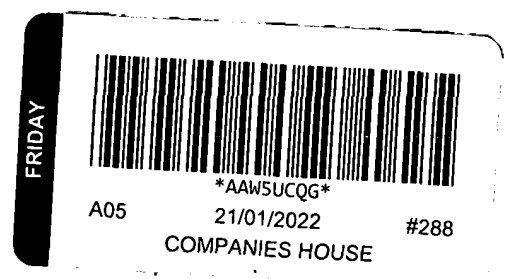

NEWLAW LEGAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021



NEWLAW LEGAL LIMITED

COMPANY INFORMATION

Directors	M Ward N Edwards PH Stead PJ Vincent S Sanders TS Lock
Registered number	07200038
Registered office	Helmont House Churchill Way Cardiff CF10 2HE

NEWLAW LEGAL LIMITED

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NEWLAW LEGAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2021

Introduction

The directors present their strategic report for the year 1 May 2020 to 30 April 2021 (2020: 10 month period ending 30 April 2020).

Business review

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

The Company maintained its focus on delivering great customer service and providing an engaging and supportive working environment that is critical to the future success of the business. Significant investment was also made to support all employees through the Covid-19 pandemic.

During the period, the Company continued to invest in a program of continuous improvement and optimisation of its core case management system.

The Company also actively invested in the development of a customer portal that is fully integrated with the Ministry of Justice portals to support its work in efficiently processing low value RTA claims beyond the implementation of the recent reforms previously referred.

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

Principal risks and uncertainties and financial risks

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

The Company maintains a legal function and a regulatory risk and compliance function to monitor the management of these risks and compliance with relevant laws and regulations. Reputable external advisors are retained where necessary. Internal policies and practices are reviewed regularly to take account of any changes in obligations.

Training and induction programmes ensure that staff receive appropriate training and briefings on the relevant policies and laws.

The business' financial instruments comprise bank balances, trade debtors, trade creditors, Group loan facilities and finance lease agreements. The main purpose of these instruments is to finance business operations. In respect of the bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of bank and other facilities. All the business' cash balances are held in such a way that achieves a competitive rate of interest.

NEWLAW LEGAL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

Principal risks and uncertainties and financial risks (continued)

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

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

Financial key performance indicators

The company's turnover, including income from associates and other income, was £21,341,000 (2020: £21,340,000).

The loss after tax was £337,000 (2020: £1,330,000).

Net liabilities at 30 April 2021 were £(4,543,000) (2020: £(4,206,000)).

Directors' statement of compliance with duty to promote the success of the Company

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The interests of the Company's employees;
- The need to foster the Company's relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment; and
- The desirability of the Company maintaining a reputation for high standards of business conduct.

Having regard to employees' interests

The Board attaches great importance to the skills and experience of the management and employees of the Company. Its aim is to retain the best talent and believes that they will benefit from the opportunities within the Company.

The Board is committed to consulting, as appropriate, with relevant employees and employee representatives on a regular basis and has worked hard to ensure effective communication with all employees during the year. Further information on the Company's employee policies is contained within the Directors' report.

Fostering business relationships

The Company aims to be to the first choice for customers and partners' needs, enabling them to enjoy the full value of their relationship with the business. The Company builds long term customer relationships by providing unrivalled levels of service and an offering which is unmatched in its flexibility.

Customers receive a personal service, with dedicated relationship managers for our larger customers.

The Company collects regular customer feedback through surveys and consumer research which is fed back to the customer services and business development teams. The Board also makes regular visits to our operating sites throughout the financial year.

The Company recognises that maintaining strong and open relationships with suppliers is integral to our success. These relationships contribute to the Company's competitive advantage. They not only enable us to execute our strategy efficiently, but also help suppliers plan their business, managing cash flow and production.

The Company also engages actively with suppliers to make sure they fully comply with our code of conduct for suppliers and partners, which includes provisions on human rights and environmental standards.

Impact on community and environment

The Company values the communities in which it operates, and its aim is for its business activities to have a positive impact on them.

NEWLAW LEGAL LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021

Directors' statement of compliance with duty to promote the success of the Company (continued)

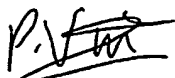
The Company will continue to promote green technology and initiatives to protect our environment, as well as being a contributor to the economies it operates in. We continue to seek to reduce the environmental impact of our business.

The Company continues to encourage employees to support charities that are close to their hearts. All charitable activity is promoted through ongoing internal communications.

