

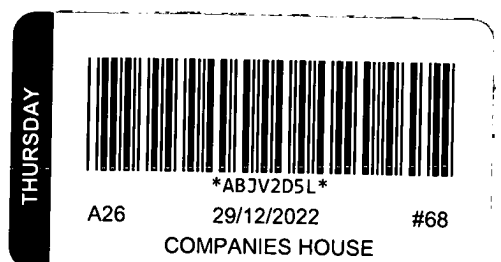
## **Newflex Leases Limited**

Report and Financial Statements

Year Ended

31 March 2022

Company Number 02767719



# **Newflex Leases Limited**

**Report and Financial Statements  
for the year ended 31 March 2022**

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## **Company information**

### **Directors**

S P Jude  
C J Manson  
M B Walsh  
F Kanwal  
R C Thompson

### **Company number**

02767719

### **Auditors**

CLA Evelyn Partners Limited  
45 Gresham Street,  
London  
EC2V 7BG

# Newflex Leases Limited

## Strategic Report for the year ended 31 March 2022

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### Principal activity

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

### Business review and key performance indicators

The trading for Newflex Leases Limited in the beginning of the financial year ending March 2022 continued to be challenging due to the Covid pandemic and effect on the serviced office market driven by the further lockdowns. However, despite these challenges, the Company increased revenue compared to the prior year by £0.8m to £7.4m, an increase of 12.0% on the prior year.

The Company maintained the portfolio of centres in the year, compared to the prior year which saw one centre open in Oxford and one centre closure in Derby.

Excluding exceptional items, the net operating result increased from a net loss of £1,653,960 to a net loss of £1,131,085, an increase of 32%.

The continued effects of COVID-19 made FY21-22 an extraordinary period for the office market; HMG guidance to 'work from home if you can' was in place for much of FY21-22. This guidance had a major impact on the way people work in the UK.

The guidance was interpreted more keenly by knowledge workers in large corporations based in London than small businesses based in the regions. This meant that business centres focussed on corporate occupiers (particularly in London) saw occupancy drop. This caused a price war in the market, as operators with leasehold properties grabbed low-cost occupiers to generate cash. Our predominantly asset-lite, regional and suburban network protected us from the worst of this price erosion, but we were not immune to the market-wide disruption. Although the work from home guidance was relaxed in January 22, office workers were slow to return to pre-pandemic working patterns. This was particularly true in city centre locations which rely on public transport.

The Company financial statements have been prepared on a going concern basis. Due to the nature of funding across the wider group, of which this company is a part, the directors have considered the wider group ('Newable Group') as well as the company in making their assessment.

Further details of the going concern assessment are explained in note 2 and in summary the board are satisfied that the cash resources in the Newable Group are sufficient to provide headroom to allow the Newable Group and the Company to meet liabilities as they fall due and therefore the financial statements have been prepared on the going concern basis.

### Principal risks and uncertainties

#### *Revenue and pricing risk*

Newflex Leases Limited 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.

#### *Cashflow risk*

The highest costs to Newflex are employment costs which are largely predictable and the majority of which are recharged to clients in advance of monthly payroll. The Directors produce and review detailed current year forecast and 12 month rolling cash forecasts on a regular basis to ensure that Newflex maintains a robust financial structure and sufficient cash headroom.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the company. The Company also manages liquidity risk via the wider Group having access to bank funding and having other assets, such as property development sites, which can be sold if required.

# Newflex Leases Limited

## Strategic Report for the year ended 31 March 2022


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### Principal risks and uncertainties (continued)

#### *Credit risk*

Credit risk is the risk of financial loss to Newflex if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The risk to Newflex arises from the Company's receivables from customers, that is minimised by charging in advance while ensuring high proportion of customers pay by direct debit, close monitoring of outstanding balances and requirement of customers to pay a deposit at the commencement of the license as security for their receivable due to Newflex.

This report was approved by the board on .....16/12/2022..... and signed on its behalf.

  
Fozia Kanwal (Dec 16, 2022 17:53 GMT)

F Kanwal  
Director

# **Newflex Leases Limited**

## **Directors' Report for the year ended 31 March 2022**

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The Directors present their report and the financial statements for the year ended 31 March 2022.

