

Newable

Annual Report and Financial Statements

Year Ended 31 March 2018



Equal Education is supported by Advice



Andrew is supported by Investment



Natasha is supported by Advice



Daniel is supported by Lending

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Country of incorporation of parent Company: Great Britain

Directors

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

Secretary and registered office

M Hofman
140 Aldersgate Street
London
EC1A 4HY

Company number

01653116

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Strategic Report



Strategic Report for the year ended 31 March 2018

1. Introduction

Newable Limited is a leading provider of advisory services, financial support and property space to businesses. Newable has thirty-six years' experience of supporting enterprise and innovation through helping Britain's business men and women start, sustain and scale their businesses. Newable's success has enabled it to build a strong reputation in its field of operations.

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

2. Business Review

The year to March 2018 has been another year of significant change for Newable with continuing progress made in starting to deliver Newable's five-year strategy of significantly expanding its range of services to businesses.

Against this backdrop of continuing investment and change, I am pleased to report another strong performance with operating profits of £9.0m (2017: £4.1m). The total retained profit for the year of £7.0m (2017: £2.0m) represents a return on net assets of 12.3% (2017: 4.2%).

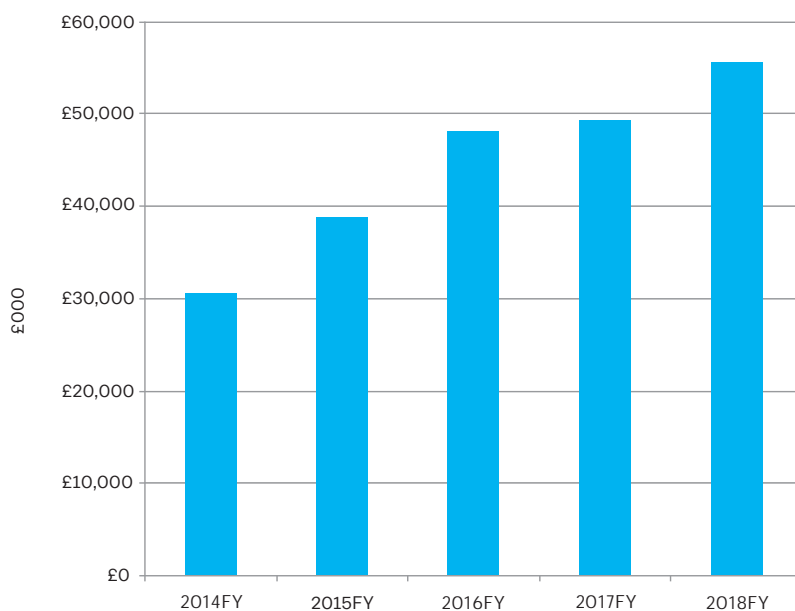
In the year to March 2018 Newable's businesses:

- assisted 13,800 companies to increase their exports; generating an additional £2 billion of exports for the British economy;
- assisted nearly 2,200 companies to start exporting for the first time;
- lent some £12m to small businesses through its joint venture Newable Business Finance Limited
- provided innovation support for over 1,000 companies; and
- created, acquired or managed business and industrial space to accommodate over 370 small businesses.

Newable continued to benefit from strong results in its Properties businesses (operating profits of £5.8m; 2017: £6.3m) together with a strong financial performance from its Advice business.

Newable's Net Assets increased by £7.5m (2017: £1.4m), reflecting the impact of the increase in profitability, including the increase in the value of Newable's property assets. This increase continues a record of increasing net assets year on year over the last seven years and is illustrated by the following table showing the growth in net assets over the five financial years 2014 to 2018:

Newable Limited Net Assets 2014-2018



With this strong financial performance, the Board has continued developing Newable's strategy to expand the range of services it provides to businesses. I am pleased to report that significant progress has been made on the strategy in the following areas:

- Continuing investment and strengthening of Newable's brand, brand awareness and Newable's marketing and communications function, following the launch of the new brand and corporate name in October 2016.
- Continuing investment and growth of Newable's Lending business, through its joint venture, to increase its scale of operations, providing loan finance to start up and early stage growth businesses.
- The creation of an in house compliance and risk function to support Newable's businesses, which are increasingly operating in regulated areas of the economy; and to support Newable's obligations to comply with continuing changes to national legislation in areas such as data protection.
- The opening of Newable's first Business Exchange branch in Epsom. This is the first of a planned network of branches to provide a centre for small businesses to obtain assistance, including both financial and business planning support.
- A number of new initiatives to launch or acquire new businesses and products. Early in the financial year, London Business Angels (now rebranded Newable Private Investing) was acquired to assist Newable in developing its equity offering to smaller businesses. In addition, shortly after the year end (1 June), the acquisition of a credit broking business, to support Newable's lending activities was completed
- The continuing expansion of Newable's properties business with particular emphasis on expanding its development pipeline.
- The office move project to identify a new head office to facilitate Newable's growth by providing improved facilities for staff completed in April 2017 with the relocation of Newable's head office and the consolidation of 2 smaller offices into the new office at 140 Aldersgate Street, London. The new office has proved to be highly successful with significantly improved staff satisfaction results. In addition, the new office has been short listed for an industry award. Newable's other offices have also been refurbished during the year.
- Following a review of the business, the sale of Newable's specialist consulting business completed in July 2017.

Our strategy requires significant continuing investment in Newable's infrastructure, people and products. This may have some impact on future profitability in the short term as we build for the future success of Newable.

Profit is never the only driver and Newable will always aim to identify, target and deliver on other measures of performance and impact. As a result, it is pleasing to report that Newable's businesses met or exceeded most of their non-financial targets too.

In all its activities Newable strives to deliver high quality, innovative services and investment aimed at meeting the needs of those starting or growing businesses through:

- Advice - growth services for businesses
 - International Trade
 - Growth Services
 - Events
 - Social Impact Programmes
- Lending - for growing businesses through Newable Business Finance
- Investment - Equity support for start-up and growing businesses
- Property - in property and regeneration to create places for businesses and people

International Trade

Working for the Department for International Trade (DIT) Newable's International Trade team in London:

- helped over 8,100 companies to grow their exports
- helped over 1,120 companies generate over 1,500 Export Wins worth almost £1400m of additional export sales
- helped over 490 companies by providing intensive support through our European Regional Development Fund Projects
- advised over 530 companies by providing intensive innovation and international trade support through our Enterprise Europe Network, H2020 and Innovate2Succeed programmes
- facilitated 9 international partnership agreements between UK SMEs and foreign companies, universities and research centres
- helped 35 companies to raise £2.5m of finance and funding



Newable's Department for International Trade Team curated the UK's presence at The Sharjah Book Fair promoting independent publishers from London.

Newable's International Trade team in the South East:

- helped over 5,700 companies to grow their exports
- helped over 1,100 companies generate over 1,500 Export Wins worth more than £640m of additional export sales
- launched 3 New European Regional Development Funded Projects to provide intensive support to Businesses in 5 Local Enterprise Partnership Areas across the South East registering over 250 companies

For all of International Trade Services, generating profitability is not the only driver. This additional driver may be expressed as the `social return` on the business's activities whether in increased UK competitiveness, sales achieved or business growth.

Growth Services

With support from Innovate UK and the European Commission, we supported innovation-driven SMEs through the Enterprise Europe Network (EEN) to maximise their growth potential.

During the year Newable engaged with over 1,100 companies (approximately 290 intensively) to deliver its innovation, access to funding, internationalisation and training support services. 91 London SMEs have been supported to secure international partnership agreements and grant funding for research and development, to progress and exploit the commercial and global potential of their innovations. In addition, the team helped to secure over £5m funding and finance for young businesses.



Newable's Events team launched the Seraphim Space Fund with a VIP event at the Science Museum

Events

Newable formed a new Events business in 2017/18. It delivered 200 events across a range of clients including: the Department for International Trade, Enterprise Europe Network, European Regional Development Fund innovation projects, Seraphim Capital, Innovate UK, Newable social impact programmes and Newable Private Investing. Our portfolio of events range from trade missions, exhibitions and meet the buyer events to support UK businesses to export internationally as well as workshops, fund launches and pitching events to support UK businesses to scale through access to funding. Through events, Newable and its clients engaged over 5,300 business participants who were starting, scaling and internationalising their business.

Lending

Following the launch of Newable Business Finance, an equal share joint venture with Liberis, in late January 2017, Newable Business Finance has lent approximately £12m in the financial year.

As part of a repositioning of the Lending businesses, Newable exited both the Start Up Loans Programme and the NEA contract in December 2017.

Our ambition this year is to continue to increase the scale of our lending business. This will be through the continued growth of Newable Business Finance, entering the commercial finance broking market (see note 31) and launching new lending products to support UK small businesses in their growth.



Newable opened our first Business Exchange in Epsom to supporting local business growth

Properties

Newable's property and regeneration business, Newable Properties, works to create places for businesses and people through property investment and development focused mainly within the M25.

This year Newable Properties produced an operating profit of £5.8m (2017: £6.3m) before property revaluations. In addition, disposals during the year of properties valued in 2017 at £5.8m were offset by the transfer from the development business of a newly built and let investment with a value of £3.9m together with valuation improvements totalling £8.4m, which led to the value of its investment portfolio increasing by approximately £6.5m.

The Property Development business concentrated its attention on bringing forward for development the three new sites it had acquired the previous year, as well as completing the sale of Units 1 & 2 and the letting and transfer into our investment portfolio of Units 3-6 at its Eley Road development comprising a total of 45,850 sf.

The Property Investments' results benefitted from a continuing strong performance from our in-house managed portfolio, which provides accommodation for approximately 238 small businesses. This came from a combination of high occupancy (averaging approximately 96% over the year), rental uplift and the sale of an industrial property realising a profit above 31st March 2017 valuation of approximately £2.2m.

The business continues to focus on creating opportunities to enhance value and promote regeneration by investing finance and expertise in site assembly, capital improvements and exploring alternative and complementary uses and will continue to build on the success of recent years.

Equity

Following its acquisition of London Business Angels in April 2017, Newable has successfully built out an early-stage equity investment footprint across the United Kingdom. In September 2017, LBA was rebranded to Newable Private Investing. Over the period,



Newable Private Investing showcased over 70 companies to EIS 'angel' Investors

NPI completed 28 transactions with an aggregate amount raised of £19m. In addition, Newable deployed its circa £1.5m "Scale Up Fund 1" across 7 investee companies. Plans are now developing to expand significantly Newable's early stage equity offerings.

