Independent Auditor's report to the members of DWF Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of DWF Group plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – Revenue recognition: valuation of unbilled revenue; – Adequacy of the provision for bad and doubtful debts in respect of client receivables; – Accounting for acquisitions; and – Adequacy of controls over the cash reconciliation and transaction recording cycle. Within this report, key audit matters are identified as follows: ! Newly identified ^ Increased level of risk <> Similar level of risk v Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £1.3m which was determined on the basis of revenue.
Scoping	Based on our scoping assessment, our audit work covered 84% of the Group's revenue and 82% of the Group's net assets.
Significant changes in our approach	In the current year, we have decided to revise our materiality benchmark from profit before tax to revenue. Acquisition activity and the global Covid-19 pandemic have driven unusual income statement items such as gains on bargain purchase and increased costs, resulting in income statement volatility, specifically in relation to profit before tax, hence the change to a more stable metric. Accounting for the new Group and IPO transaction is no longer a Key Audit Matter as it is considered an isolated event in 2019 and therefore the risk no longer remains in 2020. A new Key Audit Matter has been identified in respect of Accounting for acquisitions in light of the nature of the accounting judgements relating to acquisitions in the year, explained further in section 5 below.

4. Conclusions relating to going concern, principal risks and viability statement

4.1. Going concern

We have reviewed the directors' statement in note 1.3 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the group, its business model and related risks including where relevant the impact of the Covid-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 46 and 47 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 48 that they have carried out a robust assessment of the principal and emerging risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on pages 48 and 49 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the group to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's report to the members of DWF Group plc continued

5.1. Revenue recognition: valuation of unbilled revenue

Key audit matter description	Revenue represents the fair value of the consideration receivable in respect of professional services provided during the year. Revenue is a significant balance within the income statement totalling £356,612,000 (2019: £317,221,000). Unbilled revenue included within trade and other receivables totals £64,379,000 (2018: £53,996,000) (See note 15 in the financial statements). The Group's accounting policy for revenue is included at 1.15 within the accounting policies and the unbilled revenue element is also disclosed within the key sources of estimation uncertainty within note 1.24 in the financial statements. The unbilled revenue valuation process involves profiling the population of client engagements ("matters") and applying a series of tests and parameters to identify those matters requiring a provision. There are also some matters valued at fair value being the amount expected to be recovered based on the gross carrying amount in unbilled revenue, which could be based on agreed hourly rates, fixed fees or historic client recovery rates based on the previous 12 months of billing. We therefore identified as a key audit matter, a risk of material misstatement, whether due to fraud or error, relating to the valuation of non-contingent unbilled revenue which is valued on a line by line basis through fee earner input. This is because there is a higher degree of subjectivity in this process.
How the scope of our audit responded to the key audit matter	To assess the adequacy of the valuation of the unbilled revenue balance, we disaggregated the unbilled revenue balance and challenged management's assumptions specifically around the risk described above and performed the following procedures: – obtained an understanding of the relevant controls over the unbilled income valuation processes; – reviewed management's paper which set out the application of the methodology; – reviewed policies adopted by management for consistent application and compliance with IFRS principles; – tested the accuracy and completeness of management's calculation of the year end unbilled income balance by reviewing each of the inputs; – compared actual recovery rates for prior year unbilled revenue balances in order to assess the accuracy of management's historical estimates; – performed detailed substantive testing of valuations by reference to post year end billings and/or engagement letters and/or discussion with legal staff independent of the finance function; – reviewed the presentation and disclosure of unbilled income within the financial statements and checked to IFRS standards.
Key observations	We concluded that the judgements made by management in calculating the unbilled revenue are reasonable based on the audit evidence obtained.

5.2. Adequacy of the provision for bad and doubtful debts in respect of client receivables

Key audit matter description	Client receivables are a significant element of the balance sheet totalling £108,727,000 (2018: £86,022,000). The allowance for doubtful receivables totals £11,871,000 (2018: £6,534,000) (See note 15 in the financial statements). The Group's accounting policy for financial assets is included at 1.10 within the accounting policies in the financial statements and the allowance for doubtful debts is also disclosed within the key sources of estimation uncertainty within note 1.24 in the financial statements. Management judgement is required in determining the level of provisioning required for overdue trade receivables. The key judgements are around the continued appropriateness of management's policy based on the ageing and recovery trends of debt balances, as well as the completeness of any specific provisions made. Assessing the recoverability of this asset is a key audit matter and therefore focus is on the adequacy of the provision for non-recovery.
How the scope of our audit responded to the key audit matter	To assess the adequacy of the receivables provisioning policy, we have performed the following: – reviewed management's paper which set out the application of the methodology; – obtained an understanding of the controls over the billing cycle; – challenged the adequacy of the provision by reference to the age and composition of the individual client and sector debts; – re-performed management's provision calculations including sampling and tracing the correct ageing of the data behind the calculation and checking that the policy is being uniformly applied across all business units; – performed detailed testing on a sample of trade receivables by sending out debtor confirmations; and – performed detailed testing on a sample of overdue trade receivables balances as at the year end for cash received subsequently.
Key observations	We concluded that the allowance for doubtful debts provision are appropriate and reasonable based on the audit evidence obtained.

5.3. Accounting for acquisitions

Key audit matter description	There are a number of key judgements in this area. Assessing the fair value of the assets and liabilities acquired, including any previously unrecognised intangibles is a key audit matter. The judgements around acquisitions are noted within note 10 in the financial statements. The accounting treatment applied to the consideration paid, in particular around whether this is treated as compensation rather than consideration, especially with regards to the acquisition made in Spain, is also a key area of judgement. Another key area of judgement is the determination of the acquisition date, which is a relevant factor for acquisitions made in Spain and the USA. As noted above, a key judgement relates to the determination of acquisition date. We challenged management's assessments on all acquisitions completed in the period and noted a difference in relation to the Rousaud Costas Duran S.L.P acquisition, subsequently corrected by management.
How the scope of our audit responded to the key audit matter	To assess the adequacy of the accounting for acquisitions, we have performed the following: – involved a team of valuation specialists to review the valuation of intangibles; – obtained an understanding of relevant controls around accounting for acquisitions; – performed opening balance testing on a sample of balance sheet items; – performed detailed testing on the fair value adjustments posted by management by tracing to supporting documentation; – reviewed management's considerations around determination of acquisition dates; – reviewed management's considerations around the split of consideration and compensation; and – reviewed the presentation and disclosure within the financial statements of the various acquisitions.
Key observations	We concluded that accounting for acquisitions is appropriate.

