

REGISTERED NUMBER: 07200038 (England and Wales)

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020
FOR
NEWLAW LEGAL LIMITED**



NEWLAW LEGAL LIMITED

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FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020**

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NEWLAW LEGAL LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020**

DIRECTORS:

M Ward
T S Lock
S Sanders
N Edwards
P J Vincent
P H Stead

REGISTERED OFFICE:

Helmont House
Churchill Way
Cardiff
CF10 2HE

REGISTERED NUMBER:

07200038 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

The directors present their strategic report for the period 1 July 2019 to 30 April 2020.

REVIEW OF BUSINESS & FUTURE DEVELOPMENTS

NewLaw continued to invest in marketing across all product types during the reporting period thereby mitigating the risk of being unduly exposed to road traffic accident (RTA) cases that will be impacted by government reforms of soft tissue injury compensation levels that are presently scheduled to come into effect in May 2021. These costs are front-loaded and are set against a longer-tail earning profile that is determined by the speed of case settlement.

The Company maintained its focus on delivering great customer service and maintaining a positive and supportive working environment that is critical to the future success of NewLaw. In addition to regular communication and engagement with all employees across the business, a refurbishment of the Cardiff office was completed in late 2019 and significant investment has been made to support all employees through the Covid-19 pandemic.

During the period, the Company completed the roll out of its core case management system and continues to invest in a program of continuous improvement of this platform.

The Company is also actively involved in further system development to support its work processing RTA claims beyond the implementation of the planned government reforms previously referred.

This investment will deliver a customer portal that will integrate with the proposed Ministry of Justice portals and provide efficiencies to deal with low value claims after the reforms take effect.

Despite the continued inherent short-term uncertainties related to Covid-19 the board is confident that the business is well placed to take advantage of the planned changes in the personal injury sector underpinned by a strong management team, a highly engaged workforce and extensive systems development

KPI's

The Company's key performance indicators are as follows:

The Company's turnover, including income from associates and other income was £21,340k (2019: £22,750k), a decrease of 6%.

The loss after tax was £(1,330)k (2019: £(3,893)k), a decrease of 400%.

Administrative expenses were £15,147k (2019: £10,694k), an increase of 42%.

Debtors were £28,937k (2019: £27,985k), an increase of 3%.

PRINCIPAL AND FINANCIAL RISKS

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.

COVID-19 has created uncertainty around the economic environment the Company operates within. As the economy begins to normalise this impact is expected to reduce.

ON BEHALF OF THE BOARD:

P J Vincent - Director

Date: 31 March 2021

NEWLAW LEGAL LIMITED

DIRECTORS' REPORT FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

The directors present their report with the audited financial statements of the company for the period ended 30 April 2020. The accounting period has been shortened to a period of 10 months for the period ended 30 April 2020.

PRINCIPAL ACTIVITIES

The principal activities of the company in the period under review were those of the provision of legal services.

DIVIDENDS

No dividends will be distributed for the period ended 30 April 2020 (2019: £nil). No dividends are proposed.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2019 to the date of this report.

M Ward
P Dicken
T S Lock

Other changes in directors holding office are as follows:

P J Vincent - appointed 10 June 2020
P H Stead - appointed 10 June 2020
S Sanders - appointed 17 January 2020
N Edwards - appointed on 1 September 2020
S E Oakley - resigned 27 February 2020
N J Lemans - resigned 12 July 2019
M F Chessman - resigned 1 April 2020
P Dicken - resigned 31 August 2020

GOING CONCERN

At the date of signing the company's financial statements, Redde Northgate 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 Northgate plc, which is discussed in the operating and financial review section of the Redde Northgate Group annual report for 2020, 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.

EMPLOYMENT OF DISABLED PERSONS

The Board remains committed to developing further a culture that encourages the inclusion and diversity of all of the company's employees through respecting and appreciating their differences and to promoting the continuous development of employees through skills enhancement and training programmes. The company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the company) should, as far as reasonably possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through presentations and the company intranet. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

**DIRECTORS' REPORT
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020**

FINANCIAL RISK MANAGEMENT

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.

COVID-19

Covid-19 has had a marked impact on NewLaw with lockdown restrictions immediately curtailing the volume of new personal injury claims received and slowing the speed at which cases progress to settlement. Delays in settlement arising as a result of the reduced frequency and / or availability of both face-to-face medical examinations and Court hearings.