In addition, Newable holds a number of strategic investments in SME related investment funds where it has had a previous management or founding role. Current investments include:

- Seraphim Capital Fund (an Enterprise Capital Fund launched by Newable);
- The Chandos Fund (a YFM Equity Partners Ltd managed institutional fund);
- Two British Smaller Companies VCTs also managed by YFM Equity Partners Ltd; and
- Seraphim Space Fund.

Newable currently has total investment holdings under these combined headings of £0.9m (2017: £1.2m).

3. People and Culture

Newable's People strategy aims to recruit, develop and retain the best talent for Newable by focusing on continuing to build an organisation, environment and culture where our people can grow and contribute to the achievement of Newable's objectives. Our work is stimulating and rewarding in an environment of diversity, inclusion, creativity and innovation.

In line with best practice, Newable produces data on the diversity of its people. The latest available data is at 31st December 2017.

To summarise, the key people statistics show:

- There are 185 FTE staff compared to 199 a year ago. This represents a 7% decrease in headcount due to the closure of a number of government run contracts within the Lending business and the sale of the Consulting business.

- 9.7% of the staff work on a part-time/ reduced hours' basis compared to 5% a year ago.
- The voluntary staff turnover rate reduced by 4.3% to 14.2% from the previous six months representing 30 staff.
- The ethnic minority proportion rate increased from 18.6% to 20% on the previous six months.
- A gender balance broadly in line with the reported UK workforce of 53% male and 47% female; the last year has shown a 4.7% shift towards more female staff.
- The majority of new hires in the last year have described themselves as being from a 'non-white' background.
- There are no staff employed in the 16-19 age group category; however, the new apprenticeship programme should address this imbalance.

Newable has also produced its Gender Pay Gap Report based on a data sample as at 16th February 2018.

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

The report shows that Newable does have a gender pay gap, as is the case for the vast majority of companies reporting across the United Kingdom.

In recognition of this imbalance, Newable is committed to doing everything it can to reduce the gender pay gap and in addition to existing measures is implementing the following new initiatives:

- Tracking female potential: at all levels of the organisation to see how female staff progress in their career versus male colleagues. For example tracking how female apprentices progress within Newable after qualifying.

- Tracking of female candidate success rate: regularly reporting on the success rate of female versus male candidates who apply for positions at Newable both externally and internally.
- Introducing a version of ‘The Rooney Rule’: to ensure there is at least one BAME and female candidate to interview for any job vacancies.

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

4. Principal Risks and Uncertainties

The Board pays careful attention to the identification and control of risks associated with Newable’s activities. At Board level, regular reports are given addressing risk areas in part through the regular review of Newable’s risk register. These are supplemented by reviews by the Audit Review Committee. In addition, a project is currently progressing to further enhance and strengthen Newable’s risk framework process.

Newable is exposed to a number of risks, which can be summarised as follows:

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

Interest rate risk: Newable’s borrowings are principally at a margin over LIBOR, exposing Newable to cash flow interest rate risk. Newable’s policy is to ensure the margin is competitive when compared to other banks

and to consider hedging to reduce exposure to this risk.

Newable’s principal £25 million revolving credit facility (“RCF”) with the Lloyds Banking Group (“LBG”), is subject to an interest hedge to limit exposure to interest rate rises. Following renewal of the £25 million RCF with LBG in early June 2018, an interest hedge on borrowings of up to £12.5 million is now in place.

In addition, a new loan facility of £7.5 million has been agreed with Unity Bank by Newable Business Finance Limited with a competitive margin over LIBOR with margin risk offset by the ability to pass on margin increases to borrowers, if required.

Credit risk

Newable Business Finance Limited, the joint venture entity, which started operations in January 2017, has advanced loans to SMEs across the United Kingdom. As at 31 March 2018, £12 million had been advanced to SME’s. This lending exposes Newable to the risk that these amounts may not be recoverable. This risk is mitigated by the joint venture structure and by robust controls and technology around the client undertaking process and on-going monitoring procedures. In addition, Newable Business Finance Limited has guarantee arrangements in place from partners that can offset up to 75% of bad debts that may be incurred.

In addition, Newable LLF Limited, one of Newable Lending’s operating companies which started operations in March 2014 and which advanced loans to London based SME’s, has now ceased new lending activities and is currently in run off with remaining loans advanced and outstanding at 31 March 2018 of £2.2 million. This residual loan book also exposes Newable to the risk that these amounts may not be fully recoverable. This risk is also mitigated by guarantee arrangements with partners on the same basis as Newable Business Finance Limited by ongoing client monitoring procedures.

Liquidity risk: Newable is exposed to liquidity risk as sufficient funds are required to support trading, investing and financing activities. Newable regularly monitors the liquidity position to ensure that sufficient funds are available to meet both current and future requirements. Liquidity management includes managing Newable's working capital and borrowings. Newable's borrowings, and those of its joint venture, are the subject of a number of financial covenants, which the Directors regularly monitor to ensure both current and future compliance.

Risk Appetite

Newable's risk appetite is aligned with our strategy and priorities and is broken down into four key risk areas:

Strategic: It will take on measured strategic risks in the pursuit of sustainable growth and in the interests of meeting our wider agenda of addressing the needs and encouraging the growth of businesses. Newable aims to maintain a range of sources of revenue generation and a balance in its asset allocation reflecting the risks involved in each of its activities.

Newable has adopted a business strategy to grow the range of services and products offered by Newable and increase significantly the scale of Newable's operations. This will likely significantly increase the scale of investment in the coming years and this may have an impact on its strategic risk appetite. This is an ongoing initiative and could affect Newable's future risk appetite, which will continue to be assessed on an ongoing basis.

Operational: Newable takes a balanced approach to operational risk, meaning that it considers both the risk and the reward of key business decisions. A risk assessment process that assesses all aspects of key decisions, including financial, operational, staffing and infrastructure impacts is in place to assist Newable in identifying and, where possible, mitigating risk.

Financing & Reporting: Newable maintains a prudent financing strategy, even when undertaking major acquisitions, and therefore takes measured and fully evaluated risks in this area. In particular, Newable's loan facilities are carefully managed to ensure that at all times, it operates well within all financial and other covenant requirements.

Compliance: Newable considers adherence to laws, regulations, and agreements to be fundamental in enabling it to provide its clients, staff and other stakeholders with quality services and to meet its obligations and its legal / regulatory responsibilities to society. Compliance is strongly embedded in the culture of Newable and demonstrated by the creation of an inhouse compliance and risk function. It therefore monitors compliance with applicable legislation, regulations, Newable's core values and ethical business principles.

5. Conclusion

I am very pleased to be reporting these results, which underline the benefit of Newable's strategy of operating and expanding across a range of activities.

Continuing to grow and finance British businesses is vital to Britain's economic growth and prosperity and this is now even more the case as the United Kingdom prepares to leave the European Union. This is the vital area where Newable operates and where it aims to do even more.

Turning to the Board, it is with real sadness that I have to report that a number of long serving and loyal members of the Board retired during the year, namely Paul Hendrick; Jeremy Crook; Sheryl Tye and Andrew Manning-Jones. They have given sterling service to Newable over the years and I would like to thank them all on behalf of Newable for their valuable contributions and support.

I would also like to take this opportunity to welcome our new members of the Board who joined in January 2018 - Angus MacLennan and Vanessa Sharp - who bring a wide range of skills and experiences that will, I am sure, prove extremely valuable in assisting in Newable's future success.

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

C J Manson
Chief Executive

17 July 2018



Directors' Report

1. Results

The Group's profit for the year, after taxation and non-controlling interests, amounted to £7,055,000 (2017: £1,912,000) and has been added to reserves. In accordance with the articles of association no dividend is payable to members.

2. Directors

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

Non-Executive Directors

P G Collis CB

J Crook OBE (resigned 30 November 2017)

P A Hendrick (resigned 30 November 2017)

Cllr J Hopkins

A G MacLennan (appointed 1 January 2018)

A K Manning-Jones (resigned 30 November 2017)

Cllr G Nicholson (reappointed Chair 22 March 2018)

V A Sharp (appointed 1 January 2018)

S A Tye (resigned 16 October 2017)

A M Watts CBE

M A Yeates (appointed 1 January 2018; resigned 29 June 2018)

Executive Directors

C J Manson (Chief Executive)

M B Walsh (Chief Finance Officer)

M B Whitefield (Human Resources Director)

N K Wright (Marketing and Communications Director)

3. Directors' Interests in Shares

The Company is limited by guarantee without share capital.

Certain Non-Executive Directors are appointed from time to time to act as Private Members of the Company. These Private Members have no rights to participate in the income and assets of the Company. P G Collis CB and A M Watts CBE acted as Private Members throughout the year as did S A Tye until her resignation on 16 October 2017 and P A Hendrick, J Crook OBE and A K Manning-Jones until their resignations on 30 November 2017. A G MacLennan and V A Sharp became Private Members on their appointment to the Board on 1 January 2018. M A Yeates was also a Private Member between 1 January 2018 and his resignation on 29 June 2018. None of these Directors has or had at any time during the year any interest in the shares of any other Group undertakings.

The Company introduced a long-term incentive plan ("LTIP") during the financial year for eligible senior employees. The LTIP is a share option scheme that can award up to 15% of the issued share capital of the Company's subsidiary Newable UK Holdings Limited.

4. Auditors

During the year the Board carried out an audit tender process. BDO LLP were successful in retaining the audit engagement. In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint BDO LLP as auditors of the Company will be proposed at the next Annual General Meeting.

5. Directors' responsibilities for the financial statements

The Directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law – "UK GAAP"), in compliance with Financial Reporting Standard 101.

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

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

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

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 requirements of the Companies Act 2006. They 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.

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

ON BEHALF OF THE BOARD

M B Walsh

Director

17 July 2018

140 Aldersgate Street
London
EC1A 4HY

Corporate Governance Framework

Newable continues to be committed to high standards of Corporate Governance and the Board of Directors believes this is a key element in continuing to preserve value and deliver growth in Newable.

This commitment reflects the importance the Board attaches to strong, open and visible governance and clear and transparent reporting. Newable Limited is a Company limited by guarantee with a combination of private and public sector members, the public sector members being the London Boroughs and the Corporation of London. Thirteen of these local authorities have the opportunity to nominate a proportion (less than 20%) of the Board of Directors. The Board monitors its Corporate Governance practices with an annual review undertaken by the Audit Review Committee with the aim of ensuring that governance policies and performance are maintained and continue to comply with the appropriate legal, regulatory and reporting requirements.

Board of Directors

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

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

a number of Executive and Non-Executive Directors are members.