Maintaining high standards of business conduct

The Board is committed to operating the Company in a responsible manner, operating with high standards of business conduct and good governance.

This report was approved by the board on 14 January 2022 and signed on its behalf.



PJ Vincent
Director

NEWLAW LEGAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2021

The Directors present their report and the audited financial statements for the year ended 30 April 2021.

Principal activities

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

Results and dividends

The loss for the year, after taxation, amounted to £337,000 (2020 - £1,330,000).

No dividends are proposed.

Directors

The Directors of the Company who were in office during the year and up to the date of signing of the financial statements were:

M Ward
N Edwards
PH Stead
PJ Vincent
P Dicken (resigned 31 August 2020)
S Sanders
TS Lock

Future developments

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

Going concern

The Directors have prepared the financial statements on a going concern basis. Further information on the going concern is included in note 2.3 to the financial statements.

Engagement with employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through informal and formal meetings, as well as the intranet site of the Company. Employees of the Company are entitled to participate in the Redde Northgate plc SAYE Share Scheme, details of which are shown in the Annual Report and Financial Statements of that Company.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

NEWLAW LEGAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2021**

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 14 January 2022 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'P.J. Vincent', with a horizontal line drawn underneath it.

PJ Vincent
Director

NEWLAW LEGAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 APRIL 2021

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

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

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

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

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

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWLAW LEGAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, NewLaw Legal Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance sheet as at 30 April 2021; Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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.

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.

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

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

NEWLAW LEGAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWLAW LEGAL LIMITED

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 April 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

NEWLAW LEGAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWLAW LEGAL LIMITED

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate reported results and management bias in accounting estimates, particularly in relation to the valuation of accrued income. Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Challenging estimates made by management, in particular around the valuation of amounts recognised as accrued income;
- Evaluation of management's controls designed to prevent and detect irregularities, in particular the whistleblowing policy and employee code of conduct;
- Review of board meeting minutes throughout the year; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

NEWLAW LEGAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWLAW LEGAL LIMITED

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
14 January 2022

NEWLAW LEGAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2021**

	Note	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Turnover	4	15,928	15,685
Cost of sales		(13,338)	(12,099)
Gross profit		2,590	3,586
Administrative expenses		(8,824)	(10,547)
Other operating income	5	1,372	1,010
Operating loss	6	(4,862)	(5,951)
Income from associates		4,493	4,645
Interest receivable and similar income	10	11	11
Interest payable and similar expenses	11	(23)	(35)
Loss before tax		(381)	(1,330)
Tax on loss	12	44	-
Loss for the financial year/period		(337)	(1,330)

There was no other comprehensive income for 2021 (2020:£000NIL).

NEWLAW LEGAL LIMITED
REGISTERED NUMBER: 07200038

BALANCE SHEET
AS AT 30 APRIL 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	1,468	1,228
Tangible assets	14	813	1,107
Investments	15	100	100
		<u>2,381</u>	<u>2,435</u>
Current assets			
Debtors	16	30,538	28,937
Cash at bank and in hand	17	597	470
		<u>31,135</u>	<u>29,407</u>
Creditors: amounts falling due within one year	18	(38,005)	(35,973)
Net current liabilities		<u>(6,870)</u>	<u>(6,566)</u>
Total assets less current liabilities		<u>(4,489)</u>	<u>(4,131)</u>
Creditors: amounts falling due after more than one year	19	(54)	(75)
Net liabilities		<u>(4,543)</u>	<u>(4,206)</u>
Capital and reserves			
Called up share capital	22	1,000	1,000
Profit and loss account		(5,543)	(5,206)
Total shareholder funds		<u>(4,543)</u>	<u>(4,206)</u>

The financial statements on pages 11 to 28 were approved and authorised for issue by the board and were signed on its behalf on 14 January 2022.



PJ Vincent
Director

The notes on pages 14 to 28 form part of these financial statements.

NEWLAW LEGAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2021**

	Called up share capital £000	Profit and loss account £000	Total shareholder funds £000
At 1 July 2019	-	(3,876)	(3,876)
Loss for the period	-	(1,330)	(1,330)
Shares issued during the period	1,000	-	1,000
At 30 April 2020 and 1 May 2020	<u>1,000</u>	<u>(5,206)</u>	<u>(4,206)</u>
Loss for the year	-	(337)	(337)
At 30 April 2021	<u>1,000</u>	<u>(5,543)</u>	<u>(4,543)</u>

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

1. General information

NewLaw Legal Limited (the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006.