### **Results and dividends**

The loss for the year ended, after taxation, amounted to £1,532,840 (2021 – Loss of £1,653,960).

No dividends will be distributed for the period ended 31 March 2022 (2021 - £Nil).

### **Directors**

The Directors who served during the year were:

S P Jude  
C J Manson  
M B Walsh  
F Kanwal

### **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 2022 *(continued)*

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### Auditor

Evelyn Partners was appointed as auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to a General Meeting.

This report was approved by the board on 16/12/2022 2022 and signed on its behalf.

  
Fozia Kanwal (Dec 16, 2022 17:53 GMT)

F Kanwal  
Director

# **Newflex Leases Limited**

## **Directors' Responsibilities Statement for the year ended 31 March 2022**

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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

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### Opinion

We have audited the financial statements of Newflex Leases Limited (the 'company') for the year ended 31 March 2022 which comprise of the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 and of its loss 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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



# Newflex Leases Limited

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

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### **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 or the directors' report.

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

- adequate accounting records have not been kept, 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 set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning: their understanding of the relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Company's industry and regulation.

We understand the Company complies with requirements of the framework through:

- □The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly; and
- The engagement of external experts to ensure ongoing tax compliance and to assist with the preparation of the statutory accounts.

In the context of the audit, we have considered those laws and regulations which determine the form and content of the financial statements which are central to the company's ability to conduct business and where failure to comply could result in material penalties.

# Newflex Leases Limited

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

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We have identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The procedures carried out to gain evidence in the above areas included:

- Testing of high and critical risk balances including testing revenue transactions to underlying documentation to ensure revenue recognition policies have been correctly applied;
- Testing of manual journal entries, selected based on specific risk assessments applied based on the client processes and controls surrounding manual journals.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journals and incorrect recognition of revenue. This was communicated to the other members of the engagement team who were not present at the discussion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

*CLA Evelyn Partners Limited*

Mark Bishop

Senior Statutory Auditor, for and on behalf of

### **CLA Evelyn Partners Limited**

Statutory Auditor  
Chartered Accountants  
45 Gresham Street  
London  
EC2V 7BG

Date 16/12/2022

# Newflex Leases Limited

## Statement of Comprehensive Income for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Turnover	4	7,369,943	6,636,880
Administrative expenses		(9,078,284)	(8,340,693)
Exceptional administrative expenses	5	(401,755)	-
<b>Operating loss</b>	6	<b>(2,110,096)</b>	<b>(1,703,813)</b>
Interest receivable and similar income	8	54,678	54,825
Interest payable	9	-	(6)
<b>Loss profit before tax</b>		<b>(2,055,418)</b>	<b>(1,648,994)</b>
Tax credit/(charge) on loss	10	524,541	(4,966)
<b>Loss for the financial year</b>		<b>(1,530,877)</b>	<b>(1,653,960)</b>

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 12 to 22 form part of these financial statements.


# Newflex Leases Limited

## Balance Sheet at 31 March 2022

Company number 02767719

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Intangible assets	11		13,061		17,536
Tangible assets	12		1,833,692		2,037,920
			<u>1,846,753</u>		<u>2,055,456</u>
<b>Current assets</b>					
Debtors: amounts falling due in over one year	14	431,708			
Debtors: amounts falling due within one year	14	11,736,387		8,255,071	
Cash at bank hand in hand		1,230,310		993,980	
		<u>13,398,405</u>		<u>9,249,051</u>	
<b>Creditors: amounts falling due within one year</b>	15	(11,132,553)		(6,133,060)	
<b>Net current assets</b>			<u>1,834,144</u>		<u>3,115,991</u>
<b>Total assets less current liabilities</b>			<u>4,112,605</u>		<u>5,171,447</u>
<b>Provisions for liabilities</b>					
Deferred tax	16	-		(92,833)	
Other provisions	17	(942,238)		(377,295)	
		<u>(942,238)</u>		<u>(470,128)</u>	
<b>Net assets</b>			<u>3,170,367</u>		<u>4,701,319</u>
<b>Capital and reserves</b>					
Called up share capital	18		58,839		58,839
Share premium account	19		241,176		241,176
Profit and loss account	19		2,870,352		4,401,304
			<u>3,170,367</u>		<u>4,701,319</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2022

  
Fozia Kanwal (Dec 16, 2022 17:53 GMT)

F Kanwal  
Director

The notes on pages 12 to 22 form part of these financial statements.