Independent Auditor's report to the members of DWF Group plc continued

5.4. Adequacy of controls over the cash reconciliation and transaction recording cycle

Key audit matter description	For a business of its size and sector, the cash transactions and number of bank accounts within the Group are substantial. The Group is subject to detailed rules over handling of both client and the group's cash as a requirement of its regulation by the Solicitors Regulation Authority. We have noted from previous years' audits that the process and controls within this area do not operate as effectively as they should and therefore this area is deemed to be a key audit matter and also a risk of fraud. In the past we have made a number of recommendations in relation to the cash controls in place. Management have implemented some of those recommendations and have improved the cash control function during the year. The cash and cash equivalents total £28,727,000 (2019: £10,822,000) as set out in Note 16 in the financial statements. The Group's accounting policy for non-derivative financial instruments is included at 1.7 within the accounting policies in the financial statements.
How the scope of our audit responded to the key audit matter	To assess the adequacy of cash reconciliation and processing cycle, we have performed the following: – obtained an understanding of the treasury cycle; – tested the reconciliation of total cash per the trial balance to supporting documentation in the form of bank reconciliations; – performed sample testing on the reconciling items by agreeing a sample of items to supporting documentation; – agreed the bank balances to the bank statement at the year end date; – agreed the bank balances to the bank balance confirmation at the year end date; and – evaluate implementation of improvements made to the cash control function
Key observations	We concluded that the value of cash and cash equivalents are appropriate. We have continued making recommendations in relation to cash controls, specifically with regards to improvements which are yet to be fully implemented.

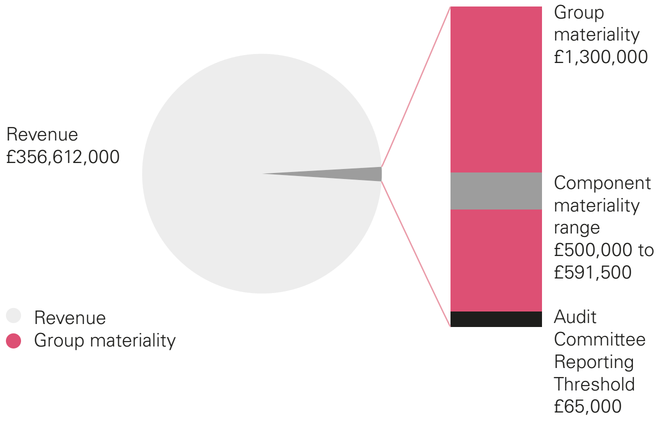
6. Our application of materiality

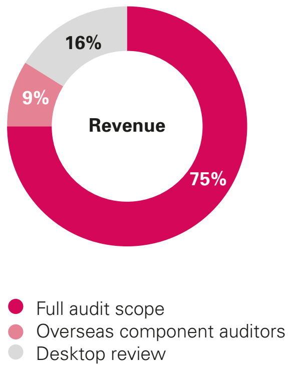
6.1. Materiality

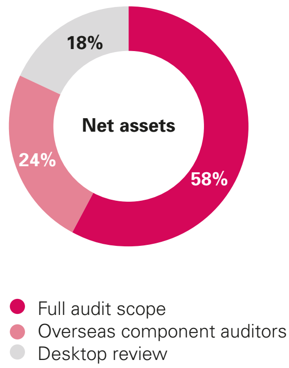
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1,300,000 (2019: £1,200,000)	£500,000 (2019: £480,000)
Basis for determining materiality	0.8% of revenue (2019: 4.6% of adjusted pre-tax profit)	3% of net assets (2% of total assets) This has been capped at 55% of Group performance materiality being £500,000
Rationale for the benchmark applied	Revenue is the benchmark used for materiality as it is considered the critical performance measure of the Group and considered a stable metric when compared to other relevant benchmarks. In the current year, we have decided to revise our materiality benchmark from profit before tax to revenue. Acquisition activity and the global Covid-19 pandemic have driven unusual income statement items such as gains on bargain purchase and increased costs, resulting in income statement volatility, specifically in relation to profit before tax, hence the change to a more stable metric.	The entity's primary operation is to act as the holding company of the Group. The key balances held are intercompany balances and the investments balance. As such net assets have been taken as the benchmark for materiality. We have decided to increase the percentage by 1% to reflect the nature of the entity.







6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered factors including: our risk assessment and our assessment of the group's overall control environment and our past experience of the audit, which has indicated a lower number of corrected and uncorrected misstatements identified than in prior periods. There have been no material changes to the business and operations are mature and stable.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £65,000 (2019: £59,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focussed our Group audit scope primarily on the audit work of three components being the UK, Australia and the newly acquired business in Spain. The components are split by geographies for the purposes of our review of scoping.

The Group audit team undertook the audit for the UK component. In addition, specified procedures were carried out by a component audit team based in Spain. The Australian component was subject to a full scope audit to component materiality by a team based in Australia. The remaining components were subject to a review at Group level.

The audited UK components represent the Group's principal business unit and account for 75% of the Group's revenue and 58% of the Group's net assets. The Spanish and Australian components represent 9% of the Group's revenue and 24% of the Group's net assets. The remaining component subject to desktop reviews represented 16% of the Group's revenue and 18% of the Group's net assets.

Working with other auditors

For the Spanish and Australian components, the group audit team attended, remotely, the planning and close meetings and reviewed documentation of the findings from their work, along with remaining in continuous communication throughout the course of the audit. The parent company is located in the UK and is audited directly by the group audit team. At the group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit of specified account balances.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

– **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

Independent Auditor's report to the members of DWF Group plc continued

- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

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

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

10. 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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 auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management legal counsel and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the adequacy of the provision for bad and doubtful debts in respect of client receivables; accounting for acquisitions, revenue recognition: valuation of unbilled revenue and the adequacy of controls over the cash reconciliation and transaction recording cycle. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and relevant tax and pensions legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Group's regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition: valuation of unbilled revenue, the adequacy of the provision for bad and doubtful debts in respect of client receivables, accounting for acquisitions and the adequacy of controls over the cash reconciliation and transaction recording cycle as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Other matters

14.1. Auditor tenure

Deloitte LLP was originally appointed auditor of DWF LLP, the previous parent entity of the group, for the year ended 30 April 2008 and subsequent financial periods. Following the IPO and the incorporation of DWF Group plc in 2019, Deloitte LLP were retained as auditors at the recommendation of the audit committee. The period of total uninterrupted engagement with DWF Group plc, covering the financial years ending 30 April 2019 and 30 April 2020, is two years, and as auditor of DWF LLP before that is 13 years.

14.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This 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.