The Company took swift and decisive actions to protect the welfare of our employees and to mitigate the financial impact on the business. Strict financial discipline has been applied, and will continue, in managing capital expenditure and working capital, whilst actively exploring opportunities to progress caseloads despite the challenges presented by national and / or local lockdowns.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

NEWLAW LEGAL LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

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 auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

During the year the KPMG LLP resigned as auditor and PricewaterhouseCoopers LLP were appointed. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

ON BEHALF OF THE BOARD:



.....
P J Vincent - Director

Date: 31 March 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion NewLaw Legal Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its loss for the 10 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 April 2020; the statement of comprehensive income, the statement of changes in equity for the 10 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWLAW LEGAL LIMITED

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 April 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 1 April 2021

NEWLAW LEGAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020**

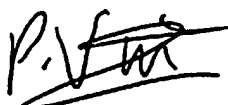
		Period 1.7.19 to 30.4.20 £'000	Year Ended 30.6.19 as restated £'000
	Notes		
TURNOVER	2	15,685	15,766
Cost of sales		<u>(12,099)</u>	<u>(13,507)</u>
GROSS PROFIT		3,586	2,259
Administrative expenses		<u>(10,547)</u>	<u>(13,402)</u>
		(6,961)	(11,143)
Other operating income		<u>1,010</u>	<u>1,545</u>
OPERATING LOSS		<u>(5,951)</u>	<u>(9,598)</u>
Income from associates		4,645	5,439
Interest receivable and similar income	4	11	14
Interest payable and similar expenses	5	<u>(35)</u>	<u>(177)</u>
LOSS BEFORE TAXATION	6	<u>(1,330)</u>	<u>(4,322)</u>
Tax on loss	7	-	429
LOSS FOR THE FINANCIAL PERIOD		<u>(1,330)</u>	<u>(3,893)</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u><u>(1,330)</u></u>	<u><u>(3,893)</u></u>

The notes on pages 12 to 25 form part of these financial statements

BALANCE SHEET
30 APRIL 2020

		30.4.20	30.6.19 as restated
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets	9	1,228	1,225
Tangible assets	10	1,107	864
Investments	11	<u>100</u>	<u>100</u>
		<u>2,435</u>	<u>2,189</u>
CURRENT ASSETS			
Debtors	12	28,937	24,414
Cash in hand		<u>470</u>	<u>53</u>
		29,407	24,467
CREDITORS			
Amounts falling due within one year	13	<u>(35,973)</u>	<u>(30,532)</u>
NET CURRENT LIABILITIES		<u>(6,566)</u>	<u>(6,065)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(4,131)	(3,876)
CREDITORS			
Amounts falling due after more than one year	14	<u>(75)</u>	<u>-</u>
NET LIABILITIES		<u>(4,206)</u>	<u>(3,876)</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,000	-
Profit and loss account		<u>(5,206)</u>	<u>(3,876)</u>
SHAREHOLDER FUNDS		<u>(4,206)</u>	<u>(3,876)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2021 and were signed on its behalf by:



.....
P J Vincent - Director

NEWLAW LEGAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 July 2018 (as previously reported)	-	1,909	1,909
Restatement	-	(1,892)	(1,982)
Balance as at 1 July 2018 (restated)	-	17	17
Total comprehensive loss (as restated)	-	(3,893)	(3,893)
Balance at 30 June 2019	-	(3,876)	(3,876)
Changes in equity			
Issue of share capital	1,000	-	1,000
Total comprehensive loss	-	(1,330)	(1,330)
Balance at 30 April 2020	<u>1,000</u>	<u>(5,206)</u>	<u>(4,206)</u>

The notes on pages 12 to 25 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements are prepared on a going concern basis, under the historical cost convention, and have been prepared in accordance with the Companies Act 2006 and 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.

The prior year comparatives have been restated. Please see note 8.

Going Concern

At the date of signing the company's financial statements, Redde Northgate 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 Northgate plc, which is discussed in the operating and financial review section of the Redde Northgate Group annual report for 2020, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Redde Northgate Group to continue as a going concern.

On the basis of their assessment of the Company's financial position and that of the Redde Northgate 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 Northgate plc includes the company in its consolidated financial statements. The consolidated financial statements of Redde Northgate 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 Northgate plc, Northgate Centre, Lingfield Way, Darlington, England, DL1 4PZ. 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 Northgate 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 Northgate plc, Northgate Centre, Lingfield Way, Darlington, England, DL1 4PZ.