2. Accounting policies

2.1 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been consistently applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 Going concern

The Directors have reviewed the Redde Northgate Group's forecasts and projections taking account of reasonably possible downside sensitivities. The Company relies upon the support of its ultimate parent company, Redde Northgate plc, and the going concern status of the Company is dependent upon the ongoing support of its parent.

The ultimate parent company has confirmed that it will provide sufficient financial support to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The Directors have considered this letter of support, have made enquiries of Group management and have concluded that the Company is a going concern. On this basis, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

2.4 Revenue

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

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

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

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

2.5 Government grants

Government grants are recognised when there is reasonable assurance that the company will comply with the conditions attached, and that the grant will be received. Government grants are recognised in the income statement on a systematic basis over the period in which the related costs, which they are intended to compensate, are recognised as expenses.

During the year, the Company have utilised the Coronavirus Job Retention Scheme, in which the Government reimbursed 80% of the wages of certain employees who were asked to stop working ('furloughed') during COVID-19, but who were retained as employees. These grants have been recognised in other operating income.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Income from associates

Income from associates is recognised in the profit and loss based on the variable share of the net income generated by associates after deduction of any other fixed allocations.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.11 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 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.

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	25%
Computer equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Valuation of investments

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 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.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Financial risk management

Financial risk is managed by Redde Northgate Group treasury and is discussed on page 38 of the Redde Northgate plc annual report, which does not form part of this report.

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

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

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

4. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Turnover from the provision of legal services	15,928	15,685
	15,928	15,685

All turnover arose within the United Kingdom.

5. Other operating income

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Other operating income	920	1,010
Government grants receivable	452	-
	1,372	1,010

NEWLAW LEGAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

6. Operating loss

The operating loss is stated after charging:

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Depreciation	318	207
Other intangibles amortisation	139	111
	<u>457</u>	<u>318</u>

7. Auditors' remuneration

Auditors' remuneration in respect of the audit of the company financial statements of £73,000 (2020: £64,000) was borne by a fellow subsidiary company without any right of reimbursement. The auditors undertook no non-audit services in the current or prior year.

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Wages and salaries	11,772	10,803
Social security costs	1,129	1,012
Other pension costs	325	258
	<u>13,226</u>	<u>12,073</u>

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

	Year ended 30 April 2021 No.	10 months ended 30 April 2020 No.
Operational	367	387
Administrative	66	84
Management	4	4
	<u>437</u>	<u>475</u>

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

9. Directors' remuneration

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Directors' emoluments	466	477
Company contributions to defined contribution pension schemes	25	10
	<u>491</u>	<u>487</u>

During the year retirement benefits were accruing to no Directors (2020 - NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £186,000 (2020 - £218,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £6,000 (2020 - £10,000).

During the current year M Ward and PJ Vincent have been remunerated by the ultimate parent Company. These costs are deemed immaterial to split between Group entities.

10. Interest receivable and similar income

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Bank interest receivable	11	11
	<u>11</u>	<u>11</u>

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

11. Interest payable and similar expenses

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Other interest payable	19	11
Loans from group undertakings	-	21
Finance leases and hire purchase contracts	4	3
	<u>23</u>	<u>35</u>

12. Taxation

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Corporation tax		
Adjustments in respect of previous periods	61	-
Total current tax	<u>61</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(16)	-
Prior year adjustment	(89)	-
Total deferred tax	<u>(105)</u>	<u>-</u>
Taxation on loss	<u>(44)</u>	<u>-</u>

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

12. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	Year ended 30 April 2021 £000	10 months ended 30 April 2020 £000
Loss before tax	(381)	(1,330)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(72)	(253)
Effects of:		
Expenses not deductible for tax purposes	2	8
Depreciation in excess of capital allowances	-	(18)
Tax losses on which deferred tax is not recognised	-	126
Group relief surrendered	115	137
Prior year adjustment	(89)	-
Total tax credit/result for the year/period	(44)	-

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the UK corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted, therefore this has not been reflected in tax balances for the year ended 30 April 2021.