Peter Saunders (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London,
United Kingdom

7 September 2020

Consolidated income statement

Year ended 30 April 2020

	Notes	2020 £'000	Re-presented (note 1.23) 2019 £'000
Revenue		**356,612**	317,221
Recoverable expenses	1	**(59,381)**	(49,085)
Net revenue	3	**297,231**	268,136
Direct costs		**(154,997)**	(124,707)
Gross profit		**142,234**	143,429
Administrative expenses – other		**(116,789)**	(125,888)
Administrative expenses – trade receivables impairment		**(3,295)**	(2,376)
Operating profit	4	**22,150**	15,165
Adjusted operating profit		**36,915**	34,301
Impairment	4	**(382)**	–
Amortisation of intangible assets – acquired	4	**(1,510)**	–
Depreciation and amortisation	4	**(17,755)**	(5,365)
Gain on bargain purchase	4	**25,084**	–
Non-underlying items	4	**(7,632)**	(12,569)
Share-based payments expense	4	**(12,570)**	(1,202)
Interest payable on leases	5	**(2,047)**	–
Net finance expense	5	**(1,905)**	(2,131)
Profit before tax		**18,198**	13,034
Taxation	6	**(3,629)**	(138)
Profit from continuing operations		**14,569**	12,896
Loss from discontinued operations	11	**(4,301)**	(712)
Profit for the year		**10,268**	12,184
Earnings from continuing operations per share attributable to the owners of the parent:			
Basic (p)	8	**5.4p**	4.8p
Diluted (p)	8	**5.3p**	4.7p
Earnings from all operations per share attributable to the owners of the parent:			
Basic (p)	8	**3.8p**	4.5p
Diluted (p)	8	**3.7p**	4.5p

Notes 1 to 31 are an integral part of these consolidated financial statements. Comparative figures have not been restated for transition to IFRS 16.

Consolidated statement of comprehensive income

Year ended 30 April 2020

	2020 £'000	Re-presented (note 1.23) 2019 £'000
Profit for the year	**10,268**	12,184
Items that are or may be reclassified subsequently to the income statement:		
Foreign currency translation differences – foreign operations	**(1,435)**	180
Total other comprehensive (expense)/income for the year, net of income tax	**(1,435)**	180
Total comprehensive income for the year	**8,833**	12,364

Notes 1 to 31 are an integral part of these consolidated financial statements. Comparative figures have not been restated for transition to IFRS 16.

Consolidated statement of financial position

As of 30 April 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Intangible assets and goodwill	12	**50,654**	4,541
Property, plant and equipment	13	**83,775**	14,032
Investments	14	**254**	254
Trade and other receivables	15	**11,329**	152
Deferred tax asset	22	**3,294**	933
Total non-current assets		**149,306**	19,912
Current assets			
Deferred tax asset	22	**228**	–
Trade and other receivables	15	**207,707**	164,168
Cash at bank and in hand	16	**31,212**	12,912
Total current assets		**239,147**	177,080
Total assets		**388,453**	196,992
Current liabilities			
Trade and other payables	17	**79,833**	53,995
Current tax liabilities		**2,139**	418
Deferred consideration		**8,982**	1,625
Lease liabilities	18	**12,981**	–
Other interest-bearing loans and borrowings	19	**7,259**	9,028
Provisions	20	**1,252**	1,252
Amounts due to members of partnerships in the Group	30	**35,852**	38,071
Total current liabilities		**148,298**	104,389
Non-current liabilities			
Trade and other payables	17	**–**	10,072
Deferred tax liability	22	**8,884**	–
Deferred consideration		**–**	208
Lease liabilities	18	**71,697**	–
Other interest-bearing loans and borrowings	19	**88,815**	39,196
Provisions	20	**1,562**	1,329
Total non-current liabilities		**170,958**	50,805
Total liabilities		**319,256**	155,194
Net assets		**69,197**	41,798
Equity			
Share capital	23	**3,246**	3,000
Share premium	23	**88,610**	63,167
Treasury shares	23	**(20)**	–
Other reserves	24	**5,861**	(1,323)
Accumulated losses	24	**(28,500)**	(23,046)
Total equity		**69,197**	41,798

Notes 1 to 31 are an integral part of these consolidated financial statements. Comparative figures have not been restated for transition to IFRS 16.

The consolidated financial statements of DWF Group plc (company number: 11561594) were approved by the board on 7 September 2020 and signed on its behalf by:

Sir Nigel Knowles
Group Chief Executive Officer

Chris Stefani
Chief Financial Officer

Consolidated statement of changes in equity

Year ended 30 April 2020

	Share capital (Note 23) £'000	Share premium (Note 23) £'000	Treasury shares (Note 23) £'000	Merger reserve (Note 24) £'000	Share-based payments reserve (Note 24) £'000	Translation reserve (Note 24) £'000	(Accumulated losses)/ retained earnings (Note 24) £'000	Total equity £'000
At 1 May 2018	2,385	–	–	(2,385)	–	(171)	5,477	5,306
Impact of IFRS 9 transition	–	–	–	–	–	–	(2,510)	(2,510)
Impact of IFRS 15 transition	–	–	–	–	–	–	997	997
Restated at 1 May 2018	2,385	–	–	(2,385)	–	(171)	3,964	3,793
Profit for the year	–	–	–	–	–	–	12,184	12,184
Exchange rate difference	–	–	–	–	–	180	–	180
Total comprehensive income	–	–	–	–	–	180	12,184	12,364
Reserves transferred to amounts due to members of partnerships in the Group	–	–	–	–	–	–	(42,537)	(42,537)
Deferred tax arising on group restructure	–	–	–	–	–	–	636	636
Issue of share capital	615	63,167	–	–	–	–	–	63,782
Treasury share sale	–	–	–	–	–	–	2,707	2,707
Share-based payments	–	–	–	–	1,053	–	–	1,053
At 30 April 2019	**3,000**	**63,167**	**–**	**(2,385)**	**1,053**	**9**	**(23,046)**	**41,798**

	Share capital (Note 23) £'000	Share premium (Note 23) £'000	Treasury shares (Note 23) £'000	Merger reserve (Note 24) £'000	Share-based payments reserve (Note 24) £'000	Translation reserve (Note 24) £'000	(Accumulated losses) earnings (Note 24) £'000	Total equity £'000
At 1 May 2019	3,000	63,167	–	(2,385)	1,053	9	(23,046)	41,798
Adjustment from the adoption of IFRS 16 (note 1.21)	–	–	–	–	–	–	(5,715)	(5,715)
Restated at 1 May 2019	3,000	63,167	–	(2,385)	1,053	9	(28,761)	36,083
Profit for the year	–	–	–	–	–	–	10,268	10,268
Exchange rate difference	–	–	–	–	–	(1,435)	–	(1,435)
Total comprehensive income	–	–	–	–	–	(1,435)	10,268	8,833
Treasury shares	–	–	(20)	–	–	–	–	(20)
Issue of share capital	246	25,443	–	–	–	–	–	25,689
Dividends paid	–	–	–	–	–	–	(9,811)	(9,811)
Share-based payments	–	–	–	–	8,619	–	–	8,619
Tax on share-based payments	–	–	–	–	–	–	(196)	(196)
At 30 April 2020	**3,246**	**88,610**	**(20)**	**(2,385)**	**9,672**	**(1,426)**	**(28,500)**	**69,197**