At 31 March 2018, the Board comprised a Non-Executive Chair, four Executive Directors and six Non-Executive Directors. The Directors are as shown on page 15. With the exception of Cllr G Nicholson and Cllr J Hopkins (who are nominated by the original London Borough Ordinary Members), the Non-Executive Directors are the Private Members of the Company. Biographical details of members of the Board are included on the Newable's external website at: <https://www.newable.co.uk/team.php>

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

The roles of the Chair and Chief Executive are distinct and separate, with a clear division of responsibilities. Following the retirement of Paul Hendrick, Peter Collis has been appointed as Senior Independent Director. The Board considers that the Non-Executive Chair and the Senior Independent Director are independent of the Chief Executive and this,

together with the majority of independent Non-Executive Directors and use of Board Committees, facilitates a forum for clear, independent and unfettered communication both internally and externally.

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

The Board accepts its responsibility for ensuring there is an effective system of internal control. In this respect, the Audit Review Committee regularly reports and advises the Board on these issues.

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

The Board also carries out an annual review of the following:

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

Regular attendance of Board and Committee meetings is an important commitment on the part of Executive and Non-Executive Directors to ensure that governance arrangements remain robust and effective. Set out in the following tables are the attendance records of Directors at meetings of the Board and the Board's Committees:

Board Meetings:

Director's Name	To May 2018	To May 2017
P G Collis CB	3/3	3/3
J Crook OBE (resigned 30 November 2017)	2/2	3/3
M Dobney (resigned 22 November 2016)	N/A	2/2
P A Hendrick (resigned 30 November 2017)	2/2	3/3
J Hopkins	2/3	3/3
A G MacLennan (appointed 1 January 2018)	1/1	N/A
A K Manning-Jones (resigned 30 November 2017)	2/2	3/3
C J Manson	3/3	3/3
G Nicholson	3/3	3/3
V A Sharp (appointed 1 January 2018)	1/1	N/A
S A Tye (resigned 16 October 2017)	1/1	3/3
M B Walsh	3/3	3/3
A M Watts CBE	3/3	3/3
M B Whitefield	3/3	2/2
N K Wright	3/3	2/2
M A Yeates (appointed 1 January 2018; resigned 29 June 2018)	1/1	N/A

Audit Review Committee Meetings:

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

Remuneration & Personnel Committee Meetings:

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

Nominations Committee:

Director's Name	To May 2018	To May 2017
P G Collis CB	1/1	1/1
P A Hendrick (resigned 30 November 2017)	1/1	1/1
C J Manson	1/1	1/1
S A Tye (resigned 16 October 2017)	N/A	1/1
A M Watts CBE	1/1	1/1

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

Board Committees

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

The Audit Review Committee

The Audit Review Committee usually meets three times in the year. It consists of four independent Non-Executive Directors. Following the resignation and retirement of S A Tye and P A Hendrick, P G Collis CB was appointed Chair, and M A Yeates (until his resignation) and V A Sharpe were appointed to the Audit Review Committee. A M Watts CBE continues to be a member of the Audit Review Committee. In addition, the Chief Executive, the Chief Financial Officer, external auditors and internal auditors attend by invitation at the discretion of the Chair. The Committee is responsible for assisting the Board in discharging its responsibilities for

the selection of accounting policies and financial reporting, internal controls and its risk management framework. Newable management have established a system of internal control, which includes the accounting systems needed to manage and record the transactions undertaken by the business. However, it must be recognised that any system cannot provide absolute assurance against material misstatement or loss.

Newable's internal audit function was provided by Newable's Consulting business until July 2017 when the business was sold to Shearwater plc. Under its new name of Xcina Consulting Ltd, internal audit services continued to be provided to Newable. During the year, the Audit Review Committee reviewed the results of a number of internal audit reports covering various issues of internal controls and risk management. This programme of work will continue in the forthcoming year and is part of a planned rolling programme across Newable.

The Audit Review Committee carries out a formal regular review of the Newable's risk register and makes appropriate recommendations to the Board. The Committee also reviews the independence of the external auditors, including the relationship between audit and non-audit work performed by the external auditors, and reviews the nature and scope of the audit with the external auditors prior to commencement and continues to monitor the scope and results of the annual audit, its cost effectiveness and objectivity. During the year, an audit tender process was

undertaken to evaluate the possible use of alternative audit firms given the length of time (some fifteen years) that the existing auditors had been providing audit services to Newable. The tender process concluded with the reappointment of Newable's existing auditors, BDO LLP. The Committee also formally evaluates the performance of the external and internal auditors on an annual basis. The internal and external auditors have direct access, if required, to the Chair of the Committee.

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

The Remuneration and Personnel Committee

The Remuneration and Personnel Committee also usually meets three times in the year although during the year under review, two additional meetings were held in connection with the introduction of the new LTIP scheme. The Remuneration and Personnel Committee consists of four independent Non-Executive Directors. Executive Directors may attend at the invitation of the Chair to report on specific matters. The current Non-Executive members are A M Watts CBE (Chair), V A Sharp, P G Collis CB and A G MacLennan. The Remuneration and Personnel Committee assists the Board in discharging its responsibilities for executive remuneration policy, remuneration arrangements of Directors and remuneration, employment and personnel policy generally across the Group.

The Committee also monitors and reviews reports on employment, gender and diversity statistics and recruitment, retention and staff development policies within Newable.

The Nominations Committee

The Nominations Committee met once during the year in October 2017. It consists of four Non-Executive Directors and one Executive Director. The current Non-Executive members are P G Collis CB (Chair), A M Watts CBE and V A Sharp; the Executive member is C J Manson. The Committee is responsible for assisting the Board in the formal selection and appointment of Directors.

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

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

Relations with the Members

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

Remuneration and Personnel Committee Review

1. Introduction

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

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

The Committee consists wholly of independent Non-Executive Directors and following the resignations of P A Hendrick and S A Tye during the year and the appointment of A MacLennan and V A Sharp, the current members of the Committee are now A M Watts CBE (Chair), P G Collis CB, A MacLennan, and V A Sharp. Executive Directors attend Committee meetings by invitation for relevant items, but are always excluded when their own performance and remuneration are under review.

In the last financial year, the Committee met a total of five times. The Committee continued to carefully review and monitor remuneration and incentive policies and significant changes were made to incentive scheme arrangements in FY2018, which are explained in detail below.

Annual Bonus Scheme

As reported last year, a project to review Newable's bonus scheme arrangements across all Newable businesses commenced in the summer of 2016. This project was completed in March 2017 when the Committee approved a number of changes to Newable's bonus scheme arrangements and which became effective from 1 April 2017. The principal features of the revised bonus schemes are:

- Bonus schemes now operate based on a share of total reported profits, rather than, as has historically been the case, only on above budget profitability.
- Potential bonuses payable to staff are not restricted by a percentage of salary cap. Instead, an aggregate cap on total bonus payable to all staff by Newable, of 25% of Newable profitability, now applies from 1 April 2017.
- Individual business specific bonus schemes now include an element of bonus potential driven by overall Newable profitability and not just by the profitability of the individual Newable business.
- As before, bonuses paid to management and staff are not pensionable.

These changes are seen as being essential to assist Newable's long-term strategy of significantly expanding its range of activities and the scale of its business.

Financial projections reviewed by the Committee, as part of its approval process, indicated that at current levels of profitability, bonus potential should be at similar levels compared to recent levels of bonuses paid by Newable.

In addition to the annual bonus schemes described above, that all staff participate in, a long-term incentive plan ("LTIP") was also introduced during the financial year and which was effective from 1 April 2017.

The LTIP is a share option scheme that can award up to 15% of the issued ordinary share capital of Newable UK Holdings Limited, an intermediate holding company, to members of Newable's Executive and Leadership team. The LTIP will operate over a six-year period from 1 April 2017 to 31 March 2023. Under the rules of the LTIP, Newable will repurchase 50% of the ordinary shares held by participants as at 31 March 2022 with the remaining 50% of ordinary shares repurchased, that are still held by participating members of staff, as at 31 March 2023.

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

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

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

Following the introduction of the LTIP the existing medium term incentive scheme ("MTIP") that was introduced in 2014, and in which two members of the Executive team participated, was terminated.

The MTIP could have potentially paid in cash via payroll (there is no share element) up to 10% of base salary per annum, from each medium term bonus pool to the two Executive Directors, in each financial year, if Newable profitability of between £2.4 million and £3.4 million in a financial year was achieved. Following termination of the MTIP, the remaining accrued amounts relating to the MTIP were paid (after the application of a 10% discount factor) to the two participating members of the Executive team.

The Committee will continue to monitor these schemes and will review in the light of prevailing market conditions. The objective of Newable's employment policies is to ensure that Newable is able to attract and retain the best calibre of staff from all sections of the communities in which it operates in an inclusive culture.

2. Policy on Remuneration of Executive Directors

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

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

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

The main components of executive remuneration for the year ended 31 March 2018 were:

Basic Salary

Executive Directors base salaries remained unchanged during the year to 31 March 2018.

Annual Performance Bonus

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

Long Term Incentive Scheme

As described earlier in the report, Newable introduced during FY2018 a LTIP scheme, which all Executive Directors could benefit from. At the same time, the existing medium term incentive scheme, in which two Executive Directors participated, was terminated. The Committee will review the LTIP annually. Any payments under the LTIP will not take place until 2022 and 2023 and will be non-pensionable.

