

NWF Group Plc Tax Strategy – May 2019

Introduction

This document, approved by the Board of Directors, sets out NWF Group Plc's strategy in relation to taxation and its approach for dealing with tax risk in accordance with paragraphs 19 and 25 of Schedule 19 to the Finance Act 2016. The tax strategy will be reviewed annually, updated as appropriate and approved by the Board of Directors. The Group Finance Director (who is also the Senior Accounting Officer for reporting purposes) is responsible for setting and monitoring the strategy; the finance teams within the Group are then responsible for implementing and managing the tax strategy and related risk.

This strategy applies to all entities within NWF Group Plc. In this strategy document, all references to 'NWF Group Plc' or 'the Group' are to these entities. The strategy applies to compliance, payment and reporting of all UK taxes across the Group. These include, but are not limited to, Income Tax, Corporation Tax, PAYE, NIC, VAT and Duty.

Tax strategy

When making commercial decisions the Group considers different tax implications, however it does not undertake aggressive tax planning for the purpose of tax avoidance. This has resulted in HMRC concluding that the Group is low risk.

Tax decisions should be consistent with the overall strategy of the Group, and with the aim of optimising after tax returns for shareholders.

Our strategic tax objectives are summarised as follows:

- Manage the Group's tax risk by continually monitoring and evaluating the tax control framework, and ensuring that this is consistent with the Group's overall approach to risk
- Ensure all trading entities within the Group understand that commercial drivers/requirements must not override compliance with applicable tax legislation
- Adopt a balanced approach to tax-sensitive transactions – where there are several ways of achieving the same commercial result, the Group will ensure the most tax efficient approach is taken
- Seek professional advice as necessary to ensure continued compliance with all relevant legislation and reporting requirements
- Maintain an open dialogue with relevant tax authorities in order to reduce uncertainty

Tax risk management

The Group's tax strategy adopts the same approach to risk as the overall Group strategy. There are frequent reviews to ensure that the level of tax risk is in line with the Group's overall risk strategy. Key risks and issues relating to tax are discussed with the Board of Directors on a monthly basis, and the Audit Committee on a half yearly basis.

Tax risks for the Group have been identified and are maintained on the risk register, which assesses the potential impact on the Group of tax risk and the likelihood of it occurring. The risk register is updated at least annually to ensure the risks are continually reviewed, which means that any tax risks with a high scoring are highlighted to the Board of Directors, appropriate levels of management and external advisors if necessary.

The Group operates in the UK only, and is exposed to the following tax risks:

- Failure to comply, such as late submission of returns or inaccurate returns
- Undertaking transactions without appropriate consideration of potential taxation consequences
- Incorrect implementation of advice taken
- Financial and operational systems and processes being insufficient to support tax compliance and reporting requirements

The Group uses third party advisors to provide advice and guidance as necessary to assess tax risks and ensure compliance with applicable legislation and disclosure requirements.

Attitude to tax planning

The Group does not engage in artificial transactions with the sole purpose of reducing taxation. However, the Group will consider transactions that would give rise to tax efficiencies, providing this is in compliance with tax legislation and the Group's overall objectives.

Where the Group has acquired another company, full due diligence procedures are carried out as part of the acquisition process which would identify any tax strategies that are not in accordance with the Group's tax strategy or commercial objectives. If such strategies are identified, they are immediately discontinued following acquisition.

We have reasonable procedures in place in order to identify and mitigate tax evasion by anyone who acts for or on our behalf.

Approach towards dealings with HMRC

The Group has ensured that HMRC is kept aware of changes in the business, and will continue to discuss tax issues as they arise. We want to achieve early resolution on disputed matters, therefore we maintain an open and honest relationship with HMRC.