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.

Accounting policies - continued

Turnover

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

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 at cost less accumulated impairment.

Taxation

Taxation for the period 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.

1. **ACCOUNTING POLICIES - continued**

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 period 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.

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

A proportion of marketing costs incurred are deferred and included in prepayments. The amount of cost carried forward is determined with reference to the given percentage of acquired cases that are expected to successfully settle, with costs subsequently released as the cases reach that stage.

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.

Debtors

Debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Creditors

Creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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.

Impairment of debtors and accrued income

The Company makes an estimate of the recoverable value of trade debtors and unbilled income (accrued revenue). When assessing the impairment of debtors and the amounts recoverable on unbilled income, management considers factors including, but not limited to, age profile, income types, cost estimates and historical experience.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

2. **TURNOVER**

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

All turnover arises in the UK.

3. **EMPLOYEES AND DIRECTORS**

	30.4.20 £'000	30.6.19 £'000
Wages and salaries	10,803	12,158
Social security costs	1,012	1,110
Other pension costs	258	239
	<u>12,073</u>	<u>13,507</u>

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

	30.4.20	30.6.19
Operational	387	334
Office administration	84	87
Management	4	5
	<u>475</u>	<u>426</u>

	30.4.20 £'000	30.6.19 £'000
Directors' remuneration	477	621
Directors' pension contributions to money purchase schemes	<u>10</u>	<u>6</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 period ended 30.4.20 is as follows:

	30.4.20 £'000	30.6.19 £'000
Emoluments	218	266
Pension contributions	<u>10</u>	<u>6</u>

S Oakley, P J Vincent, M Chessman, P H Stead and M Ward did not receive any emoluments from the company, nor provide any services specifically to the company, during the current or prior year.

4. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	30.4.20 £'000	30.6.19 £'000
Bank interest receivable	<u>11</u>	<u>14</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.4.20	30.6.19
	£'000	£'000
Interest payable and similar charges	32	177
Hire purchase interest	3	-
	<u>35</u>	<u>177</u>

Interest payable and similar charges includes interest payable on bank loans of £nil (30.6.19: £nil) and on all other loans of £32k (30.6.19: £177k), of which £21k (30.6.19: £160k) was payable to fellow undertakings of the Redde Northgate plc group.

6. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	30.4.20	30.6.19
	£'000	£'000
Depreciation - owned assets	207	232
Other intangibles amortisation	111	52
Auditors' remuneration	64	22

There were no non-audit fees incurred or payable to the auditor.

Income from associates in the year totals £4,645 (2019: £5,439). Please see note 11 for further details.

7. TAXATION

Analysis of the tax credit

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

	Period 1.7.19 to 30.4.20 £'000	Year Ended 30.6.19 as restated £'000
Current tax:		
UK corporation tax	-	(864)
Deferred tax	-	435
Tax on loss	-	(429)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

7. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

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

	Period 1.7.19 to 30.4.20 £'000	Year Ended 30.6.19 as restated £'000
Loss before tax	<u>(1,330)</u>	<u>(4,322)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(253)	(821)
Effects of:		
Employee share option charges on which no deferred tax is recognised	-	(40)
Group relief surrendered	137	-
Tax losses on which deferred tax is not recognised	126	514
Depreciation exceeding capital allowance & other unrecognised temporary differences	(18)	(86)
Tax effect on non-deductible expenses/deductions not in income statement	<u>8</u>	<u>4</u>
Total tax credit	<u>-</u>	<u>(429)</u>

Tax losses are surrendered to other group companies.

The weighted average tax rate of 19% (30.6.19: 19%) reflects the standard UK corporation tax rate effective from 1 April 2017.