Notes 1 to 31 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 30 April 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from/(used in) operations before adjusting items	29	**24,158**	(10,545)
Cash used to settle non-underlying items		**(10,501)**	(19,289)
Cash generated from/(used in) operations		**13,657**	(29,834)
Interest paid		**(4,192)**	(2,405)
Tax paid		**(4,309)**	(50)
Net cash generated from/(used in) operating activities		**(5,156)**	(32,289)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**(3,853)**	–
Acquisition of subsidiary, deferred consideration		**(2,859)**	(1,802)
Purchase of property, plant and equipment		**(3,520)**	(4,196)
Purchase of other intangible assets		**(4,116)**	(1,222)
Net cash flows used in investing activities		**(14,348)**	(7,220)
Cash flows from financing activities			
Issue of ordinary shares, net of issue costs		**(57)**	73,350
Treasury share sale		**–**	2,707
Dividends paid		**(9,811)**	–
Proceeds from borrowings		**73,535**	80,290
Repayment of borrowings		**(24,913)**	(89,475)
Repayment of lease liabilities		**(12,654)**	–
Movement in supplier payments facility		**(1,973)**	(2,646)
Interest received		**456**	293
Capital contributions by Members		**5,938**	4,732
Repayments to former Members		**(3,386)**	(23,124)
Net cash flows from financing activities		**27,135**	46,127
Net increase in cash and cash equivalent		**17,943**	6,618
Cash and cash equivalents at the beginning of year		**10,822**	4,228
Effects of foreign exchange rate changes on cash and cash equivalents		**(38)**	(24)
Cash and cash equivalents at the end of year	16	**28,727**	10,822

Notes 1 to 31 are an integral part of these consolidated financial statements.

Consolidated notes to the financial statements

Year ended 30 April 2020

1. Accounting policies

1.1. General information

DWF Group plc (the 'Company') is a public limited company incorporated on 10 September 2018, domiciled in the United Kingdom under the Companies Act 2006 and registered in England. The registered office is 20 Fenchurch Street, London, EC3M 3AG.

The principal activities of the Company and its subsidiary undertakings (together referred to as the 'Group') and the nature of the Group's operations are set out in the Strategic report. The entire issued share capital of the Company was admitted to the premium listing segment of the official list of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange on 15 March 2019.

The functional currency of the Group is considered to be British pounds sterling because that is the currency of the primary economic environment in which the Group operates. The Group financial statements are also presented in British pounds sterling. Foreign operations are included in accordance with the policies set out below.

For the year ending 30 April 2020 the following subsidiary undertakings of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating subsidiary undertakings:

Subsidiary name	Registration number
DWF Connected Services Group Limited	10826005
DWF Connected Services Holdings Limited	10745072
DWF Costs Limited	10754856
DWF Advocacy Limited	10780559
DWF Resource Limited	11271111
DWF Claims Limited	10586109
DWF Adjusting Limited	10586114
DWF Forensic Limited	10749670
DWF Ventures Limited	10749685
DWF Company Secretarial Services Limited	04176234
DWF Connected Services Limited	11552915
Greyfern Law Limited	06666404
DWF (Northern Ireland) LLP	NC001393
Mindcrest UK Limited	10685700
DWF (TG) Limited	10568838

1.2. Basis of accounting

The Group financial statements consolidate those of the Company and its subsidiary undertakings.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and interpretations issued by the IFRS Interpretations Committee ('IFRS IC') applicable to companies reporting under IFRS, and as adopted in the EU, and in accordance with the Companies Act 2006 as applicable to companies using IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Group financial statements. The exception to this statement is the application of IFRS 16 which became effective on 1 January 2019 and adopted by the Group on a prospective basis from 1 May 2019.

The financial statements have been prepared on the historical cost basis except where the IFRS requires an alternative treatment.

Subsidiary and partnership undertakings

Subsidiary and partnership undertakings are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the Group and deconsolidated from the date control ceases. The financial information of subsidiaries and subsidiary undertakings is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

On 11 March 2019, the Company acquired the entire share capital of DWF Holdings Limited, its subsidiaries and all related undertakings under common control.

The restructure was a transaction under common control and therefore outside of the scope of IFRS 3. As such, management have elected, as permitted under IAS 8, to adopt the Group reconstruction provisions of FRS 102.19.27 'Group reconstructions' from FRS 102.

In the previous financial year, the financial statements were prepared using merger accounting principles (applicable to Group reconstructions) set out in FRS 102 Section 19 in order to meet the overriding requirements under section 404 of the Companies Act 2006 for the financial statements to present a true and fair view. Under merger accounting the results of the Group entities are combined from the beginning of the comparative period before the merger occurred. Income statement and statement of financial position comparatives are restated on a combined basis and adjustments made to achieve consistency of accounting principles.

A merger reserve totalling £2,385,000 is included within the consolidated statement of changes in equity following the adoption of these principles which have given rise to the following changes:

1. Share capital is recognised in the prior year comparator
2. Members remuneration charged as an expense is recognised in the consolidated income statement
3. Amounts due to members of partnerships in the Group is recognised as a current liability in the consolidated statement of financial position

For acquisitions on or after 1 May 2015 (which is the date of transition to IFRS), the Group measures goodwill at the acquisition date as:

– the fair value of the consideration transferred; plus
– the recognised amount of any non-controlling interests in the acquiree; plus
– the fair value of any existing equity interest in the acquiree; less
– the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Acquisitions prior to 1 May 2015 (date of transition to IFRS)

IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The Group elected not to restate business combinations that took place prior to 1 May 2015. In respect of acquisitions prior to 1 May 2015, goodwill is included at 1 May 2015 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable except that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill ceased as required by IFRS 1.

1.3. Going concern

The Directors have assessed the going concern basis adopted by the Group in the preparation of the consolidated financial statements, taking into account the current financial position of the Group including our financing arrangements, the business model at the time of approving this report and the uncertain environment due to the impact of COVID-19. The Directors' assessment was over the period to 30 September 2021 taking account of the potential impact of the principal risks documented in the Strategic Report and accepting that whilst the COVID-19 pandemic is ongoing, there are external factors that could affect Group trading that are difficult to predict with as much confidence as would have been the case pre-pandemic.

The Group experienced a material impact from COVID-19 in the final quarter of the year, seeing revenue fall away suddenly and to an unprecedented degree due to a number of factors caused by COVID-19. This impact materially reduced profit expectations for FY20 as the April year-end coincided with the peak impact of the pandemic, and it was not possible to mitigate the income statement or cash impact of COVID-19 due to the lead-time required to reduce costs and mobilise operational initiatives around working capital management. In response to this impact a number of actions were taken to protect liquidity, access to funding and near-term profit protection:

– Financial covenants were reviewed and it was agreed with the banking syndicate, with whom the Group has strong relationships, to relax the EBITDA to net debt covenant (the leverage covenant) from 1.5 times to 2 times on the April and July testing dates, and 1.75 times on the October 20 and January 21 testing date, and back to 1.5 times EBITDA by April 21.

