

Newflex Leases Limited
(formerly CBLH Limited)

Report and Financial Statements

Year Ended

31 March 2020

Company Number 02767719



Newflex Leases Limited

Report and Financial Statements for the year ended 31 March 2020

Contents

Page:

1	Strategic Report
2	Directors' Report
4	Directors' Responsibilities Statement
5	Independent Auditor's Report
8	Statement of Comprehensive Income
9	Balance Sheet
10	Statement of Changes in Equity
11	Notes forming part of the financial statements

Company information

Directors

S P Jude
C J Manson
M B Walsh

Company secretary and registered office

M Hofman
140 Aldersgate Street
London
EC1A 4HY

Company number

02767719

Auditors

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Newflex Leases Limited

Strategic Report for the year ended 31 March 2020

Business review and key performance indicators

Trading for Newflex Leases Ltd (formerly CBLH Limited) ('CBLH') in the year has been strong.

Following a strategic realignment of the business, five centres were closed during the year; Birmingham Mailbox, Newcastle Mosley Street, Leeds City Square and Wakefield, in addition to Manchester in the previous year. The total turnover therefore has reduced by £2.4m to £9.1m, a reduction of 20.7% on the prior year on a comparable 13 months period.

The conversion of two centres Croydon and Derby to leased centres and the new Birmingham lease in the prior period have contributed £0.4m to turnover for the year (2019: £nil).

Excluding exceptional items, the net operating result has improved this year from a net profit of £91,950 last 13 month period to a net profit of £111,030.

Net cash has reduced significantly since the acquisition of the Company by Newable following an exercise to pool group cash reserves through intra group loans.

Covid-19

The Company has been impacted by the lock-down in terms of occupancy levels within centres, however customer retention levels remain strong. The business has been proactive in ensuring safety measures are in place in all offices, which comply with Government guidance, so that the centres can continue operationally.

The Board's assessment of the Company's going concern status is based on detailed cash flow projections which have been prepared for the period through to March 2022, which confirms that the Company will maintain positive cash balances throughout the going concern review period. Further details are provided in note 2 to the financial statements.

Principal risks and uncertainties

Revenue and pricing risk

CBLH is exposed to risk of adverse economic developments reducing revenues. The risk is reduced by our value offering being attractive to cost conscious customers and no material customer or client concentration issues.

Cash flow risk

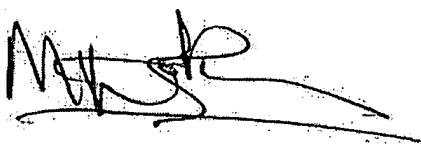
The highest costs to CBLH are rents and service charges which are largely paid quarterly in advance and result in a material quarterly working capital requirement. The cash flow risks are reduced by CBLH having significant positive cash balances, no indebtedness, break clauses within the leases, and the terms on which CBLH earns revenue and pays suppliers being to some extent matched. The directors produce and review detailed 3 month cash forecasts and 12 month rolling cash forecasts on a regular basis to ensure that CBLH maintains a robust financial structure and sufficient cash headroom.

Credit risk

Credit risk is the risk of financial loss to CBLH if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The risk to CBLH arises solely from the Company's receivables from customers. The risk is reduced by our value offering being attractive to cost conscious customers and operating on a low cost model.

This report was approved by the board on 3 March 2021 and signed on its behalf.

M B Walsh
Director



Newflex Leases Limited

Directors' Report for the year ended 31 March 2020

The Directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity

The principal activity of the Company in the year under review was that of providing business centre accommodation.

Results and dividends

The profit for the year ended, after taxation, amounted to £262,178 (2019 – Loss of £380,470).

No dividends will be distributed for the period ended 31 March 2020 (2019 - £Nil).

Directors

The Directors who served during the year were:

S P Jude
T P Irons (resigned 9 September 2019)
C J Manson
M B Walsh

Financial instruments

The Company does not actively use financial instruments as part of its financial risk management, therefore, only basic financial instruments are used such as cash and various items arising directly from operations (such as trade debtors and trade creditors).

The use of these basic financial instruments is managed by design and implementation of policies and procedures covering working capital management, credit control and cash management as summarised in the Strategic Report.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Newflex Leases Limited

Directors' Report for the year ended 31 March 2020 (*continued*)

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 March 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'M B Walsh', written over a horizontal line.