Deferred tax not recognised:

	30.4.20 £'000	30.6.19 as restated £'000
Accelerated depreciation:	44	13
Tax losses carried forward	640	514
Short term timing differences	<u>47</u>	<u>(3)</u>
	<u>731</u>	<u>524</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

8. PRIOR YEAR ADJUSTMENT

During the year, the directors of the company reassessed the application of the Company's accounting policies relating to prior period 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 were appropriate to reduce the previously reported prepayments balances and to increase the expenses within the statement of comprehensive income. In addition, a restatement has been made to reclassify income between turnover and other operating income, and to also reclassify some trade debtors and trade creditors. The comparative information has been restated to reflect these adjustments and the effect of the adjustments are summarised below:

Balance sheet	2018			2019		
	Previously reported £'000	Adj £'000	Restated £'000	Previously reported £'000	Adj £'000	Restated £'000
Fixes assets	1,768		1,768	2,189		2,189
Current assets	24,112	(1,892)	22,220	28,038	(3,751)	24,467
Creditors <1yr	(22,980)		(22,980)	(29,503)	(1,092)	(30,532)
Creditors >1yr	-		-	-		-
Provision for liabilities	(991)		(991)	-		-
Net assets	1,909	(1,892)	17	724	(4,600)	(3,876)
Capital and reserves						
Called up share capital	0	-	0	0		0
Profit and loss account	1,909	(1,892)	17	724	(4,600)	(3,876)
Shareholder funds	1,909	(1,892)	17	724	(4,600)	(3,876)

Statement of comprehensive income	£'000	2019 £'000	£'000
	Previously reported	Adj	Restated
Turnover	17,311	(1,545)	15,766
Cost of sales	(13,507)	-	(13,507)
Admin expenses	(10,694)	(2,708)	(13,402)
Other operating income	-	1,545	1,545
Income from associates	5,439	-	5,439
Interest received	14	-	14
Interest paid	(177)	-	(177)
Tax on loss	429	-	429

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

9. INTANGIBLE FIXED ASSETS

	Other Intangibles £'000
COST	
At 1 July 2019	1,703
Additions	<u>114</u>
At 30 April 2020	<u>1,817</u>
AMORTISATION	
At 1 July 2019	478
Amortisation for period	<u>111</u>
At 30 April 2020	<u>589</u>
NET BOOK VALUE	
At 30 April 2020	<u>1,228</u>
At 30 June 2019	<u>1,225</u>

All amortisation is included in administrative expenses.

10. TANGIBLE FIXED ASSETS

	Office Equipment £'000	Computer equipment & software £'000	Totals £'000
COST			
At 1 July 2019	300	2,868	3,168
Additions	347	103	450
Disposals	<u>-</u>	<u>(18)</u>	<u>(18)</u>
At 30 April 2020	<u>647</u>	<u>2,953</u>	<u>3,600</u>
DEPRECIATION			
At 1 July 2019	292	2,012	2,304
Charge for period	26	181	207
Eliminated on disposal	<u>-</u>	<u>(18)</u>	<u>(18)</u>
At 30 April 2020	<u>318</u>	<u>2,175</u>	<u>2,493</u>
NET BOOK VALUE			
At 30 April 2020	<u>329</u>	<u>778</u>	<u>1,107</u>
At 30 June 2019	<u>8</u>	<u>856</u>	<u>864</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

10. TANGIBLE FIXED ASSETS - continued

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

	Office Equipment £'000	Computer equipment & software £'000	Totals £'000
COST			
At 1 July 2019	138	412	550
Additions	<u>106</u>	<u>-</u>	<u>106</u>
At 30 April 2020	<u>244</u>	<u>412</u>	<u>656</u>
DEPRECIATION			
At 1 July 2019	138	412	550
Charge for period	<u>12</u>	<u>-</u>	<u>12</u>
At 30 April 2020	<u>150</u>	<u>412</u>	<u>562</u>
NET BOOK VALUE			
At 30 April 2020	<u>94</u>	<u>-</u>	<u>94</u>
At 30 June 2019	<u>-</u>	<u>-</u>	<u>-</u>

11. FIXED ASSET INVESTMENTS

	Interest in associate £'000
COST	
At 1 July 2019 and 30 April 2020	<u>100</u>
NET BOOK VALUE	
At 30 April 2020	<u>100</u>
At 30 June 2019	<u>100</u>

NEWLAW LEGAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020**

11. FIXED ASSET INVESTMENTS - continued

Details of all of the company's subsidiaries at 30.4.20 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 and joint ventures at 30.4.20 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
Joint Venture		
FMG Legal LLP	UK	Solicitors

The registered office for all subsidiaries, associates and joint ventures 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's financial statements reflects the income from associates which is the variable share of the net income generated after deduction of any other fixed allocations such as income.

Income from associates in the year totals £4,645k (2019: £5,439k).