– An additional £15m contingency RCF facility was put in place, for up to July 2021 (with an additional six month extension available to the Company), to provide extra funding should there be any further adverse impact on working capital. This facility has not been drawn and is not envisaged to be required based on current modelling assumptions.

– Cost reduction measures were agreed and executed to secure £15m of cost savings in FY21 to remove excess capacity from the business as a result of lower activity levels due to COVID-19.

– Operational initiatives were launched to improve lockup management and reduce working capital consumption by improving billing and collection processes.

– Whilst no staff were furloughed under the UK government scheme, the Group availed itself of a number of permitted tax deferrals made available by HMRC which will be repaid over the course of 2021.

The actions above were a prudent reaction to a highly unusual situation due to the sudden and severe impact of COVID-19 that impacted Q4 of FY20. The timing of the COVID-19 impact followed a period of heavy investment whereby capital had been deployed on the strategic acquisition of RCD in Spain (December) and Mindcrest (January) – both acquisitions continue to perform well and serve as a differentiator in the legal sector. These acquisitions were progressed with the anticipation that the traditionally strong final quarter of the year would replenish the cash deployed and generate sufficient EBITDA to keep the leverage covenant within more normal parameters. Under more typical circumstances, the COVID-19 impact, whilst significant, would not have necessitated such material actions around liquidity and covenants in particular, and the Directors are of the view that as trading normalises FY21 will transition the business back to a lower level of borrowings and leverage.

Banking facilities, which in addition to the contingency facility and various ancillary facilities, include a rolling credit facility of £80m that matures in January 2022 (with an additional one year extension available to the Company to January 2023) are considered to be sufficient for the Group's purposes based on current projections. It is assumed that these facilities will be renewed successfully in 2021. The leverage covenant is set at 1.5 times EBITDA from April 21 onwards and the Group expects to operate comfortably within this parameter for the forecast period. The other covenants, being maximum net debt of 1 times equity, minimum 4 times interest cover, WIP and debtors being a minimum of 2 times net debt and the number of members in the group remaining above 180 are all projected to be fully compliant with significant headroom. The directors consider short term cash flows are monitored on a monthly basis. All results and forecasts confirm full covenant compliance, and sufficient resources to settle liabilities as they fall due.

Consolidated notes to the financial statements continued

1. Accounting policies continued

Base case budget assumptions for FY21, and medium term modelling assumptions for FY22 and beyond, reflect that the Group will operate in compliance with covenants and with sufficient cash and access to banking facilities to meet all obligations as they fall due. The timing of the FY20 preliminary annual results announcement being moved to 8 September has given the Directors visibility of trading performance and cash flows for May to August and both profit and cash generation have improved since the Q4 COVID-19 impact. It has also been possible to assess the impact, so far, of the mitigating actions outlined above. The Directors are of the view that the stronger than expected trading performance in recent months and the availability of additional cash and cost mitigations in the event of further headwinds give confidence in the ongoing viability of the Group. Mitigations available to the Group include further cost cutting measures including bonus payments, deferral of certain outflows, and review of the dividend policy and reassessment of capital expenditure.

The going concern assessment considers business plans, funding and liquidity requirements as well as sensitivity analysis to account for a reasonable worst case scenario. All indicators show full covenant compliance after taking into account mitigating actions that the Group would take in such a scenario. The Group's current position and principal risks have been considered, with those risks set out in the Strategic Report. These risks have been considered individually and in aggregate, and with reference to Group strategy and external factors such as COVID-19 and adverse economic conditions. In assessing going the Group the Directors considered different scenarios and performed sensitivity assessment. These scenarios and sensitivities included a reduction of revenue and working capital. These scenarios and sensitivities did not indicate a mitigated reasonable worst case scenario that requires any enhanced disclosure.

Whilst the impact of COVID-19, and the risk of future disruption, could potentially be material the Directors consider the following characteristics of the legal sector and the Group instructive in forming their conclusions on going concern:

- The ongoing profitability of the business in FY20, generating £22m of Adjusted EBITDA despite the severe Q4 COVID-19 impact.
- The annuity and counter-cyclical nature of certain divisions and services such as Insurance and Litigation.
- Low exposure to sectors more severely impacted by COVID-19.
- The ability to flex the acquisition strategy to allow cash to replenish in the business after the timing of COVID-19 exacerbated the stretch on cash from two recent strategic acquisitions.
- The availability of mitigating actions to control costs.
- A strong relationship with the Group's banking syndicate who continue to provide facilities which ensure ongoing liquidity with material headroom.
- Whilst the Group has no current plan to change the use of its real estate portfolio the experience of agile working as part of our COVID-19 response may give opportunities to review office space in the future.
- Operational interventions being implemented to improve working capital performance, with the aim of reducing lockup and therefore net debt.

The Directors therefore consider that the business model is appropriately robust, and that there are sufficient mitigating actions available to the Board, that the Group is suitably resilient to deal with the crystallisation of key risks and/or adverse economic conditions. On this basis, the Directors have a reasonable expectation that the Group will continue as a going concern and meet all its liabilities as they fall due.

1.4. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement with administrative expenses. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

1.5. Alternative performance measures ('APMs')

The Group uses APMs to assess the financial performance of the business alongside statutory measures. These measures are non-IFRS measures. Further explanations of the APMs can be found in the Strategic Report and in note 2.

1.6. Non-underlying items

Non-underlying items are non-trading, non-cash or one-off items disclosed separately in the consolidated income statement where the quantum, nature or volatility of such items are considered by the management to otherwise distort the underlying performance of the Group. The following are included by the Group in its assessment of non-underlying items:

- Transaction expenses associated with acquisitions
- Purchase price relating to acquisitions treated as remuneration
- Expenses directly associated with COVID-19
- IPO-related expenses

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Investments

Other investments are held at fair value through profit or loss.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses, arising from expected credit losses.

Unbilled revenue
Services provided to clients, which at the period end date have not been billed, are recognised as unbilled revenue and included in trade and other receivables.

Unbilled revenue is valued at selling price less provision for any foreseeable under-recovery when the outcome of the matter can be assessed with reasonable certainty. Provision is made for such factors as historical recoverability rates, contingencies, and agreements with clients and amounts considered irrecoverable by fee earners.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and cash deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.8 Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

– Right of use asset	Over remaining term of the lease
– Leasehold improvements	Over remaining term of the lease
– Computer equipment	4 years
– Office equipment and fixtures and fittings	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

1.9 Intangible assets and goodwill
Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. Refer to further detail in note 1.10 that discusses the methodology and policy for assessing impairment.

Customer relationships
The Group recognises acquired customer relationships at fair value less any accumulated impairment losses. Customer relationships are amortised on a straight-line basis over the estimated useful life.

Brand
The Group recognises acquired brand intangibles at fair value less any accumulated impairment losses. Brands are amortised on a straight-line basis over the estimated useful life.