M B Walsh

Director

Newflex Leases Limited

Directors' Responsibilities Statement for the year ended 31 March 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 to enable them to ensure that the financial statements comply with 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.

Newflex Leases Limited

Independent Auditor's Report to the Members of Newflex Leases Limited

Opinion

We have audited the financial statements of Newflex Leases Limited ("the Company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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 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 Report and Financial Statements, 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.

Newflex Leases Limited

Independent Auditor's Report to the Members of Newflex Leases Limited (*continued*)

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

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Newflex Leases Limited

Independent Auditor's Report to the Members of Newflex Leases Limited (*continued*)

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.



Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
4 March 2021

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

Newflex Leases Limited

Statement of Comprehensive Income for the year ended 31 March 2020

	Note	Year ended 31 March 2020 £	13 months ended 31 March 2019 £
Turnover	4	9,057,817	11,418,488
Administrative expenses		(8,946,787)	(11,326,538)
Exceptional administrative income/(expenses)	5	225,712	(601,090)
Operating profit / (loss)	6	336,742	(509,140)
Interest receivable and similar income	8	52,969	13,634
Interest payable	9	(17)	-
Profit / (loss) before tax		389,694	(495,506)
Tax on profit / (loss) on ordinary activities	10	(127,516)	115,036
Profit / (loss) for the financial year		262,178	(380,470)

There was no other comprehensive income for 2020 (2019 - £Nil).

The notes on pages 11 to 22 form part of these financial statements.

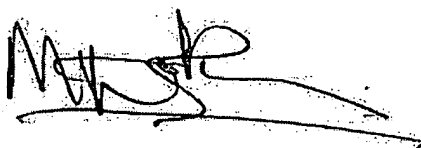
Newflex Leases Limited

Balance Sheet at 31 March 2020

Company number 02767719				Restated	Restated
	Note	2020	2020	2019	2019
		£	£	£	£
Fixed assets					
Intangible assets	11		23,892		30,249
Tangible assets	12		1,836,951		1,436,056
			<u>1,860,843</u>		<u>1,466,305</u>
Current assets					
Debtors: amounts falling due within one year	14	7,960,601		8,407,094	
Cash at bank hand in hand		1,403,534		1,032,659	
		<u>9,364,135</u>		<u>9,439,753</u>	
Creditors: amounts falling due within one year	15	(4,414,206)		(3,935,671)	
Net current assets			<u>4,949,929</u>		<u>5,504,082</u>
Total assets less current liabilities			<u>6,810,772</u>		<u>6,970,387</u>
Provisions for liabilities					
Deferred tax	16	(87,867)		-	
Other provisions	17	(367,626)		(877,286)	
		<u>(455,493)</u>		<u>(877,286)</u>	
Net assets			<u>6,355,279</u>		<u>6,093,101</u>
Capital and reserves					
Called up share capital	18		58,839		58,839
Share premium account	19		241,176		241,176
Profit and loss account	19		6,055,264		5,793,086
			<u>6,355,279</u>		<u>6,093,101</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 March 2021

MB Walsh
Director



The notes on pages 11 to 22 form part of these financial statements.

Newflex Leases Limited

Statement of Changes in Equity for the year ended 31 March 2020

	Called Up Share Capital £	Share Premium Account £	Profit and Loss Account £	Total equity £
At 1 April 2019	58,839	241,176	5,793,086	6,093,101
Comprehensive income for the year				
Profit for the year	-	-	262,178	262,178
Total comprehensive income for the year	-	-	262,178	262,178
Total transactions with owners	-	-	-	-
At 31 March 2020	58,839	241,176	6,055,264	6,355,279

Statement of Changes in Equity for the period ended 31 March 2019

	Called Up Share Capital £	Share Premium Account £	Profit and Loss Account £	Total equity £
At 1 March 2018	58,839	241,176	6,173,556	6,473,571
Comprehensive loss for the period				
Loss for the period	-	-	(380,470)	(380,470)
Total comprehensive loss for the period	-	-	(380,470)	(380,470)
Total transactions with owners	-	-	-	-
At 31 March 2019	58,839	241,176	5,793,086	6,093,101

The notes on pages 11 to 22 form part of these financial statements.