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

13. Intangible assets

	Other intangibles £000
Cost	
At 1 May 2020	1,817
Additions	379
At 30 April 2021	<u>2,196</u>
Amortisation	
At 1 May 2020	589
Charge for the year on owned assets	139
At 30 April 2021	<u>728</u>
Net book value	
At 30 April 2021	<u><u>1,468</u></u>
At 30 April 2020	<u><u>1,228</u></u>

NEWLAW LEGAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

14. Tangible fixed assets

	Office equipment £000	Computer equipment £000	Total £000
Cost or valuation			
At 1 May 2020	647	2,953	3,600
Additions	11	13	24
At 30 April 2021	658	2,966	3,624
Depreciation			
At 1 May 2020	318	2,175	2,493
Charge for the year on owned assets	24	273	297
Charge for the year on financed assets	21	-	21
At 30 April 2021	363	2,448	2,811
Net book value			
At 30 April 2021	295	518	813
At 30 April 2020	329	778	1,107

The net book value of assets held under finance leases was £72,000 at 30 April 2021 (2020: £94,000).

15. Investments

	Investments in subsidiary companies £000
Cost and NBV	
At 1 May 2020	100
At 30 April 2021	100

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

15. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
NewLaw Trustees	Helmont House, Churchill Way, Cardiff, CF10 2HE	Ordinary	100%
NLS Trustees	Helmont House, Churchill Way, Cardiff, CF10 2HE	Ordinary	100%
The following were associates of the Company:	Registered office		- %
Ageas Law LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE		- %
H&R Legal LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE		- %
Carole Nash Legal Services LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE		- %
RCN Law LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE		- %
Your Law LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE		- %
Interresolve Law LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE		- %
The following were joint ventures of the Company:	Registered office		- %
FMG Legal LLP	Helmont House, Churchill Way, Cardiff, CF10 2HE		- %

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

NEWLAW LEGAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

16. Debtors

	2021 £000	2020 £000
Due after more than one year		
Other debtors	53	53
	<u>53</u>	<u>53</u>
Due within one year		
Trade debtors	18,229	14,966
Other debtors	1,121	1,733
Prepayments and accrued income	10,820	11,959
Tax recoverable	210	226
Deferred taxation	105	-
	<u>30,538</u>	<u>28,937</u>

17. Cash at bank and in hand

	2021 £000	2020 £000
Cash at bank and in hand	597	470
	<u>597</u>	<u>470</u>

18. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	11,382	11,116
Amounts owed to group undertakings	15,064	13,557
Other taxation and social security	1,302	946
Obligations under finance lease and hire purchase contracts	21	20
Accruals and deferred income	10,236	10,334
	<u>38,005</u>	<u>35,973</u>

Amounts owed to group undertakings are repayable on demand, unsecured and non-interest bearing. In the prior year a loan owed to a group undertaking totalled £12,295,000 at 30 April 2020 and bore interest at a fixed rate of 2.75% up to the end of July 2019.

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

19. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Net obligations under finance leases and hire purchase contracts	54	75
	<u>54</u>	<u>75</u>

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £000	2020 £000
Within one year	21	20
Between 1-5 years	54	75
	<u>75</u>	<u>95</u>

21. Deferred taxation

	2021 £000
Credited to profit and loss	105
At end of year	<u>105</u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	105	-
	<u>105</u>	<u>-</u>

NEWLAW LEGAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

22. Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
1,000,000 (2020 - 1,000,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

23. Commitments under operating leases

At 30 April 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	653	563
Later than 1 year and not later than 5 years	2,392	2,224
Later than 5 years	4,684	5,240
	<u>7,729</u>	<u>8,027</u>

24. Related party transactions

Details of the Company's interests in associates, which are regarded as related parties, are provided in note 15. The Company made sales and recharges of expenses to these associates amounting to £8,082,000 (2020: £7,328,000) and made purchases of £374,000 (2020: £117,000) from these associates. At the year end the Company was owed £1,470,000 (2020: £1,245,000) by these associates, included in trade receivables.

N Edwards, one of the Company's directors, was appointed a member of NewLaw Scotland LLP on 22 September 2020. Accordingly, NewLaw Scotland LLP is regarded as a related party.

During the period to 30 April 2021, the Company received other income of £1,365,000 (2020: £1,010,000) from NewLaw Scotland LLP. At the reporting date, the Company was owed an amount of £1,649,000 (2020: £1,733,000) by NewLaw Scotland LLP under 30 day payment terms. This amount is included within trade debtors.

25. Controlling party

The immediate parent company is Angel Assistance Ltd, a company incorporated in the United Kingdom.

The company's ultimate controlling party is Redde Northgate plc, a company incorporated in the UK, who is both the smallest and the largest group for which Group financial statements are prepared. The financial statements of the group are publicly available and may be obtained from the Company Secretary, Northgate Centre, Lingfield Way, Darlington, England, DL1 4PZ.