Pensions

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

Other Benefits

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

3. HR Policies

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

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

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

4. Emoluments

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

	Basic Salary	Fees	Annual Bonus	Other Benefits*	Medium Term Incentive Scheme Payments	Total 2018	Total 2017
	£000	£000	£000	£000	£000	£000	£000
Executive Directors							
C Manson	192.0	-	136.9	28.0	61.1	418.0	431.8
M B Walsh	170.0	-	114.1	18.2	115.9	418.2	406.4
M B Whitefield (appointed 1 August 2016)	92.0	-	68.5	8.0	-	168.5	115.2
N K Wright (appointed 3 October 2016)	115.2	-	68.5	9.6	-	193.3	94.4
Non-Executive Directors							
P G Collis CB	27.7	-	-	-	-	27.7	20.7
J Crook OBE (resigned 30 November 2017)	2.7	-	-	-	-	2.7	1.7
M Dobney	-	-	-	-	-	-	1.7
P A Hendrick (resigned 30 November 2017)	14.0	-	-	-	-	14.0	20.7
J Hopkins	2.7	-	-	-	-	2.7	2.6
A G MacLennan (appointed 1 January 2018)	5.4	-	-	-	-	5.4	-
A K Manning-Jones (resigned 30 November 2017)	2.6	8.0	-	-	-	10.6	15.1
Cllr G Nicholson	23.6	-	-	-	-	23.6	7.5
V A Sharp (appointed 1 January 2018)	5.4	-	-	-	-	5.4	-
S A Tye (resigned 16 October 2017)	16.6	-	-	-	-	16.6	20.7
A M Watts CBE	23.5	-	-	-	-	23.5	20.7
M A Yeates (appointed 1 January 2018; resigned 29 June 2018)	5.4	-	-	-	-	5.4	-
	698.8	8.0	388.0	63.8	177.0	1,335.6	1,159.2

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

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

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

Independent Auditor's Report To The Members Of Newable Limited

Opinion

We have audited the financial statements of Newable Limited (“the Parent Company”) and its subsidiaries (“the Group”) for the year ended 31 March 2018 which comprise the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of financial position and company balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 March 2018 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Tim Neathercoat
(senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

17 July 2018

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

Consolidated Financial Statements for the year ended 31 March 2018

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

	Note	2018 £000	2017 £000
Revenue	3	20,905	20,881
Cost of sales		(2,652)	(2,061)
Gross profit		18,253	18,820
Administrative expenses		(20,820)	(20,937)
Loss on disposal/impairment of owned assets		(157)	-
Gain on the disposal of investment properties		2,154	1,608
Increase in value of investment properties	14	9,542	4,524
Operating profit	4	8,972	4,015
Finance income	8	71	18
Finance expense	8	(682)	(583)
Share of post-tax losses of equity accounted joint ventures	16	(400)	(168)
Profit before tax		7,961	3,282
Tax expense	10	(887)	(1,245)
Profit from continuing operations		7,074	2,037
Loss on discontinued operations, net of tax	5	(19)	(20)
Profit for the year		7,055	2,017
Attributable to:			
- Equity holders of the parent		7,055	1,912
- Non-controlling interest		-	105
		7,055	2,017

The notes on pages 40 to 78 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 March 2018

	Note	2018 £000	2017 £000
Profit for the year		7,055	2,017
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension scheme (net of deferred taxation)		477	(544)
Items that will or may be reclassified to profit or loss:			
Decrease in fair value of available for sale investments		-	(99)
Other comprehensive income for the year (net of tax)		477	(643)
Total comprehensive income for the year		7,532	1,374
Attributable to:			
- Equity holders of the parent		7,532	1,269
- Non-controlling interest		-	105
		7,532	1,374

The notes on pages 40 to 78 form part of these consolidated financial statements.

Consolidated Statement of Financial Position At 31 March 2018

Company Number: 1653116

	Note	2018 £000	2017 £000
Non-Current Assets			
Intangible assets	12	466	399
Property, plant & equipment	13	1,144	479
Investment property	14	54,810	48,265
Investments in equity-accounted joint ventures	16	1,932	-
Available for sale investments	17	1,017	3,098
Loan receivables	20	7,655	2,557
Deferred tax asset	10,26	1,107	868
		<u>68,131</u>	<u>55,666</u>
Current Assets			
Development properties	19	14,174	10,283
Trade and other receivables	20	10,000	10,381
Cash & cash equivalents	21	3,377	5,258
		<u>27,551</u>	<u>25,922</u>
Total Assets		95,682	81,588
Current Liabilities			
Trade and other payables	22	20,767	10,987
Losses from equity accounted joint venture	16	-	168
Provisions	23	245	911
Loans and borrowings	24	11,750	2,520
		<u>32,762</u>	<u>14,586</u>
Non-Current Liabilities			
Other payables	25	11	2,862
Loans and borrowings	24	-	9,544
Employee benefits	9	3,752	4,211
Provisions	23	367	-
Deferred tax liability	26	2,174	1,301
		<u>6,304</u>	<u>17,918</u>
Total Liabilities		39,066	32,504
Net Assets		56,616	49,084
Capital and reserves			
Members contribution	29	1,300	1,300
Retained earnings		55,159	47,627
Equity attributable to Equity holders of Company		56,459	48,927
Non-controlling interest		157	157
		<u>56,616</u>	<u>49,084</u>

The financial statements on pages 35 to 78 were approved and authorised for issue by the Board of Directors on 17 July 2018 and were signed on its behalf by:

M B Walsh
Director

The notes on pages 40 to 78 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

	Note	Members Contribution	Retained Earnings	Total	Non- controlling Interest	Total Equity
		£000	£000	£000	£000	£000
Balance at 31 March 2016		1,300	46,358	47,658	52	47,710
Comprehensive Income for the year						
Actuarial losses on defined benefit plans	9	-	(630)	(630)	-	(630)
Deferred tax effect of losses recognised directly in equity	26	-	86	86	-	86
Decrease in fair value of available for sale investments	17	-	(99)	(99)	-	(99)
Other comprehensive income		-	(643)	(643)	-	(643)
Profit for the year		-	1,912	1,912	105	2,017
Total comprehensive income for the year		-	1,269	1,269	105	1,374
Balance at 31 March 2017		1,300	47,627	48,927	157	49,084
Comprehensive Income for the year						
Actuarial gains on defined benefit plans	9	-	555	555	-	555
Deferred tax effect of gains recognised directly in equity	26	-	(78)	(78)	-	(78)
Decrease in fair value of available for sale investments	17	-	-	-	-	-
Other comprehensive income		-	477	477	-	477
Profit for the year		-	7,055	7,055	-	7,055
Total comprehensive income for the year		-	7,532	7,532	-	7,532
Balance at 31 March 2018		1,300	55,159	56,459	157	56,616

The notes on pages 40 to 78 form part of these consolidated financial statements.

Consolidated Cash Flow Statement for the year ended 31 March 2018

	2018	2017
	£000	£000
Cash flows from operating activities		
Profit for the year	7,055	2,017
Adjustments for non-cash movements:		
Depreciation of tangible fixed assets	203	147
Amortisation/impairment of intangible fixed assets	49	322
Reversal of intangible fixed asset contingent liability	-	20
Increase in the fair value of investment properties	(9,542)	(4,524)
Finance income	(71)	(18)
Finance costs	682	583
Share of loss in equity accounted joint venture	400	168
Profit on sale of discontinued operations, net of tax	(291)	(44)
Impairment of available for sale financial assets	157	-
Gain on sale of investment properties	(2,175)	(1,509)
Corporation tax expense	887	1,245
Movement in working capital:		
(Increase)/decrease in trade and other receivables	(7,625)	14,177
Increase in development properties	(6,718)	(2,576)
Increase/(decrease) in trade and other payables	9,705	(17,093)
Decrease in provisions and employee benefits	(15)	(40)
Cash generated from operations	(7,299)	(7,125)
Net interest paid	(500)	(442)
Corporation tax paid	(727)	(693)
Net cash flows from operating activities	(8,526)	(8,260)
Cash flows from investing activities		
Purchases of property, plant and equipment	(870)	(450)
Disposals of property, plant and equipment	3	227
Disposal of discontinued operations, net of tax	450	44
Purchase of investment properties	-	(7,496)
Disposal of investment properties	8,000	4,834
Purchases of available-for-sale financial assets	(200)	(58)
Proceeds on available-for-sale financial assets	-	13
Acquisition of business combination	(425)	(14)
Net cash from investing activities	6,958	(2,900)
Cash flows from financing activities		
(Repayments)/increase of bank borrowings	(3,775)	2,525
New bank loans raised	3,500	7,000
Net cash used in financing activities	(275)	9,525
Decrease in cash and cash equivalents	(1,843)	(1,635)
Cash and cash equivalents (including overdrafts) at 1 April	5,220	6,855
Cash and cash equivalents (including overdrafts) at 31 March (see note 21)	3,377	5,220

The notes on pages 40 to 78 form part of these consolidated financial statements.

**Notes to the Consolidated
Financial Statements
for the year ended
31 March 2018**

1. Incorporation and operations

Newable Limited is incorporated and domiciled in England and Wales as a private company limited by guarantee. The principal activity of the Company is that of a holding company for its subsidiaries. The activities of the Company and its subsidiaries (“the Group”) are described in note 2 of the Strategic Report.

2. Summary of significant accounting policies

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

Basis of preparation

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

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2. In assessing the going concern basis of preparation of the consolidated financial statements for the year ended 31 March 2018, the Directors have taken into consideration detailed forecasts for each of the business areas and the availability of funding.

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

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

- Financial instruments – available for sale
- Contingent consideration
- Investment property
- Net defined benefit liability
- Cash settled share-based payment liabilities.

Going Concern

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

The Directors are therefore confident that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 March 2018.

New pronouncements

The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU, relevant to its operations and effective for accounting periods beginning 1 April 2018.

The new or revised standards or interpretations that are effective for accounting periods commencing on or after 1 April 2018 and that are applicable to the Group are as follows.

The adoption of these standards does not lead to any changes in the Group’s accounting policies and have no material impact on the financial statements.

2. Summary of significant accounting policies (continued)

Standard		Effective date
IAS 12 Amendment*	Recognition of deferred tax assets	1 January 2017
IAS 7 Amendment*	Disclosure initiative	1 January 2017

The following new or revised standards or interpretations that are applicable to the Group but which have not been adopted early are as follows.

Effective for accounting periods commencing on or after 1 April 2018:

Standard		Effective date
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 2 Amendment	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IAS40*	Investment property: property transfer to/from investment property amendment	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23*	IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IAS 28* Amendment	Long-term interests in Associates and Joint Ventures	1 January 2019
IAS 19* Amendment	Plan Amendment, Curtailment or Settlement	1 January 2019

* Not yet endorsed by the EU

IFRS 15 affects how contractual revenue is recognised, IFRS 9 affects future credit losses incurred on loans issued and IFRS 16 will require capitalisation of the operating lease expense. For the ongoing operating lease commitment, refer to note 27. The directors completed an exercise to determine the impact of standards IFRS 15 and IFRS 9 and concluded they had no material impact on the financial statements. Similarly, an exercise to determine the impact of IFRS 16 is ongoing and the directors do not expect this standard and its interpretation to have a material impact on the financial statements.

Basis of consolidation

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

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

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

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

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

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

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

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise

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

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

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

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

2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

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

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

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

Revenue recognition

Revenue is stated exclusive of intra-group transactions, trade discounts, VAT and other taxes. It comprises rental income, interest receivable on loans, fees receivable from investment management and advisory services and dividends on unlisted investments (which are recognised as received).

Advisory fees: Fees receivable on advisory contracts are included in turnover on the basis of the sales value of work completed during the year. Commissions, discount charges and other fees are recognised as they are earned. Rental income is recognised in the period to which they relate.

Rental income: Rent receivable is recognised on a straight-line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

Sale of development properties: the revenue recognition policies in respect of the sale of development properties is given below under the appropriate caption.