Software costs
Significant costs associated with software development are deferred and amortised on a straight-line basis over the period of their expected benefit.

Capitalised development costs
Expenditure on research activities is recognised in the income statement as an expense is incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

– Customer relationships	10 years
– Brand	2 years
– Software costs	4 years
– Capitalised development costs	4 years

1.10 Impairment
Financial assets (including receivables)
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Consolidated notes to the financial statements continued

1. Accounting policies continued

For other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase or decrease in credit risk

In assessing whether the credit risk on a financial instrument has changed significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Examples of forward-looking information the Group may consider include the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration or improvement in the operating results of the debtor;
- significant changes in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event (see (ii) above);
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.
Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.
The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ('CGU'), that are expected to benefit from the synergies of the combination. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes but not at a level higher than the group's operating segment.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.12 Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the business receives services from partners and employees as consideration for equity instruments (share awards and options) of the Group. The fair value of the services received in exchange for the grant of share awards and options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share awards and options granted, excluding the impact of any non-market service and performance vesting conditions (for example, remaining engaged by the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of share awards and options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each statement of financial position date, the Group revises its estimates of the number of share awards and options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share-based payments reserve within equity.

The social security contributions in connection with the grant of the share awards is itself considered an integral part of the grant, and the charge will be treated as an equity-settled transaction. The cumulative share-based payment charge held in reserves is recycled into retained earnings when the share awards or options lapse or are exercised.

Consolidated notes to the financial statements continued

1. Accounting policies continued

1.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital ('Treasury shares'), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

1.15 Net revenue

Net revenue is measured based on the consideration specified in a contract with a client and excludes amounts collected on behalf of third parties. Net revenue represents the fair value of the consideration receivable in respect of professional services provided during the period, exclusive of disbursements and value added taxes.

A contract with a client is recognised when a contract is signed and legally enforceable by the Group; this will be prior to the commencement of work for a client and therefore before any time is accrued by the Group. A single performance obligation is identified on a contract by contract basis; where contracts are entered into at the same time with the same client at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The Group does not provide extended terms on its services and therefore no significant financing components are identified by the Group. The Group applies the revenue constraint in respect of variable consideration by estimating the amount from clients on unbilled items. This assessment is based on the Group's historical recoverability rates, contingencies, agreements with clients and amounts considered irrecoverable by fee earners. Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, and it is measured by consideration of historical recoverability rates and agreements with clients.

1.16 Financing income and expenses

Financing expenses comprise interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy – note 1.4). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, and dividend income.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.17 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors ('the Board') which is considered as the Group's chief operating decision maker and is responsible for allocating resources and assessing performance of the operating segments. The Board considers the business from both a geographic and divisional perspective. Geographically, management considers the performance of the Group between the UK, Rest of Europe, Middle East and the Rest of the World.

1.18 Taxation

Current tax

The tax expense represents the current tax relating to the Company and other Group companies. The current tax expense is based on taxable profits of these companies for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, subsidiary undertakings and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted.

As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties, as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

A share of the Group's profits is earned by the limited liability partnerships ('LLPs') within the Group. The taxation on profits earned by the LLPs is, generally, recognised as a liability borne by the Members. The Members include a corporate entity and individual persons. The corporate member is subject to taxation on its share of the LLPs' profits as set out above. Taxation on the individual persons' share of the LLPs' profits remains their personal liability so neither taxation nor related deferred taxation is accounted for in the financial information of the Group, although payment of such liabilities is administered by the Group on behalf of those Members.

Prior to the reorganisation on 9 March 2019, all of the profits earned by the LLPs were attributable to Members who were individual persons so neither taxation nor related deferred taxation on those profits is accounted for in the historical financial information relating to this period.

1.19 Dividends

Dividend distributions are recognised in the consolidated financial statements when the shareholders' right to receive payment is established.

Final dividend distributions are recognised in the period in which they are approved by the shareholders, whilst interim dividend distributions are recognised in the period in which they are declared and paid.

1.20 Transactions with and amounts due to members of limited liability partnerships or general partnership ('Partnerships') in the Group

Divisible profits and payments to members of partnerships in the Group

Members of partnerships within the Group ('members'), under the terms of the relevant members' agreement, draw monthly on account. Drawings are based on a fixed share.

Pre-IPO, the partners who are equity members of the partnerships received drawings throughout the year. After the year end a final payment/(or receipt) was usually paid/received up to a maximum of the total distributable profits of the partnership.

Any unallocated profit after distribution to members are included in other reserves.

Post-IPO, all members have a fixed share that forms part of a wider remuneration package. This amount is reviewed on an annual basis and is recognised within the income statement within direct costs. The amounts that are due to the partners from the periods prior to the IPO are recognised as amounts due to members of partnerships in the Group.

Members' remuneration charged as an expense

Members' remuneration charged as an expense is recognised within direct costs totalling £38,808,000 (2019: £31,014,000). Pre-IPO, this was calculated based on the monthly draw of members. Post-IPO, this has been calculated based on the Total Fixed Annual Compensation Amount, which is the members' annual fixed profit share plus, for some members, a nominal salary. Any dividend income received as shareholders and amounts from participation in share incentive plans are excluded from members' remuneration charged as an expense.

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Consolidated notes to the financial statements continued

1. Accounting policies continued

1.21 Adoption of new and revised standards

New and amended IFRSs that are effective for the current year

The Group has applied IFRS 16 from 1 May 2019.

IFRS 16: Leases

The Group has adopted 'IFRS 16' using the modified retrospective approach from 1 May 2019, but has not restated comparatives for previous reporting periods, as permitted under the specific transitional provisions in the standard.
The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 May 2019.

The Group has lease contracts for various offices and office equipment. Before the adoption of IFRS 16 the Group accounted for leases under IAS 17: Leases ('IAS 17') and were classified as either finance or operating leases. Under IAS 17, all the Group's leases were classified as operating leases and the payments made on leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. The Group has elected to measure its right of use assets arising from property leases using the approach set out in IFRS 16.C8(b)(i). Under IFRS 16.C8(b)(i) right of use assets are calculated as if the Standard applied at lease commencement, but discounted using the borrowing rate at the date of initial application. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate.

The Group's weighted average incremental borrowing rate used as at 1 May 2019 was 2.57%.