12. DEBTORS

	30.4.20	30.6.19 as restated
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	14,966	14,645
Other debtors	1,733	1,282
Tax	226	120
Accrued income	8,095	5,437
Prepayments	<u>3,864</u>	<u>2,877</u>
	<u>28,884</u>	<u>24,361</u>
Amounts falling due after more than one year:		
Other debtors	<u>53</u>	<u>53</u>
Aggregate amounts	<u>28,937</u>	<u>24,414</u>

Intercompany balances are repayable on demand.

Included in prepayments are marketing costs incurred in sourcing business amounting to £2,461k (2019: restated to £2,700k) which are deferred until such time as the cases are either settled or abandoned.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.4.20	30.6.19 as restated
	£'000	£'000
Other loans (see note 15)	12,295	7,695
Finance leases (see note 16)	20	-
Trade creditors	11,116	12,986
Amounts owed to group undertakings	1,262	1,262
Social security and other taxes	362	335
VAT	584	291
Deferred income	1,163	1,021
Accruals	9,171	6,942
	<u>35,973</u>	<u>30,532</u>

Intercompany balances are repayable on demand.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.4.20	30.6.19 as restated
	£'000	£'000
Finance leases (see note 16)	<u>75</u>	<u>-</u>

15. LOANS

An analysis of the maturity of loans is given below:

	30.4.20	30.6.19 as restated
	£'000	£'000
Amounts falling due within one year or on demand:		
Loans from group undertakings	<u>12,295</u>	<u>7,695</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	
	30.4.20	30.6.19 as restated
	£'000	£'000
Net obligations repayable:		
Within one year	20	-
Between one and five years	<u>75</u>	<u>-</u>
	<u>95</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

16. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	30.4.20	30.6.19 as restated
	£'000	£'000
Within one year	563	582
Between one and five years	2,224	7,928
In more than five years	<u>5,240</u>	<u>-</u>
	<u>8,027</u>	<u>8,510</u>

During the year £563k was recognised as an expense in the profit and loss account in respect of operating leases (30.6.19: £604k).

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.4.20	30.6.19
			£	£
1,000,000 (2019: 10,000)	Ordinary shares	£1 (2019: £0.0001)	<u>1,000,000</u>	<u>1</u>
			<u>1,000,000</u>	<u>1</u>

During the year 10,000 ordinary shares of £0.0001p each were consolidated into 1 ordinary share of £1.

999,999 new ordinary shares of £1 were subsequently issued.

18. 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.

19. 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 30.4.20 the contingent liability in respect of group borrowings was £nil (30.6.19: £nil).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2019 TO 30 APRIL 2020

20. RELATED PARTY DISCLOSURES

Associates

Details of the Company's interests in associates, who are regarded as related parties, are provided in note 10.

	30.4.20	30.4.20
	Sales to	Purchases
	associate	from
	£'000	associate
	£'000	£'000
Associated undertakings		
Ageas Law LLP	3,142	(106)
H&R Legal LLP	43	-
Carole Nash Legal Services LLP	1,310	(11)
Your Law LLP	2,369	-
RCN Law LLP	464	-
	<u>7,328</u>	<u>(117)</u>

	30.6.19	30.6.19
	Sales to	Purchases
	associate	from
	£'000	associate
	£'000	£'000
Associated undertakings		
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>

	30.4.20	30.4.20	30.6.19	30.6.19
	Amounts	Amounts	Amounts	Amounts
	owed by	owed to	owed by	owed to
	associate	associate	associate	associate
	Receivables	Payables	Receivables	Payables
	£'000	£'000	£'000	£'000
Associated undertakings				
Ageas Law LLP	78	51	75	26
H&R Legal LLP	21	-	12	-
Carole Nash Legal Services LLP	74	2	126	3
Your Law LLP	542	-	197	-
RCN Law LLP	459	-	350	-
	<u>1,245</u>	<u>53</u>	<u>760</u>	<u>29</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 period to 30 April 2020, the Company received other income of £1,009,650 (2019: restated to £1,545,000) from NewLaw Scotland LLP. At the reporting date, the Company was owed an amount of £1,733,040 (2019: £1,282,365) by NewLaw Scotland LLP under 30 day payment terms. This amount is included within trade debtors.

21. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is Redde Northgate 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 Northgate plc, Northgate Centre, Lingfield Way, Darlington, England, DL1 4PZ.