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

On partially completed contracts revenue is recognised based on stage of completion of the project which is valued at the cost of materials, labour and relevant overheads less progress payments and, where necessary, provisions to reduce cost to estimated realisable value. Where a loss is anticipated the expected loss is recognised immediately.

Grant revenue is recognised once the conditions for the associated grant have been met.

Revenue grants are recognised in the Statement of Profit and Loss in the period to which they relate. Grants receivable in respect of development properties are included in the Statement of Profit and Loss when the related property is sold.

Capital grants are treated as follows:

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

- (a) grants receivable to finance the purchase of fixed asset investments are included as deferred income and are released to the Statement of Profit and Loss to offset any impairment provisions against such investments, either in full or in part depending on the terms of the scheme;
- (b) grants receivable to finance the expenditure on depreciable tangible fixed assets are included in deferred income and are released to the Statement of Profit and Loss in line with the depreciation charges on those assets;
- (c) grants receivable in respect of investment properties are deducted in arriving at the carrying amount of the asset purchased.

Revenue recognition policies in respect of the sale of investment properties is given below under the appropriate caption.

Foreign currency

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

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired.

The Group’s accounting policy for each category is as follows:

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

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Impairment provisions are shown net of any insurance or guarantees in place in respect of the loans made to third party customers.

The Group’s loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less,

2. Summary of significant accounting policies (continued)

Financial assets (continued)

and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Available-for-sale: Non-derivative financial assets not included in the above categories are classified as available for-sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

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

On sale, any cumulative gain or loss recognised in other comprehensive income is reclassified from other reserves to profit or loss.

Financial liabilities

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

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

Borrowing costs

Interest incurred on the use of the revolving credit facility to fund the construction of the Group's development properties is capitalised from the start of the development work until the date of practical completion.

The capitalisation is suspended if there are prolonged periods when development activity is interrupted. Capitalised interest is calculated with reference to the actual rate payable on borrowings for development purposes or for that part of the development cost financed out of general funds. Other financing costs incurred in respect of development properties are charged to the income and expenditure account in the year that they arise, except that financing costs relating to pre-sold and pre-let development properties are capitalised up to the point when a development is either sold or acquires investment status.

The Group does not incur any other interest costs that qualify for capitalisation under IAS 23 'Borrowing costs'.

2. Summary of significant accounting policies (continued)

Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for legal disputes. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Investment properties

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

Investment properties are not depreciated.

Where revenue is obtained from the sale of the investment properties, it is recognised when the significant risks and returns have been transferred to the buyer. This is generally when an irrevocable and unconditional contract has been entered into by the Balance Sheet date except where payment or completion is expected to occur significantly after exchange.

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

Development properties

Development properties are initially recognised at cost and subsequently at the lower of cost and net realisable value. Cost

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

Where revenue is obtained from the sale of the development properties, it is recognised when the significant risks and returns have been transferred to the buyer. This is generally when an irrevocable and unconditional contract has been entered into by the Balance Sheet date except where payment or completion is expected to occur significantly after exchange.

The gain or loss on the disposal of development properties is recognised in revenue in the Statement of Profit and Loss and is calculated as the difference between the net disposal proceeds and carrying amount of the property.

Property, plant and equipment

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

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

Fixtures and fittings	-	25-33% per annum straight line
Computer equipment	-	25-33% per annum straight line
Leasehold improvements	-	straight line over lease term

2. Summary of significant accounting policies (continued)

Intangible assets

Intangible assets comprise primarily customer contracts, customer relations and goodwill. Intangible assets recognised separately from goodwill are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The customer contracts and customer relations are defined as having finite useful economic lives of between 3 to 10 years.

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

Goodwill

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

For business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

For business combinations completed on or after 1 January 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the

existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

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

Deferred taxation

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

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

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

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the deferred tax liabilities/(assets)

2. Summary of significant accounting policies (continued)

Deferred taxation (continued)

are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

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

Retirement benefits: Defined contribution schemes

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

Retirement benefits: Defined benefit schemes

Defined benefit scheme surpluses and deficits are measured at:

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

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

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

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

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

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

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

Employee benefits

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

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

2. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

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

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

Information in relation to the valuation of investment property is disclosed in note 14. The valuation is based upon assumptions including future rental income, anticipated occupation rates, future development costs and the appropriate discount rate. The valuers and Directors also make reference to market evidence of transaction prices for similar properties.

(b) Pension assumptions

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

(c) Impairment of loan receivables

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

(d) Impairment of goodwill

The Group carries out an annual review of goodwill to ensure the carrying amount is supported with future estimated cash flows. Assumptions used to support the carrying amount rely on future estimated cash flows, which are highly judgemental based on prior performance.

(e) Employee benefits

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

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

3. Revenue

The Group's revenue can be analysed as follows:

	2018	2017
	£000	£000
Advisory fees	13,303	15,861
Rental income	4,806	4,291
Sale of development properties	2,250	-
Other income	546	729
	<u>20,905</u>	<u>20,881</u>

All revenue has arisen in the United Kingdom.

4. Operating profit

This is stated after charging:

	2018	2017
	£000	£000
Staff costs (see note 6)	13,235	13,529
Amortisation (see note 12)	49	45
Depreciation (see note 13)	203	147
Lease provision	-	894
Rebranding costs	-	531
Operating lease charges	795	567
Auditors' remuneration – for the audit of the Company	4	3
Auditors' remuneration – for the audit of subsidiaries	146	144
Auditors' remuneration – for non-audit services	88	254

5. Loss on discontinued operations

On 26 July 2017, the company sold its consulting business and, as part of repositioning its lending business, in December 2017, withdrew from the Start-Up Loans and NEA contracts.

Discontinued operations

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

	2018	2017
	£000	£000
Revenue	1,178	-
Expenses other than finance costs	(1,488)	-
Tax credit	-	49
Profit/(loss) on disposal of discontinued operations	291	(69)
Profit/(loss) for the year	(19)	(20)

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

	2018	2017
	£000	£000
Operating activities	(291)	-
Investing activities	741	44
Net cash from discontinued operations	450	44

6. Staff costs

	2018	2017
	£000	£000
Wages and salaries	11,201	11,608
Social security costs	1,000	1,126
Long-term incentive plan	329	-
Pension costs		
- defined contribution schemes	546	617
- defined benefit scheme (note 9)	159	178
Total staff costs	13,235	13,529

6. Staff costs (continued)

Average numbers of staff during the year were as follows:

	2018	2017
	Number	Number
Advice	124	135
Lending	22	29
Properties	7	7
IT Services	9	8
Private Investing	4	-
Consulting Services	-	10
Management Services	22	16
	<u>188</u>	<u>205</u>

7. Directors' remuneration

Remuneration in respect of Directors was as follows:

	2018	2017
	£000	£000
Salary and bonuses	1,272	1,119
Defined contribution pension cost	64	41
	<u>1,336</u>	<u>1,160</u>

Directors' emoluments represent amounts due during the period.

As at 31 March 2018 there were no Directors in the Group's defined benefit scheme (2017 – Nil). There were 3 Directors in the Group's defined contribution scheme (2017 – 3).

The highest paid director received emoluments of £418,200 during the year (2017: £431,800). The statutory directors' remuneration for the year was £1,335,600 (2017: £1,159,200).

8. Net finance expense

	2018	2017
	£000	£000
Finance income		
Interest received on bank deposits	71	18
Interest received on loans made	-	-
	<u>71</u>	<u>18</u>
	2018	2017
	£000	£000
Interest payable on borrowings and similar costs	571	460
Net interest expense from defined benefit scheme (note 9)	111	123
	<u>682</u>	<u>583</u>
Net finance expense total	<u>611</u>	<u>586</u>

8. Net finance expense (continued)

During the current year finance expense of £50,858 (2017: £88,290) was capitalised into development properties.

Finance income relates to financial assets classified as loans and receivables.

Finance expense relate to financial liabilities classified as financial liabilities measured at amortised cost.

9. Pension costs – defined benefit scheme

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

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

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

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

on a set of assumptions deemed appropriate, by the Fund Actuary.

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

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

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

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the

9. Pension costs – defined benefit scheme (continued)

Fund with excess assets, which eventually are inherited by the remaining employers.

Pension costs are assessed on the advice of Barnett Waddingham, an independent qualified actuary, following triennial valuations using the projected unit method. The latest valuation of the scheme was carried out at 31 March 2016. The valuation assumed that investment returns would be 3.35% per annum (equal to the discount rate), that salary increases would average 3.85% per annum

	2018	2017	2016
RPI increase	3.35%	3.60%	3.20%
CPI increase	2.35%	2.70%	2.30%
Salary increase	3.85%	2.50%	1.00%
Pension increase	2.35%	2.70%	2.30%
Discount rate for scheme liabilities	2.55%	2.70%	3.60%

Mortality assumptions

The actuaries have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5% p.a.

The resulting average expectation of life for a male pensioner member currently aged 65 is 22.3 years (24.6 years for females) whereas for a male active member currently aged 45 the life expectancy as at the valuation date is assumed to be 24.7 years (26.9 years for females).

and that present and future pensions would increase at the rate of 14.4% per annum.

The contribution paid by employees in the scheme ranges from 5.5% to 12.5% of pensionable salaries and the Company's regular cash contribution is 15.4% p.a. of pensionable salaries.

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

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

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

9. Pension costs – defined benefit scheme (continued)

	2018	2017
	£000	£000
Group's share of pension fund assets	11,994	11,659
Present value of scheme liabilities	(15,746)	(15,869)
Present value of unfunded liabilities	-	(1)
Deficit in the scheme	(3,752)	(4,211)
Related deferred tax asset	639	715
Net pension liability	(3,113)	(3,496)

Assets (Employer)	Fund value at 31 March 2018	Fund value at 31 March 2017
	£000	£000
Equities		
Consumer markets	1,297	1,415
Financial institutions	693	479
Healthcare	353	642
Industrials	849	815
IT and Telecoms	1,081	747
Utilities	193	119
	4,466	4,217
Investment funds and unit trusts	1,825	2,488
Cash	1,107	909
Property	1,639	1,440
Private Equity	1,240	1,103
Bonds	-	125
Derivatives		
LDI	954	697
Currency hedge (forward contracts)	50	9
Other	713	671
	1,717	1,377
Total value of market assets	11,994	11,659

For accounting periods beginning on or after 1 January 2013, the expected return and the interest cost have been replaced with a single net interest cost that effectively sets the expected return on assets equal to the discount rate of 2.55% (2017: 2.7%).