## Newflex Leases Limited

### Statement of Changes in Equity for the year ended 31 March 2022

	Called Up Share Capital £	Share Premium Account £	Profit and Loss Account £	Total equity £
At 1 April 2021	58,839	241,176	4,401,304	4,701,319
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(1,530,877)	(1,530,877)
<b>Total comprehensive loss for the year</b>	-	-	(1,530,877)	(1,530,877)
At 31 March 2022	58,839	241,176	2,870,352	3,170,367

### Statement of Changes in Equity for the period ended 31 March 2021

	Called Up Share Capital £	Share Premium Account £	Profit and Loss Account £	Total equity £
At 1 March 2020	58,839	241,176	6,055,264	6,355,279
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	(1,653,960)	(1,653,960)
<b>Total comprehensive income for the period</b>	-	-	(1,653,960)	(1,653,960)
At 31 March 2021	58,839	241,176	4,401,304	4,701,319

The notes on pages 12 to 22 form part of these financial statements.

# Newflex Leases Limited

## Notes forming part of the financial statements for the year ended 31 March 2022

### 1 General information

Newflex Leases 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.

#### *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 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

#### *Going concern*

The Company is a wholly owned subsidiary of Newable Limited. A letter of support has been received from Newable Limited, the Company's parent undertaking, that confirms that Newable Limited will provide sufficient financial support to the Company to enable the Company's financial statements for the year ended 31 March 2022 to be prepared on a going concern basis. A detailed assessment of the Group's consideration of going concern is provided in note 2 of the Newable Limited financial statements which are publicly available. The directors are confident that Newable Limited has sufficient funds to provide such support as may be required.

# Newflex Leases Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

### 2 Accounting policies (*continued*)

#### *Revenue*

Revenue from the provision of office accommodation to customers is recognised evenly over the period 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.

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.

# Newflex Leases Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

### 2 Accounting policies (*continued*)

#### *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.

#### *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.



# Newflex Leases Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 2 Accounting policies (continued)

#### 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.
- Determine whether there will be future taxable profits available against which the Company can use the benefits of the deferred tax asset recognised. Factors taken into consideration in reaching such a decision include the expected future financial performance of the Company.

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 £7,432,943 (2021 - £6,636,880).

All turnover arose within the United Kingdom.

### 5 Exceptional administrative expense

	March 2022	March 2021
	£	£
Onerous lease provision	401,755	-

During the year the decision was made to close two business centres before the lease end dates due to specific events which are exceptional in nature and do not occur usually.

# Newflex Leases Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (continued)

## 6 Operating loss

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
The operating loss is stated after charging/(crediting):		
Depreciation - owned assets	624,670	562,157
Loss on disposal of fixed assets	34,503	-
Goodwill amortisation	6,356	6,356
Auditors' remuneration	-	-
Operating lease rentals - other	2,506,689	2,342,428
Operating lease income	(6,170,964)	(5,628,761)

Auditors' remuneration is borne by the Company's sister company Newflex Limited (company number 05432553) for the year ended 31 March 2022.

## 7 Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2021 - £Nil). The Company is charged for services of Directors and employees from another group company.

## 8 Interest receivable

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Interest receivable from group companies	54,678	54,825
	<u>54,678</u>	<u>54,825</u>

## 9 Interest payable

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Bank interest paid	-	6
	<u>-</u>	<u>6</u>

# Newflex Leases Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (continued)

## 10 Taxation

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	(484,628)	6,108
Effect on tax rate change on opening balances	12,701	(1,142)
Adjustments in respect of prior periods	(52,614)	
	<hr/>	<hr/>
Tax (credit)/charge on loss on ordinary activities	(524,541)	4,966
	<hr/>	<hr/>

### Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Loss on ordinary activities before tax	(2,055,418)	(1,648,994)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(390,529)	(313,309)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	8,808
Fixed asset timing differences	20,486	33,473
Remeasurement of deferred tax for changes in tax rates	(103,610)	-
Group relief	-	277,136
Adjustment in respect of previous years	(52,614)	(1,142)
Other adjustments	1,726	-
	<hr/>	<hr/>
Total tax charge for the year	(524,541)	4,966
	<hr/>	<hr/>

### Factors that may affect future tax charges

The main rate of corporation tax in force at the Balance Sheet date was 19%. The November 2022 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 March 2022 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended rate the impact to the closing deferred tax position would be to increase the deferred tax liability by £27,498.

