amounts	<u>27,985</u>	<u>23,845</u>

Intercompany balances are repayable on demand.

Included in prepayments are marketing costs incurred in sourcing business amounting to £6,218k (2018 restated: £3,788k) which are deferred until such time as the cases are either settled or abandoned.

NEWLAW LEGAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Other loans (see note 15)	7,695	3,678
Finance leases (see note 16)	-	25
Trade creditors	11,957	13,207
Amounts owed to group undertakings	1,262	1,262
Social security and other taxes	335	384
VAT	291	427
Deferred income	1,021	1,122
Accruals	6,942	2,875
	<u>29,503</u>	<u>22,980</u>

Intercompany balances are repayable on demand.

15. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£'000	£'000
Amounts falling due within one year or on demand:		
Loans from group undertakings	<u>7,695</u>	<u>3,678</u>

Intercompany loans are repayable on demand and have no contractual interest rate.

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	2019	2018
	£'000	£'000
Net obligations repayable:		
Within one year	<u>-</u>	<u>25</u>
	Non-cancellable operating leases	
	2019	2018
	£'000	£'000
Within one year	582	328
Between one and five years	<u>7,928</u>	<u>144</u>
	<u>8,510</u>	<u>472</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

16. LEASING AGREEMENTS - continued

Minimum lease payments fall due as follows:

Finance Leases:

	2019 £'000	2018 £'000
Net obligations repayable:		
Within one year	-	25

Non-cancellable operating leases:

	2019 £'000	2018 £'000
Within one year	582	328
Between one and five years	7,928	144
	<u>8,510</u>	<u>472</u>

During the year £604k was recognised as an expense in the profit and loss account in respect of operating leases (2018: £770k).

17. PROVISIONS FOR LIABILITIES

	2019 £'000	2018 £'000
Restructuring provision		
Opening provision	991	-
New provisions charged to income statement	-	991
Utilised in year	(991)	-
Provisions carried forwards	-	991

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
9,325	A ordinary shares	£0.0001	1	1
675	B ordinary shares	£0.0001	-	-
			<u>1</u>	<u>1</u>

19. PARENT COMPANY

The company's immediate parent undertaking is Angel Assistance Limited, a company incorporated in the UK. Registered office Pinesgate, Lower Bristol Road, Bath, BA2 3DP.

20. CONTINGENT LIABILITIES

The company is a party to a cross guarantee to the Group's bank in respect of the borrowings of its parent and fellow subsidiary undertakings. At 30 June 2019 the contingent liability in respect of group borrowings was £nil (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

21. RELATED PARTY DISCLOSURES

Associates

Details of the Company's interests in associates, who are regarded as related parties, are provided in note 11.

	2019	2019
	Sales to	Purchases
Associated undertakings	associate	from
	£'000	associate
		£'000
Ageas Law LLP	3,211	(107)
H&R Legal LLP	107	-
Carole Nash Legal Services LLP	2,107	(2)
Your Law LLP	2,249	-
RCN Law LLP	348	-
	<u>8,022</u>	<u>(109)</u>

	2018	2018
	Sales to	Purchases
Associated undertakings	associate	from
	£'000	associate
		£'000
Ageas Law LLP	4,598	(164)
H&R Legal LLP	63	-
Carole Nash Legal Services LLP	1,723	-
RCN Law LLP	277	-
	<u>6,661</u>	<u>(164)</u>

	2019	2019	2018	2018
	Amounts	Amounts	Amounts	Amounts
	owed by	owed to	owed by	owed to
Associated undertakings	associate	associate	associate	associate
	Receivables	Payables	Receivables	Payables
	£'000	£'000	£'000	£'000
Ageas Law LLP	75	26	84	28
H&R Legal LLP	12	-	26	-
Carole Nash Legal Services LLP	126	3	68	-
Your Law LLP	197	-	-	-
RCN Law LLP	350	-	170	-
	<u>760</u>	<u>29</u>	<u>348</u>	<u>28</u>

Other**NewLaw Scotland LLP**

Philip Dicken, one of the Company's directors, was appointed a member of NewLaw Scotland LLP on 16 March 2017. Accordingly NewLaw Scotland LLP is regarded as a related party.

During the year to 30 June 2019, the Company made sales of £1,837,643 (2018: £1,947,788) to NewLaw Scotland LLP. At the reporting date, the Company was owed an amount of £1,282,365 (2018: £976,722) by NewLaw Scotland LLP under 30 day payment terms. This amount is included within trade debtors.

22. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is Redde plc, who is both the smallest and the largest group for which Group financial statements are prepared. The financial statements of the Group are publicly available and may be obtained from the Company Secretary, Redde plc, Pinesgate, Lower Bristol Road, Bath, BA2 3DP or at www.redde.com.