9. Pension costs – defined benefit scheme (continued)

	2018	2017
	£000	£000
Reconciliation of plan assets		
At beginning of year	11,659	9,656
Other actuarial gains	-	135
Interest on assets	311	346
Return on assets less interest	331	1,629
Contributions by participants	33	47
Contribution by employers	159	178
Benefits paid	(484)	(319)
Administration expenses	(15)	(13)
	11,994	11,659
	2018	2017
	£000	£000
Reconciliation of plan liabilities		
At beginning of year	15,870	13,154
Interest cost	422	469
Current service cost	129	125
Contribution by plan participants	33	47
Change in financial assumptions	(225)	3,532
Change in demographic assumptions	-	(232)
Experience gain on defined benefit obligation	-	(906)
Estimated benefits paid net of transfers in	(483)	(319)
	15,746	15,870

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

Analysis of the amount charged to operating profit

	2018	2017
	£000	£000
Service cost	129	125
Net interest on the defined liability	111	123
Administration expenses	15	13
	255	261

9. Pension costs – defined benefit scheme (continued)

Analysis of the amount charged to finance expense

	2018	2017
	£000	£000
Expected return on pension scheme assets	-	-
Interest on pension scheme liabilities	111	123
Net gain	-	-
Less deferred taxation	-	-
	<u>111</u>	<u>123</u>

Analysis of amount recognised in equity

	2018	2017
	£000	£000
<i>Cumulative actuarial losses recognised directly in equity</i>		
Return on plan assets in excess of interest	331	1,629
Other actuarial gains on assets	-	135
Change in financial assumptions	224	(3,532)
Change in demographic assumptions	-	232
Experience gain on defined benefit obligation	-	906
Net (loss)/gain	<u>555</u>	<u>(630)</u>
Less deferred tax (charge)/credit	<u>(78)</u>	<u>86</u>
	<u>477</u>	<u>(544)</u>

Movement in deficit during the year

	2018	2017
	£000	£000
At 1 April	<u>(4,211)</u>	<u>(3,498)</u>
Movement in year:		
Current service cost	(129)	(125)
Contributions	159	178
Net losses	(126)	(136)
Net actuarial losses	555	(630)
At 31 March	<u>(3,752)</u>	<u>(4,211)</u>

It has been agreed with the trustees that the contribution rate for the next year will be 5.5%. For the year ended 31 March 2018, in order to reduce the deficit, the Group made additional contributions of £73,230 (2017: £96,100) and have agreed with the London Pension Fund Authority that no additional payments are due for the year ended 31 March 2019.

9. Pension costs – defined benefit scheme (continued)

History of experience gains and losses

	2018 £000	2017 £000	2016 £000
Experience gains/(losses) on scheme assets	-	-	-
Value of assets	11,994	11,659	9,656
Percentage of scheme assets	0.0%	0.0%	0.0%
Experience gains on scheme liabilities	-	906	-
Present value of liabilities	15,746	15,870	13,154
Percentage of the present value of the scheme liabilities	0.0%	5.7%	0.0%

Sensitivity analysis

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	15,468	15,746	16,031
Projected service cost	119	122	125
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	15,767	15,746	15,726
Projected service cost	122	122	122
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	16,011	15,746	15,488
Projected service cost	125	122	119
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	16,343	15,746	15,174
Projected service cost	126	187	118

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

9. Pension costs – defined benefit scheme (continued)

Defined contribution schemes

The pension charge in respect of this scheme is the actual contributions paid. These amounted to £546,000 (2017: £537,000).

10. Taxation

Analysis of taxation expense in the year:

	2018	2017
	£000	£000
<i>Current tax expense</i>		
UK corporation tax on profits for the year	529	830
Adjustments in respect of prior years	(198)	138
Total current taxation expense	<u>331</u>	<u>968</u>
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	548	554
Effect of tax rate changes	-	(84)
Adjustments in respect of previous periods	8	(193)
Total deferred tax expense	<u>556</u>	<u>277</u>
Total taxation expense	<u>887</u>	<u>1,245</u>

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

	2018	2017
	£000	£000
Profit on ordinary activities before taxation	<u>7,961</u>	<u>3,282</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2017: 20%)	1,513	656
(Income) not allowable/expenses not deductible for tax purposes	(1,096)	(282)
Unprovided deferred tax movement	19	(6)
Adjustment in respect of prior years	(331)	(55)
Unrelieved tax losses and other differences	-	(24)
Capital gains	555	604
Permanent differences	227	155
Other timing differences	-	197
Total taxation expense	<u>887</u>	<u>1,245</u>

11. Business combinations

On 1 April 2017, Newable acquired 100% of the share capital of the London Business Angels group of companies ("LBA") in order to strengthen and expand its equity offering to SMEs, for a consideration of £521,844.

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

	Book Value	Adjustment	Fair Value
	£000	£000	£000
Debtors	99	-	99
Cash	174	-	174
Creditors	(176)	-	(176)
Customer relations (note 12)	-	385	385
Total net assets	97	385	482
Cash consideration paid			522
Goodwill (note 12)			40

There is a contingent amount of £165,000 representing deferred consideration, which is potentially payable during the next 2 years should certain performance criteria be met. Management consider the achievement of these performance criteria too uncertain at 31 March 2018 and accordingly have not recognised any deferred consideration in the financial statements.

12. Intangible assets

	Customer Contracts £000	Customer Relations £000	Goodwill £000	Total £000
Cost or valuation				
At 1 April 2017	103	120	498	721
Additions acquired through business combinations	-	385	40	425
Disposals	-	(120)	(498)	(618)
At 31 March 2018	103	385	40	528
Accumulated amortisation and impairment				
At 1 April 2017	13	60	249	322
Amortisation charge	11	38	-	49
Disposals	-	(60)	(249)	(309)
At 31 March 2018	24	38	-	62
Net book value				
At 31 March 2018	79	347	40	466
At 31 March 2017	90	60	249	399

It is the view of senior management that included in the £522,000 consideration paid for London Business Angels (“LBA”) £385,000 is attributable to customer relations and £40,000 attributable to goodwill. The goodwill has arisen on the employees acquired with LBA and their knowledge and expertise, which does not qualify for separate recognition. In addition, net assets of £97,000 were acquired.

During the year, the Company disposed of its consulting business and the associated intangible value of £309,000 was expensed to the Statement of Profit and Loss.

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

The amortisation period for customer contracts is between 3 to 10 years. It is the view of senior management that customer contracts should be partially impaired as at 31 March 2018.

The impairment review carried out on 31 March 2018 determined that customer relations associated with the acquisition has been partially impaired but there has been no impairment to goodwill.

13. Property, plant and equipment

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2016	-	525	838	1,363
Transfer	399	(399)	-	-
Additions	312	15	123	450
Disposals	-	(113)	(644)	(757)
At 31 March 2017	711	28	317	1,056
Additions	620	119	131	870
Disposals	(404)	-	(7)	(411)
At 31 March 2018	927	147	441	1,515
Accumulated depreciation				
At 1 April 2016	-	244	716	960
Transfer	171	(171)	-	-
Charge for the year	57	14	76	147
Disposals	-	(71)	(638)	(709)
Impairment	179	-	-	179
At 31 March 2017	407	16	154	577
Charge for the year	101	22	80	203
Disposals	(404)	-	(5)	(409)
At 31 March 2018	104	38	229	371
Net book value				
At 31 March 2018	823	109	212	1,144
At 31 March 2017	304	12	163	479

14. Investment property

	Freehold property £000	Leasehold property £000	Total £000
At 1 April 2016	19,400	20,170	39,570
Additions	7,496	-	7,496
Disposals	(3,325)	-	(3,325)
Revaluations	3,904	620	4,524
At 31 March 2017	27,475	20,790	48,265
Additions	2,828	-	2,828
Disposals	(5,825)	-	(5,825)
Revaluations	7,042	2,500	9,542
At 31 March 2018	31,520	23,290	54,810

Bank borrowings are secured on the Group's freehold and leasehold property.

The Group's investment properties were valued by Jones Lang La Salle, chartered surveyors, as at 31 March 2018. The valuations were performed in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The Directors consider that their valuation is an accurate reflection of fair value at the year-end.

A fair value hierarchy of 3 is attributed to the investment property as there are a significant number of unobservable inputs used to determine the fair value of property. Fair value is determined by applying the income approach based on the estimated rental value of the property, and rental growth rates as estimated by the external valuer based on comparable transactions and industry data. The estimated rental value per square foot ranges from £10.72 to £19.00 (2017: £10.00 to £25.00). The estimated yield ranges from 4.73% to 9.40% (2017: 5.25% to 9.29%). The average weighted unexpired term ranges from 0.6 years to 16.3 years (2017: 1.1 years to 17.3 years). The occupancy rates varied from 95% to 100% (2017: 69% to 100%).

During the year £4,806,000 (2017: £4,291,000) was recognised in the Statement of Profit and Loss in relation to rental income from investment properties. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £307,000 (2017: £229,000). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to £5,969,000 (2017: £3,623,000).

At 31 March 2018, there was no restriction on the potential future realisation of investment property or the remittance of income and proceeds of disposal (2017: £nil).

At 31 March 2018, there were no contractual obligations to purchase investment property (2017: £nil).