Newflex Leases Limited

Notes forming part of the financial statements for the year ended 31 March 2020

1 General information

Newflex Leases Limited (formerly CBLH Limited) is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

The financial statements are presented in sterling which is also the functional currency of the Company.

2 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

Accounting period

These financial statements report on a twelve month period whereas the comparatives represent an extended period from the 1 March 2018 to 31 March 2019.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Newable Limited as at 31 March 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Going concern

The financial statements have been prepared on a going concern basis. This has followed a careful evaluation by the Board of the wider Group of which this Company is a part and the Company's financial position in the light of the Covid-19 pandemic, the associated lockdown and the impact on the economy.

The Board's assessment of the Company's going concern status is based on detailed cash flow projections across the Group which have been prepared for the period through to March 2022, which confirms that the Group and Company will maintain positive cash balances throughout the going concern review period.

Newflex Leases Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

2 Accounting policies (*continued*)

Going concern (continued)

In common with many other businesses, post the year-end the wider Group breached financial covenants in respect of its loan facility which is forecast to be retained and available throughout the going concern review period. Based on current trading forecasts the covenants would continue to be in breach for the going concern assessment period. The Directors have received financial covenant waiver letters to December 2021 and additional facilities of £3.3m have been agreed since the year end. The lenders continue to be fully supportive of the Group, verbally confirming their willingness to renegotiate the existing financial covenants to make them fit for purpose in the environment that the Group is now operating in from December 2021.

The Directors are confident that existing financial covenants will be satisfactorily re-set and no Event of Default requiring repayment of the facility will occur. If such Event of Default should occur the Directors are satisfied that, given the cash resources available to the Group from its ultimate Parent Company, bank borrowings could be discharged in full and the Group would maintain positive cash balances through the going concern review period.

Based upon the actions initiated by the Directors in response to Covid-19 and the forecast cash flow projections provided the Board are satisfied that it is appropriate to adopt the going concern basis of preparation for these financial statements.

Revenue

Revenue from the provision of office accommodation to customers is recognised evenly over the year the service is rendered as amounts received or receivable (excluding value added tax). Where rent free periods are granted to customers, rental income is spread on a straight line basis over the length of the customer contract. Amounts invoiced in advance are deferred and recognised as revenue upon provision of the service.

Service income (including the rental of meeting rooms) is recognised as services are rendered.

Leasing commitments

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Newflex Leases Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

2 Accounting policies (continued)

Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill being the amount paid in connection with the acquisition of businesses in 2009, 2011, and 2012 is being amortised over the shorter of fifteen years and the remaining lease term.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to 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 at the following annual rates in order to write off each asset over its estimated useful life:

Furniture and fittings	-	4 - 7.5 years
Internal fit out	-	straight line over period of the lease

At each reporting date tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in the Statement of Comprehensive Income.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Newflex Leases Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

2 Accounting policies (continued)

Trade and other debtors

Trade and other debtors are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Trade and other creditors

Trade and other creditors are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of the future payments discounted at the prevailing market rate of interest.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Assess if the dilapidation requirements of the lease agreements will result in a probable liability at the end of the lease. In making this assessment the Directors consider factors such as past costs incurred when exiting leases and current market conditions taking professional advice as necessary, whether leases are within the Landlord and Tenant Act 1954, the profitability of centres and the future strategic plans with regard to the portfolio of centres.

Newflex Leases Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty:

Tangible fixed assets (see note 12)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, or the length of the lease for the property to which they relate, where appropriate. The actual lives of the asset and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Dilapidation provision (note 17)

Once the judgement has been made that a dilapidation provision is required the key estimate in the calculation of the provision is the expected cost per square foot of complying with the lease terms. The Directors use historic charges and negotiations as a guide and take professional third party advice on each property in order to make this estimate.

4 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company.

Turnover relating to the Company's own provision of serviced office accommodation was £9,057,817 (2019 - £11,418,188).

All turnover arose within the United Kingdom.

5 Exceptional items

	Year ended 31 March 2020 £	13 months ended 31 March 2019 £
Recognition of dilapidation provision	-	877,286
Statutory compensation for refusal to grant new lease	(225,712)	(815,450)
Centre closure costs	-	539,254
	<u>(225,712)</u>	<u>601,090</u>

During the current year the Company received statutory compensation following refusal by a landlord to grant a new tenancy on one of its business centres.