# Newflex Leases Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (*continued*)

## 11 Intangible assets

	Goodwill £
<i>Cost</i>	
At 1 April 2021	95,343
Additions	1,881
At 31 March 2022	<u>97,224</u>
<i>Amortisation</i>	
At 1 April 2021	77,807
Charge for the year	6,356
At 31 March 2022	<u>84,163</u>
<i>Net book value</i>	<b>13,061</b>
At 31 March 2022	<u>13,061</u>
At 31 March 2021	<u>17,536</u>

# Newflex Leases Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (continued)

## 12 Tangible fixed assets

	Fixtures and fittings £	Internal fit out £	Total £
<i>Cost or valuation</i>			
At 1 April 2021	1,084,597	3,080,300	4,164,897
Additions	109,822	345,123	454,945
Disposals	(50,065)	-	(50,065)
At 31 March 2022	<b>1,144,354</b>	<b>3,425,423</b>	<b>4,569,777</b>
<i>Depreciation</i>			
At 1 April 2021	469,658	1,657,319	2,126,977
Charge for the year	145,714	478,956	624,670
Disposals	(15,562)	-	(15,562)
At 31 March 2022	<b>599,810</b>	<b>2,136,275</b>	<b>2,736,085</b>
<i>Net book value</i>			
At 31 March 2022	544,544	1,289,148	1,833,692
At 31 March 2021	614,939	1,422,981	2,037,920

## 13 Fixed asset investments

At 31 March 2022 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

	2022 £	2021 £
Trade debtors	148,983	233,419
Amounts owed by group undertakings	9,741,513	6,783,094
Other debtors	681,003	136,970
Prepayments and accrued income	1,164,888	1,101,588
Amounts falling due in over one year:		
Deferred taxation (note 16)	431,708	-
	<b>12,168,095</b>	<b>8,255,071</b>

The impairment loss recognised in the Statement of Comprehensive Income for the year in respect of bad and doubtful debtors was £197,575 (2021 - £48,281).

# Newflex Leases Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (*continued*)

## 15 Creditors: amounts falling due within one year

	2022 £	2021 £
Payments received on account	227,675	124,407
Trade creditors	1,618,537	489,705
Deposits	1,351,294	1,227,057
Amounts owed to group undertakings	4,728,212	1,825,791
Other taxation and social security	1,334,646	286,154
Other creditors	289,210	983,900
Accruals and deferred income	1,582,979	1,196,046
	<u>11,132,553</u>	<u>6,133,060</u>

## 16 Deferred taxation

	£
At 1 April 2021	(92,833)
Charged to profit or loss	524,541
	<u>431,708</u>
At 31 March 2022	

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

	2022 £	2021 £
Accelerated capital allowances	431,708	(92,833)
	<u>431,708</u>	<u>(92,833)</u>

# Newflex Leases Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (*continued*)

## 17 Provisions

	Dilapidation provision £	Onerous Provision £	Total £
At 1 April 2021	377,295	-	377,295
Additions	163,188	401,755	564,943
	<hr/>	<hr/>	<hr/>
At 31 March 2022	540,483	401,755	942,238
	<hr/>	<hr/>	<hr/>

During the year, the Company recognised an onerous lease provision for the unavoidable costs to be incurred for two business centres. An increase to the dilapidation provision has been recognised in the year for these centres.

## 18 Share capital

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
58,824 (2020 - 58,824) A Ordinary shares of £0.01 each	588	588
58,824 (2020 - 58,824) A Preference shares of £0.99 each	58,236	58,236
1,500 (2020 - 1,500) B Ordinary shares of £0.01 each	15	15
	<hr/>	<hr/>
	58,839	58,839
	<hr/>	<hr/>

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 2022 (*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 2022 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	2,651,561	2,186,043
Later than 1 year and not later than 5 years	8,023,815	9,076,482
Later than 5 years	7,048,522	8,977,650
	<u>17,723,898</u>	<u>20,240,175</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.