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

15. Subsidiaries

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

Name of company	Nature of business	Percentage of ownership interest at 31 March	
		2018	2017
Newable Trade (London) Limited	Administrative company	100	100
Newable Trade (South East) Limited	Administrative company	100	100
Newable International Consulting Limited	Consultancy services company	100	100
GLE Enterprise Partners Limited	Consultancy services company	100	100
Batavia Road 1 Limited	Development property company	100	100
Newable Developments Limited	Development property company	100	100
Newable Property Developments Limited	Development property company	100	100
Newable LLF Limited	Enterprise agency	100	100
Newable Business Loans Limited	Enterprise agency	100	100
London Business Loans (Wholesale) Limited	Enterprise agency	100	100
Newable RGF Limited	Enterprise agency	100	100
Leeds North East GP Limited	General partner	100	100
London GP Limited	General partner	100	100
PIF GP No 1 Limited	General partner	100	100
PIF GP No 2 Limited	General partner	100	100
PIF GP No 3 Limited	General partner	100	100
PIF GP No 4 Limited	General partner	100	100
PIF GP No 7 Limited	General partner	100	100
SMH GP Limited	General partner	100	100
South West GP Limited	General partner	100	100
YVF GP (Development) Limited	General partner	100	100
YVF GP (Investment) Limited	General partner	100	100
Newable Capital Group Limited	Holding company	100	100
Newable Contracts Holdings Limited	Holding company	100	100
Newable Equity Limited	Holding company	100	100
Newable Lending Limited	Holding company	100	100
Newable UK Holdings Limited	Holding company	100	100
PW Group Holdings Limited	Holding company	100	100

15. Subsidiaries (continued)

Name of company	Nature of business	Percentage of ownership interest at 31 March	
		2018	2017
PW Growth Finance Ltd	Holding company	97 *	97 *
Newable Private Equity Limited	Investment company	100	100
Leeds Enterprise Limited	Investment company	100	100
Leeds North East Investments Limited	Investment company	100	100
London Seed Capital Limited	Investment company	100	100
Newable Investments Limited	Investment company	100	100
Newable Private Investing Limited	Investment company	100	100
Newable Ventures Limited	Investment company	100	100
Newable Yorkshire (Holdings) Limited	Investment company	100	100
SMH Venture Finance Limited	Investment company	100	100
GLE Growth Capital Ltd	Investment management company	100	100
Newable Properties Limited	Investment property company	100	100
Waterfront Studios Limited	Investment property company	100	100
Newable Digital Limited	IT services company	100	100
Newable Business Finance Limited	Loans company	50 *	50 *
Newable Events Limited	Management services company	100	100
Newable Management Services Limited	Management services company	100	100
East London Property Investment Fund Ltd	Dormant company	100	100
Enterprise London Ltd	Dormant company	100	100
Newable Business Villages Ltd	Dormant company	100	100
Newable Lending for Growth Limited	Dormant company	100	100
PIF GP No 5 Limited	Dormant company	100	100
PIF GP No 6 Limited	Dormant company	100	100
PW Asset Finance Ltd	Dormant company	100	100
Newable Capital Limited	Dormant company	100	100
Newable Capital Ventures Limited	Dormant company	100	100
Angels in Medcity Limited	Dormant company	100	100
Newable Capital Finance Limited	Dormant company	100	100
London Business Angels Limited	Dormant company	100	100
Newable Nominee Limited	Dormant company	100	100
Newable Trust Limited	Dormant company	100	100
UK Space Tech Angels Limited	Dormant company	100	100

15. Subsidiaries (continued)

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

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

* PW Growth Finance Limited has a non-controlling interest of 3%, which represents 3% voting rights. Similarly, Newable Business Finance Limited has a non-controlling interest of 50%, which represents 50% voting rights.

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

16. Investment in equity-accounted joint ventures

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

As at 31 March

	2018	2017
	£000	£000
Current assets	10,728	15
Non-current assets	51	71
Current liabilities	(2,490)	(422)
Non-current liabilities	(4,425)	-
Net assets/(liabilities) (100%)	3,864	(336)
Group share of net assets (50%)	1,932	(168)
Revenue	1,099	15
Loss from continuing operations	(800)	(336)
Total comprehensive income/(expense) (100%)	(800)	(336)
Group share of total comprehensive income/(expense) (50%)	(400)	(168)
Included in the above amounts are:		
Depreciation and amortisation	17	4
Impairment	1,035	-
Interest income	1,003	15
Interest expense	108	-

The loan facility of Newable Business Finance Limited is secured against the loan receivables of Newable Business Loans Limited.

17. Available for sale investments

	<u>£000</u>
At 1 April 2016	3,152
Additions	62
Disposals	(17)
Impairment	(99)
At 31 March 2017	<u>3,098</u>
Additions	348
Disposals	(2,272)
Impairment	(157)
At 31 March 2018	<u>1,017</u>

	2018	2017
	£000	£000
Equity securities (quoted)	684	615
Managed funds (unquoted)	333	2,483
	<u>1,017</u>	<u>3,098</u>

The fair value of quoted securities is based on published market prices at year-end. The fair values of the unquoted securities are valued in accordance with valuations where available. Where market valuations are not available, an alternative valuation methodology is used. For example, in accordance with the European Venture Capital Association Guidelines, where the range of fair values derived by applying a valuation model is significant and the

probabilities of the various estimates cannot be reasonably assessed, the investment is carried at cost. A fair value hierarchy of 1 is attributed to the quoted securities. A fair value hierarchy of 3 is attributed to the unquoted managed funds, as there are a significant number of unobservable inputs used to determine the fair value of unquoted securities. Changes in levels are analysed at each reporting date by the Board of Directors.

18. Financial instruments and financial risk

Financial instrument assets

	2018	2017
	£000	£000
Cash and cash equivalents	3,377	5,258
Trade and other receivables	2,248	877
Loan receivables	10,688	4,787
Available for sale investments	1,017	3,098
	<u>17,330</u>	<u>14,040</u>

18. Financial instruments and financial risk (continued)

At year-end, the provision included in the above loan receivables was £3.697m (2017: £2.363m). The provision increased by £1,334,276 (2017: £448,334) during the year. It should be noted one of the subsidiaries has a grant in place for all loan losses incurred and thus the company does not expense movements in the loan provision, rather this is netted against the grant.

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

Credit risk: Newable Business Finance Limited, which started operations in January 2017, has advanced loans to SMEs across the United Kingdom. As at 31 March 2018, £12 million had been advanced to SME's. This lending exposes Newable to the risk that these amounts may not be recoverable. This risk is mitigated by the joint venture structure and by robust controls and technology around the client undertaking process and on-going monitoring procedures. In addition, Newable Business Finance Limited has guarantee arrangements in place from partners that can offset up to 75% of bad debts that may be incurred.

In addition, Newable LLF Limited, one of Newable Lending's operating companies which started operations in March 2014 and which advanced loans to London based SME's, has now ceased new lending activities and is currently in run off with remaining loans advanced and outstanding at 31 March 2018 of £2.2 million. This residual loan book

also exposes Newable to the risk that these amounts may not be fully recoverable. This risk is also mitigated by guarantee arrangements with partners on the same basis as Newable Business Finance Limited by ongoing client monitoring procedures.

Liquidity risk: The Group is exposed to liquidity risk, as sufficient funds are required to support trading, investing and financing activities. The Group regularly monitors the liquidity position to ensure that sufficient funds are available to meet both current and future requirements. Liquidity management includes managing the Group's working capital and borrowings. The Group's borrowings are the subject of a number of financial covenants which the Directors regularly monitor to ensure both current and future compliance. The Group's £25 million revolving loan facility with Lloyds Bank, renewed in June 2018, is due to run until May 2021. Interest is charged at LIBOR plus 2.25%.

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

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

In accordance with IFRS 7, the following table shows the principal repayments of the Group:

18. Financial instruments and financial risk (continued)

	Due in 2019	Due in 2020	Due in 2021	Total
	£000	£000	£000	£000
Trade and other payables	20,767	11	-	20,778
Bank loans	11,750	-	-	11,750
Overdraft	-	-	-	-
At 31 March 2018	32,517	11	-	32,528

	Due in 2018	Due in 2019	Due in 2020	Total
	£000	£000	£000	£000
Trade and other payables	10,987	2,862	-	13,849
Bank loans	2,482	8,881	663	12,026
Overdraft	38	-	-	38
At 31 March 2017	13,507	11,743	663	25,913

In accordance with IFRS 7, the following table shows the principal receivables of the Group:

	Due in less than one year	Due in more than one year	Total
	2018	2018	2018
	£000	£000	£000
Trade receivables	1,338	-	1,338
Loan receivables	3,269	7,655	10,924
At 31 March 2018	4,607	7,655	12,262

	Due in less than one year	Due in more than one year	Total
	2017	2017	2017
	£000	£000	£000
Trade receivables	877	-	877
Loan receivables	2,230	2,557	4,787
At 31 March 2017	3,107	2,557	5,664

The Group has used a sensitivity analysis technique that measures the estimated change in fair value of the Group's financial instruments to both the Statement of Profit and Loss and equity of an instantaneous increase or decrease of 1% in market interest rates. This exercise has been performed purely for illustrative purposes as, in practice, these changes rarely occur in isolation. In preparing this analysis, it has been assumed that changes in market interest rates affect the interest payable or receivable on floating rate financial instruments. The Group has in place an interest hedge against interest rate increases on £12.5m of its borrowings, which reduces the impact of any market interest rate rises.

18. Financial instruments and financial risk (continued)

	1% decrease in market interest rate	1% increase in market interest rate
	£000	£000
At 31 March 2018		
Impact on Statement of Profit and Loss	250	125

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

Capital structure

The Group manages its bank loans and equity as capital. The Group's principal objective is to ensure that the Group has sufficient capital to fund its operations. In developing business plans, management consider the likely capital requirements and how to fund these requirements. Additional capital is funded by using the least cost source at the time of fund raising. At 31 March 2018, the Group's capital can be summarised as follows:

	2018	2017
	£000	£000
Bank loans	11,750	12,026
Members contribution	1,300	1,300
	13,050	13,326

Externally imposed capital requirements are represented by a number of operational and financial covenants on the bank loans, all of which the Group comfortably operates within. The maximum amount of credit risk that the Group is exposed to is in respect of its total trade and other receivables. Within a subsidiary company there was a breach in one banking covenant which was subsequently waived by the respective bank with no consequences arising as a result of this breach.

19. Development properties

	2018	2017
	£000	£000
Development properties	14,174	10,283

Included within the carrying value of development properties is capitalised interest of £220,958 (2017: £170,100). The capitalisation rate used for the current and prior year was 2.63%.

20. Trade and other receivables

	2018	2017
	£000	£000
Current		
Trade receivables	1,338	877
Loan receivables on behalf of group undertakings	910	2,039
Loan receivables on behalf of joint venture undertaking (note 30)	2,359	191
Other receivables	2,123	2,168
Corporation tax receivable	44	-
Other taxes	-	382
Prepayments and accrued income	3,226	4,724
	10,000	10,381
	2018	2017
	£000	£000
Non-current		
Loan receivables on behalf of group undertakings	378	1,339
Loan receivables on behalf of joint venture undertaking (note 30)	7,277	1,218
	7,655	2,557

At year-end, the provision included in the above receivables was £3.697m (2017: £2.363m). The provision was increased by £0.997m (2017: £0.448m). It should be noted one of the subsidiaries has a grant in place for all loan losses incurred and thus the company does not expense movements in the loan provision, rather this is netted against the grant.

21. Cash and cash equivalents

	2018	2017
	£000	£000
Short term bank deposits	582	1,382
Cash at bank	2,795	3,876
Balance as shown on Consolidated Statement of Financial Position	3,377	5,258
Overdrafts	-	(38)
Balance as shown on Consolidated Cash Flow Statement	3,377	5,220

22. Trade and other payables

	2018	2017
	£000	£000
Current		
Trade payables	2,281	1,806
Other taxes	216	-
Corporation tax	-	805
Accruals and deferred income	7,657	5,033
Other payables	999	3,343
Other payables to the joint venture	9,614	-
	20,767	10,987

Other payables include an amount of £49,000 (2017: £156,000) which represents funding received from the London Boroughs of Wandsworth and Merton. The purpose of this funding is to assist the Group's Business Loans' activities to advance loans to SMEs based in Wandsworth and Merton of £800,000 and £600,000 respectively.