During the prior year the Company incurred significant costs in closing a centre over and above the normal expected expenditure. These have been disclosed separately in the financial statements.

Also during the prior year the Group went through a restructuring exercise and incurred a number of one-off costs that have been disclosed separately in the financial statements.

Newflex Leases Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (continued)

6 Operating loss

	Year ended 31 March 2020 £	13 months ended 31 March 2019 £
The operating profit/(loss) is stated after charging/(crediting):		
Depreciation - owned assets	464,821	471,147
Loss / (gain) on disposal of fixed assets	409	(2,751)
Goodwill amortisation	6,357	6,885
Auditors' remuneration	8,400	8,650
Operating lease rentals - other	2,242,126	2,714,299
Operating lease income	(7,710,967)	(9,575,349)

7 Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2019 - £Nil).
The Company is charged for services of Directors and employees from another group company.

8 Interest receivable

	Year ended 31 March 2020 £	13 months ended 31 March 2019 £
Interest receivable from group companies	52,969	13,623
Other interest receivable	-	11
	52,969	13,634

9 Interest payable

	Year ended 31 March 2020 £	13 months ended 31 March 2019 £
Bank interest paid	17	-
	17	-

Newflex Leases Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (continued)

10 Taxation

	Year ended 31 March 2020 £	13 months ended 31 March 2019 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	132,181	(115,036)
Effect on tax rate change on opening balances	(4,665)	-
	<u>127,516</u>	<u>(115,036)</u>
Taxation on profit/(loss) on ordinary activities	<u>127,516</u>	<u>(115,036)</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	Year ended 31 March 2020 £	13 months ended 31 March 2019 £
Profit / (loss) on ordinary activities before tax	<u>389,694</u>	<u>(495,506)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	74,042	(94,146)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,901	2,001
Fixed asset timing differences	63,406	19,390
Non-taxable income	(52,949)	(157,524)
Other differences leading to an increase in the tax charge	(4,665)	15,691
Group relief	-	49,517
Adjustment in respect of previous years deferred tax	-	18,333
Transfer pricing adjustments	37,781	31,702
	<u>127,516</u>	<u>(115,036)</u>
Total tax charge for the year/period	<u>127,516</u>	<u>(115,036)</u>

Factors that may affect future tax charges

The main rate of corporation tax in force at the Balance Sheet date was 19%. A number of changes to the UK corporation tax system were announced in the March 2017 Budget, including that the main rate of corporation tax will reduce to 17% with effect from 1 April 2020. A resolution to retain the corporation tax rate from 1 April 2020 at 19% was passed on 17 March 2020, and is enacted from this date.

The deferred taxation liability has therefore been calculated at 19% (2019: 17%), being the rate substantively enacted at the Balance Sheet date.

Newflex Leases Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

11 Intangible assets

	Computer software £
<i>Cost</i>	
At 1 April 2019	95,343
	<hr/>
At 31 March 2020	95,343
	<hr/>
<i>Amortisation</i>	
At 1 April 2019	65,094
Charge for the year	6,357
	<hr/>
At 31 March 2020	71,451
	<hr/>
<i>Net book value</i>	
At 31 March 2020	23,892
	<hr/>
At 31 March 2019	30,249
	<hr/>

Newflex Leases Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (continued)

12 Tangible fixed assets

	Fixtures and fittings £	Internal fit out £	Total £
<i>Cost or valuation</i>			
At 1 April 2019	781,250	2,370,613	3,151,863
Additions	195,928	928,286	1,124,214
Disposals	(165,053)	(707,603)	(872,656)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	812,125	2,591,296	3,403,421
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2019	337,351	1,378,456	1,715,807
Charge for the year	117,120	347,701	464,821
Disposals	(112,448)	(501,710)	(614,158)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	342,023	1,224,447	1,566,470
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2020	470,102	1,366,849	1,836,951
	<hr/>	<hr/>	<hr/>
At 31 March 2019	443,899	992,157	1,436,056
	<hr/>	<hr/>	<hr/>

13 Fixed asset investments

At 31 March 2020 the Company held investments in the following dormant subsidiaries, Citib@se Limited, Freedom Business Centres Limited, Pop-up Serviced Offices Limited and Pop-up Business Centres Limited. All of the Companies had a registered office of 140 Aldersgate Street, London, EC1A 4HY and capital and reserves of £2 except Freedom Business Centres Limited that had capital and reserves of £100.