The change in accounting policy resulted in the following operating lease commitments disclosed under IAS 17 being recorded as lease liabilities on the statement of financial position at 1 May 2019:

	£'000
Total operating lease commitments disclosed at 30 April 2019	**73,212**
Short-term land low-value eases not included in lease liabilities	(1,989)
Changes in terms recognised under IFRS 16	21,449
Discounted using incremental borrowing rate	(9,370)
Total lease liabilities recognised under IFRS 16 at 1 May 2019	**87,302**

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Reliance on previous assessments on whether leases are onerous.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 May 2019 as short-term.
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4: *Determining whether an Arrangement contains a Lease*.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The impact of the first-time application of IFRS 16 on the statement of financial position at 1 May 2019 is:

	Impact of transition £'000
Property, plant and equipment	
Right-of-use asset	70,342
Trade and other receivables	
Prepayments	(1,689)
Current trade and other payables	
Accruals	(537)
Operating lease incentives	(1,412)
Lease liabilities	8,276
Non-current trade and other payables	
Operating lease incentives	(10,072)
Lease liabilities	78,113
Net assets	**(5,715)**
Equity	
Accumulated losses	(5,715)
Total equity	**(5,715)**

As the Group has applied the simplified approach in respect of comparatives at transition, comparative information has not been restated and continues to be reported under IAS 17. The table below demonstrates the impact of using IAS 17 compares to IFRS 16 on the Group's income statement for the year to 30 April 2020:

	IAS 17 £'000	Impact of transition £'000	IFRS 16 £'000
Rental expense	**(15,072)**	**15,072**	**–**
Depreciation, amortisation and impairment	–	(11,580)	(11,580)
Administrative expenses	**(15,072)**	**3,492**	**(11,580)**
Operating profit	(15,072)	3,492	(11,580)
Adjusted operating profit	**(15,072)**	**15,072**	**–**
Depreciation, amortisation and impairment	–	(11,580)	(11,580)
Interest payable on leases	–	(2,047)	(2,047)
Profit before tax	**(15,072)**	**1,445**	**(13,627)**

From 1 May 2019, leases are recognised as a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are recognised within property, plant and equipment.

Lease liabilities are initially measured at the net present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Extension and termination options are included in several of the property leases across the Group. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew or terminate a lease. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or terminate the contract.

Payments associated with short-term leases and leases of low-value assets (with a value of less than £5,000) are recognised on a straight-line basis as an expense in the income statement. Short-term leases have a term of 12 months or less.

1.21.1 The following amendments have been adopted in the year:

- IFRS 9, 'Financial instruments' on prepayment features with negative compensation
- IAS 28, 'Investments in associates', on long term interests in associates and joint ventures
- IAS 19, 'Employee benefits' Plan amendment, curtailment or settlement'
- Annual improvements 2015-2017
- IFRIC 23 'Uncertainty over income tax'

The above interpretations and revised standards have not had any material impact on the amounts reported in these financial statements or the disclosures required.

1.22 IFRS not yet applied

The following IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial information unless otherwise indicated:

- Amendment to IFRS 3, Business combinations
- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

1.23 Re-presentation of prior year

The prior-period financial results have been re-presented for the impact of discontinued operations (note 11).

Consolidated notes to the financial statements continued

1. Accounting policies continued

1.24 Accounting estimates and judgement

The preparation of the financial statements under IFRS requires management to make judgements, estimates and assumptions which affect the financial information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis.

The key areas of judgements, estimate and assumptions relate to the fair value of unbilled revenue, impairment of trade receivables, professional indemnity provisions and control over ABS and non-ABS Groups.

Critical judgements in applying the Group's accounting policies

Control over the ABS and non-ABS Groups

Regulations in certain jurisdictions in which the Group is represented allow Alternative Business Structures ('ABS') where legal firms can be owned by non-lawyers. This is not the case in other jurisdictions ('non-ABS'). As a result, DWF LLP, the head of the non-ABS Group, is not directly owned by any entity within the ABS Group (which includes the ultimate parent DWF Group plc). Consolidation of DWF LLP and the other non-ABS entities depends on the assessment of whether a member of the ABS Group is exposed, or has rights, to variable returns from its involvement with such entity and has the ability to affect those returns through its power over such entity. DWF LLP and the other non-ABS entities are consolidated in these financial statements on the basis of the Governance Deed adopted by the Group.

Professional indemnity insurance claims

There is significant judgement in the recognition and quantification of the liability associated with claims and regulatory proceedings. Recognition is based on the assessed likelihood of an individual claim's success. When the outflow is both probable and can be estimated reliably, a liability is recognised for the best estimate of the gross liability with a separate asset recognised for any portion that the Group will recover from its insurers. Where the payment is not probable or cannot be estimated reliably no liability is recognised. Gross liability is recognised in other payables and the related asset is recognised in other receivables in the consolidated statement of financial position.

Business combinations – acquisition date

In accordance with IAS 1.122, management has made judgements in respect of when control was obtained for the acquisitions of subsidiaries. This included evaluating when power over the relevant activities of the subsidiaries was obtained, including an assessment of both the existing rights that gave the current ability to direct the relevant activities and protective rights.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing material adjustment of the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Unbilled revenue

The valuation of unbilled revenue is based on an estimate of the amount expected to be recoverable from clients on unbilled matters based on the time spent at a rate which is defined by factors including time spent, the expertise and skills provided, and expenses incurred. Provisions are made for such factors as historical recoverability rates, contingencies, the outcomes of previous matters and agreements with clients.
Respective amounts are provided in note 15.

Management considers the values of unbilled revenue and the trade receivables provision to be material and have reviewed the significant risk of material change within the next financial year as required by IAS 1:125, no material change is expected due to the historic rates applied by the Group expected to only change by immaterial amounts. No sensitivity analysis has therefore been provided.

Trade receivables provision

The valuation of amounts recoverable and not recoverable on trade receivables involves significant estimation. The estimation of provisions is established based on interactions between finance, the fee earner and clients, mindful of the specific circumstances of clients and individual matters and invoices and guided by calculation rules applied to the aged population of all trade receivables (excluding those already addressed by more specific provisions). Bad debt provision amounting to £11,871,000 was provided at 30 April 2020 (30 April 2019: £6,534,000). Further details of trade receivables ageing and provision movement are provided in note 15.

IFRS 9 Financial instruments requires the expected credit losses to be measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. IFRS 9 allows practical expedients to be used when measuring credit losses. The Group has elected to use a provision matrix based on the ageing profit of debts and the historical credit loss rates adjusted by a forward looking estimate that includes the probability of a worsening domestic economic environment/specific conditions to a particular client over the coming quarters.

Management considers the values of unbilled revenue and the trade receivables provision to be material and have reviewed the significant risk of material change within the next financial year as required by IAS 1:125, no material change is expected due to the historic rates applied by the Group expected to only change by immaterial amounts. No sensitivity analysis has therefore been provided.

2. Alternative performance measures

Alternative performance measures are not intended to supplant IFRS measures. In line with investor feedback and to provide readers of the financial statements with additional understanding of the trading performance of the Group, adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') has been calculated as profit before tax after adding back:

- impairment and amortisation of intangible assets – acquired;
- non-underlying items;
- share-based payments expense;
- gain on bargain purchase;
- net finance expense; and
- depreciation, amortisation and impairment.

Owing to the change in partner remuneration structure effected on 15 March 2019 together with the application of IFRS 16 Leases effected on 1 May 2019, Underlying Adjusted EBITDA is presented to allow for greater comparability of financial performance between each period. Underlying Adjusted EBITDA is calculated as Adjusted EBITDA less the internally reported partner remuneration pro-forma adjustment and the impact of the transition to IFRS 16.