Included within accruals and deferred income is an amount of £329,000 (2017: £ nil) which represents the charge to profit and loss relating to the long-term incentive plan for eligible senior employees, which is in respect of the estimated fair value of the projected values of the LTIP accruing to participating staff.

23. Provisions

The movement on provisions is as shown below:

	2018	2017
	£000	£000
At 1 April	911	92
Increase in the year	25	894
Release in the year	(17)	(75)
Utilisation in the year	(307)	-
At 31 March	612	911

	Due in less than one year	Due in more than one year	Total
	2018	2018	2018
	£000	£000	£000
Provisions	245	367	612

Amounts provided for at 31 March 2018 comprised a lease provision of £587,000 (2017: £894,000), potential litigation of £Nil (2017: £17,000) and dilapidations of £25,000 (2017: £nil). During the year, there was a charge of £25,000 for the dilapidations, a release of £17,000 for potential litigation and utilisation of £307,000 relating to a lease provision.

24. Loans and borrowings

	Current	Non-current	Current	Non-current
	2018	2018	2017	2017
	£000	£000	£000	£000
Overdrafts	-	-	38	-
Bank loans	11,750	-	2,482	9,544
	11,750	-	2,520	9,544

Bank loans comprise one agreement for a loan facility of £25,000,000, of which £10,500,000 (2017: £7,000,000) was utilised as at 31 March 2018. The borrowing is interest bearing at 2.25% above LIBOR on all balances. The facility was renewed on 1 June 2018 for a further three years until 31 May 2021.

There were three other bank loans. One for £1,250,000 (2017: £2,500,000) is interest bearing at 7.85% above LIBOR on all balances and is in place until 13 March 2019. The other two, both interest bearing at 3.50% above LIBOR, comprising amounts of £1,250,000 (2017: £1,250,000) and £1,325,000 (2017: £1,325,000) were repaid in full during the year.

Borrowings mature as follows:

	2018	2017
	£000	£000
Less than one year	11,750	2,520
Two to five years	-	9,544
	11,750	12,064

25. Deferred income and other payables

	2018	2017
	£000	£000
Deferred income and other payables	11	2,862

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

During the current year, the Endowment Fund was closed.

26. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a tax rate of 19% (2017: 18%). The movement on the deferred tax account is as shown below:

	2018	2017
	£000	£000
Deferred tax asset at 1 April	(868)	(800)
Deferred tax liability at 1 April	1,301	1,042
At 1 April	433	242
Profit and loss charge/(credit)	634	277
Other comprehensive income	-	(86)
At 31 March	1,067	433

	2018	2017
	£000	£000
Deferred tax asset at 31 March	(1,107)	(868)
Deferred tax liability at 31 March	2,174	1,301
At 31 March	1,067	433

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

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

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

26. Deferred taxation (continued)

	Liability/ (Asset)	Charged/ (credited) to Income	Charged/ (credited) to Reserves
	2017	2017	2017
	£000	£000	£000
Property, plant and equipment and intangible assets	102	(162)	-
Other temporary differences	417	525	(86)
Provision	(86)	(86)	-
Total deferred taxation	433	277	(86)

Deferred tax assets are only recognised in relation to tax losses and other temporary differences, which would give rise to deferred tax assets where it is considered probable that the losses will be utilised in the foreseeable future, and therefore the asset is recoverable. No deferred tax is recognised in relation to unused brought forward tax losses totaling £92,912 (2017: £395,707).

27. Leases

The Group as lessee:

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

	2018	2017
	£000	£000
Less than one year	1,114	832
Two to five years	3,545	3,150
Greater than five years	9,931	10,669
	14,590	14,651

The Group as lessor:

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

	2018	2017
	£000	£000
Less than one year	3,781	4,005
Two to five years	6,987	7,010
Greater than five years	2,787	4,258
	13,555	15,273

28. Contingent liabilities

From time to time and in the normal course of business, claims against the Company and/or Group may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these financial statements.

29. Members' contributions

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

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

30. Related party transactions

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

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

Newable Business Loans Limited, a wholly owned subsidiary of the Company, has an indemnity agreement with Newable Business Finance Limited. Under this agreement, Newable Business Loans Limited provides loans, on behalf of Newable Business Finance Limited, to SMEs with all risks and rewards associated with the issue of these loans being passed to Newable Business Finance Limited. Under this agreement, there is a net outstanding balance of £9.4m as at 31 March 2018 (2017: £1.4m).

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

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

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

30. Related party transactions (continued)

	Services provided		Services received	
	2018	2017	2018	2017
	£000	£000	£000	£000
Newable Business Finance Limited	1,389	-	194	168

	Amounts owed by related parties		Amounts owed to related parties	
	2018	2017	2018	2017
	£000	£000	£000	£000
Newable Lending Limited	35	-	-	-
Newable Equity Limited	521	-	-	-
Newable Private Equity Limited	-	-	(4,365)	(4,365)
Newable Events Limited	-	-	(97)	-
Newable Management Services Limited	-	-	(547)	(47)
PW Group Holdings Limited	44	44	-	-
Newable Business Finance Limited	2,236	1,629	(10,773)	(6)

Loans totalling £102,648 were advanced to employees participating in the long-term incentive plan, which was introduced during the year, and will be repaid on 31 March 2022 or 31 March 2023, in accordance with the terms of the plan.

Details of compensation to key management personnel (the directors) are disclosed in the emoluments table in the Remuneration and Personnel Committee Review (page 28).

31. Post balance sheet events

On 1 June 2018, the Company completed the acquisition of a credit broking business called St Georges Commercial Finance Limited for a consideration of £550,000.

32. Capital Commitments

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

Company Statement of Financial Position at 31 March 2018

Company Statement of Financial Position At 31 March 2018

Company Number: 01653116

	Note	2018 £000	2017 £000
Non-current assets			
Investments	2	17,701	17,949
Amounts falling due after more than one year	3	-	100
		17,701	18,079
Current assets			
Debtors			
Amounts falling due within one year	3	2,119	2,482
Cash at bank		5	1
		2,124	2,483
Creditors: amounts falling due within one year	4	(6,047)	(6,015)
Net current liabilities		(3,923)	(3,532)
Net assets less current liabilities excluding pension liability		13,778	14,547
Net pension liability		(3,113)	(3,496)
		10,665	11,051
Net Assets			
Capital and reserves			
Members' contributions	5	1,300	1,300
Accumulated funds		9,365	9,751
Members' funds: equity interests	6	10,665	11,051

The financial statements on pages 81 to 87 were approved and authorised for issue by the Board of Directors on 17 July 2018 and were signed on its behalf by:

M B Walsh
Director

The Company is not publishing a separate statement of financial performance as permitted by section 408 of the Companies Act 2006. The loss for the financial year dealt within the Group financial statements was £385,576 (2017: loss of £1,215,774).

The notes on pages 82 to 87 form part of these financial statements.

Notes to the Company Financial Statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied throughout the year and preceding year.

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

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

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

In preparing these financial statements, the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;

- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Newable Limited.

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

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

Investment in subsidiary undertakings

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

1. Accounting policies (continued)

Deferred taxation

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

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

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

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

No deferred tax is recognised in relation to unused brought forward tax losses totaling £92,912 (2017: £395,707).

Cash flow statement

The Company has taken advantage of the exemption conferred by FRS 101 not to prepare a cash flow statement on the basis that the Company's results are included in its own published consolidated financial statements.

Defined benefit scheme

The amounts charged to the income and expenditure account are the current service charge costs, gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised in the income and expenditure account if the benefits are vested. If the benefits have not vested immediately the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount within either interest payable or receivable. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return of a high quality corporate bond and term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each Balance Sheet date. The resulting defined asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the Balance Sheet.

The assumptions in relation to the pension scheme are included in the Consolidated Financial Statements (see note 9).

2. Investments

	2018	2017
	£000	£000
Investment in subsidiary undertakings		
Cost and Net Book Value at 1 April	17,911	17,911
Additions	524	-
Disposals	(519)	-
Movement on provision	(403)	-
	17,513	17,911
	2018	2017
	£000	£000
Other investments		
Net Book Value at 1 April	68	38
Additions	188	62
Disposals	-	(13)
Movement on provision	(68)	(19)
Net Book Value at 31 March	188	68
Total investments	17,701	17,949

The Company's principal subsidiaries are listed in note 15 of the Consolidated Financial Statements.

3. Debtors

	2018	2017
	£000	£000
Current		
Corporation tax	-	1
Other taxes	1	-
Other debtors	214	114
Prepayments	-	541
Amounts due from subsidiary undertakings	1,904	1,826
	2,119	2,482
Non-current		
Other debtors	-	100

4. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Other creditors	51	156
Accruals	587	893
Amounts owed to subsidiary undertakings	5,409	4,966
	<u>6,047</u>	<u>6,015</u>

Other creditors represent funding received from the London Boroughs of Wandsworth and Merton. The purpose of this funding is to assist the Group's Lending activities to advance loans to SMEs based in Wandsworth and Merton of £800,000 and £600,000 respectively.

5. Members' contributions

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

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

6. Reconciliation of movements in members' funds

	2018	2017
	£000	£000
At 1 April	11,051	12,267
Loss for the year	(386)	(1,216)
At 31 March	<u>10,665</u>	<u>11,051</u>

7. Related party transactions

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

	Services provided		Services received	
	2018	2017	2018	2017
	£000	£000	£000	£000
Newable LLF Limited	95	115	-	-

Services provided relate to funding assistance to the Group's Lending activities, to advance loans to SMEs based in the London Borough of Wandsworth.

The following balances with related parties were due:

	Amounts owed by related parties		Amounts owed to related parties	
	2018	2017	2018	2017
	£000	£000	£000	£000
Newable Lending Limited	35	-	-	-
Newable Equity Limited	521	-	-	-
Newable Private Equity Limited	-	-	(4,365)	(4,365)
Newable Events Limited	-	-	(97)	-
Newable Management Services Limited	-	-	(547)	(47)
Newable Trade (London) Limited	-	-	(400)	(13)
PW Group Holdings Limited	44	44	-	-

These balances relate to the provision of working capital.

8. Capital Commitments

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



Newable

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dedicated to helping people start, sustain
and scale their businesses.**

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