14 Debtors

	2020 £	2019 £
Trade debtors	183,358	180,407
Amounts owed by group undertakings	6,879,921	6,804,973
Other debtors	108,258	243,524
Prepayments and accrued income	789,064	1,138,541
Deferred taxation	-	39,649
	<hr/>	<hr/>
	7,960,601	8,407,094
	<hr/>	<hr/>

The impairment loss recognised in the Statement of Comprehensive Income for the year in respect of bad and doubtful debtors was £71,752 (2019 - £40,364).

Newflex Leases Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (continued)

15 Creditors: amounts falling due within one year

	2020 £	Restated 2019 £
Payments received on account	652,915	298,423
Trade creditors	392,114	261,841
Deposits	1,603,613	1,881,353
Amounts owed to group undertakings	100,968	1,442
Other taxation and social security	99,009	231,125
Other creditors	598,363	447,673
Accruals and deferred income	967,224	813,814
	<u>4,414,206</u>	<u>3,935,671</u>

Amounts falling due after more than one year in the 2019 financial statements was a deposits balance of £278,684. Upon review it has been identified that all deposit amounts are repayable at the end of the agreement or if the tenant gives notice to cancel the agreement, the notice period being less than one year. Therefore, as the Company does not have an enforceable right to delay repayment for more than one year in the situation of the tenant giving notice all deposits should be classified as amounts falling due within one year. An adjustment has been made to reclassify deposits falling due in more than one year in 2019 to deposits falling due within one year.

16 Deferred taxation

	£
At 1 April 2019	39,649
Charged to profit or loss	(127,516)
	<u>(87,867)</u>
At 31 March 2020	<u>(87,867)</u>

The deferred tax (liability)/asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(87,867)	(59,910)
Other timing differences	-	99,559
	<u>(87,867)</u>	<u>39,649</u>

Newflex Leases Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

17 Provisions

	Dilapidation provision £
At 1 April 2019 Utilised	877,286 (509,660)
At 31 March 2020	367,626

During the year the Company recognised a dilapidation provision for an estimate for the costs of making good properties in accordance with contractual lease terms following their assessment in the year that dilapidation charges may arise on certain leasehold property in their portfolio in light of changes in the external environment in which the business operates.

18 Share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid</i>		
58,824 A Ordinary shares of £0.01 each	588	588
58,824 A Preference shares of £0.99 each	58,236	58,236
1,500 B Ordinary shares of £0.01 each	15	15
	<u>58,839</u>	<u>58,839</u>

Each class of share is an equity share having entitlement to receive notice of, attend and vote at meetings of the Company.

Each class of share is entitled to be paid dividends at such rate or rates at such times as may be resolved by and in the absolute discretion of the Directors subject to:

- in the case of A Ordinary shares, they shall not be entitled to be paid any dividends out of distributable reserves in existence at the date of adoption of the Company's current Articles of Association; and
- in the case of B Ordinary shares, they shall not be entitled to be paid any dividends out of distributable reserves in existence at the date of issue of such B Ordinary shares

Upon a sale the classes of shares shall entitle their holders to the following proceeds:

A Preference shares

The first £3,000,000 of the net proceeds of sale ("the Priority Share").

A and B Ordinary shares

A proportion of the remaining net proceeds of sale (net proceeds of sale less the Priority Share). The proportion allotted to the A Ordinary and B Ordinary shares is dependent on the value and timing of the sale.

Newflex Leases Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (continued)

19 Reserves

Share premium account

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses, less distributions to owners.

20 Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	2,031,012	1,851,932
Later than 1 year and not later than 5 years	5,682,711	4,758,037
Later than 5 years	177,187	429,458
	<u>7,890,910</u>	<u>7,039,427</u>

21 Related party transactions

The Company has taken advantage of the exemption available under Financial Reporting Standard 102 (section 33), not to disclose transactions between entities which form part of the Group headed by Newable Limited.

22 Ultimate controlling party

The immediate parent undertaking is Newflex Holdings Limited, a company incorporated in the United Kingdom.

The smallest group for which consolidated accounts are prepared is Newable Office Space Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and largest group for which consolidated accounts are prepared is Newable Limited, a company incorporated in the United Kingdom. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.