In addition, underlying adjusted PBT is presented as adjusted PBT less the internally reported partner remuneration pro-forma adjustment and the impact of transition to IFRS 16. Lastly, the cost to income ratio is used to assess the levels of operational gearing in the Group. The cost to income ratio is defined as administrative expenses less non-underlying items, share-based payment expense and the impact of the transition to IFRS 16 divided by net revenue. Adjusted profit before tax, adjusted EBITDA and underlying adjusted EBITDA reconcile to profit on continuing activities before tax as follows:

	2020 £'000	Re-presented (note 1.23) 2019 £'000
Profit before tax ('PBT')	**18,198**	13,034
Amortisation of intangible assets – acquired	**1,510**	–
Impairment	**382**	–
Gain on bargain purchase	**(25,084)**	–
Non-underlying items	**7,632**	12,569
Share-based payments expense	**12,570**	1,202
Adjusted PBT	**15,208**	26,805
Depreciation of right-of-use asset (note 1.21)	**11,580**	–
Other depreciation and amortisation	**6,175**	5,365
Interest payable on leases (note 1.21)	**2,047**	–
Net finance expense	**1,905**	2,131
Adjusted operating profit ('Adjusted EBITDA')	**36,915**	34,301
Internally reported partner remuneration pro-forma adjustment (Note 30)	**–**	(6,456)
Impact of the transition to IFRS 16 (Note 1.21)	**(15,072)**	–
Underlying adjusted EBITDA	**21,843**	27,845

Underlying adjusted PBT reconciles to Adjusted PBT as follows:

	2020 £'000	Re-presented (note 1.23) 2019 £'000
Adjusted PBT	**15,208**	26,805
Internally reported partner remuneration pro-forma adjustment (Note 30)	**–**	(6,456)
Impact of the transition to IFRS 16 (Note 1.21)	**(1,445)**	–
Underlying adjusted PBT	**13,763**	20,349

Consolidated notes to the financial statements continued

2. Alternative performance measures continued

The cost to income ratio is calculated as follows:

	2020 £'000	Re-presented (note 1.23) 2019 £'000
Net revenue	**297,231**	268,136
Administrative expenses	**120,804**	128,264
Amortisation of intangible assets – acquired	**(1,510)**	–
Impairment	**(382)**	–
Gain on bargain purchase	**25,084**	–
Non-underlying items	**(7,632)**	(12,569)
Share-based payments expense	**(12,570)**	(1,202)
Impact of transition to IFRS 16	**3,492**	–
Adjusted administrative expenses	**126,566**	114,493
Cost to income ratio	**42.6%**	42.7%

3. Operating segments

Reporting segments

In accordance with IFRS 8 the Group's operating segments are based on the operating results reviewed by the Board, who represents the chief operating decision maker ('CODM'). The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different services and are reported separately because of different specialisms from the teams in the business Group.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Commercial Services	Provides commercial legal services, encompassing our Corporate Services, Litigation and Real Estate practice groups.
Insurance Services	Provides insurance legal services, encompassing our Professional Indemnity & Commercial, Catastrophic Personal Injury & Occupational Health, and Motor, Fraud & Claimant practice groups.
International	A division focussed on supporting clients on a global scale, with a sector-focussed approach to grow a client-orientated practice.
Connected Services	Encompasses various independent businesses that work alongside, support and deliver products and services to our legal teams and clients.

The revenue and operating profit are attributable to the principal activities of the Group. Information relating to each reportable segment is set out below:

For year ended 30 April 2020

	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Total £'000
Segment net revenue	**104,367**	**95,838**	**76,165**	**20,861**	**297,231**
Direct costs	**(45,960)**	**(49,726)**	**(45,188)**	**(14,123)**	**(154,977)**
Reported gross profit	**58,407**	**46,112**	**30,977**	**6,738**	**142,234**
Administrative expenses					**(120,084)**
Operating profit					**22,150**
Net finance expense					**(3,952)**
Profit before tax					**18,198**
Taxation					**(3,629)**
Profit from continuing operations					**14,569**

For year ended 30 April 2019 (re-presented (note 1.23))

Restated	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Re-presented (note 1.23) Total £'000
Segment net revenue	108,885	91,062	49,729	18,460	268,136
Direct costs	(40,499)	(44,532)	(28,123)	(11,553)	(124,707)
Gross profit	68,386	46,530	21,606	6,907	143,429
Administrative expenses					(128,264)
Operating profit					15,165
Net finance expense					(2,132)
Profit before tax					13,034
Taxation					(138)
Profit from continuing operations					12,896

For year ended 30 April 2019 – Underlying adjusted (re-presented (note 1.23))

	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Re-presented (note 1.23) Total £'000
Segment net revenue	108,885	91,062	49,729	18,460	268,136
Direct costs	(40,499)	(44,532)	(28,123)	(11,553)	(124,707)
Revised compensation model adjustment	(3,792)	(2,555)	–	(109)	(6,456)
Underlying gross profit	64,594	43,975	21,606	6,798	136,973

There are no intra-segmental revenues which are material for disclosure. Administrative expenses represent non-direct costs that are not specifically allocated to segments.

Revenue by Region

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external clients in the UK. The geographical analysis of revenue is on the basis of the country of origin in which the client is invoiced:

	2020 £'000	Re-presented (note 1.23) 2019 £'000
UK	**218,562**	220,486
Rest of Europe	**45,905**	19,807
Middle East	**6,702**	9,871
Rest of World	**26,062**	17,972
Net revenue	**297,231**	268,136

Total assets and liabilities for each reportable segment are not presented as such information is not provided to the CODM.

Consolidated notes to the financial statements continued

4. Operating profit and Auditor's remuneration

	Notes	2020 £'000	Re-presented (note 1.23) 2019 £'000
Recognised in the income statement			
Members' remuneration charged as an expense		**38,808**	31,014
Net foreign exchange loss	13	**517**	545
Impairment of intangible assets – continuing operations	13	**382**	–
Impairment of intangible assets – discontinued operations	12	**654**	–
Amortisation of intangible assets – acquired	12	**1,510**	–
Amortisation of intangible assets – software and capitalised development costs		**1,504**	1,017
Depreciation of tangible assets		**4,671**	4,348
Depreciation of right-of-use asset		**11,580**	–
Operating lease cost on land and buildings		**–**	12,261
Short-term and low-value lease cost		**1,310**	–
Operating lease cost of other leases		**–**	1,202
Gain on bargain purchase		**(25,084)**	–
Non-underlying items		**7,632**	12,569
Share-based payments expense		**12,570**	1,202
Auditor's remuneration			
Audit of the Group financial statements		**340**	250
Amounts payable to the Company's Auditor and its associates in respect of:			
Audit of financial information of subsidiary undertakings and partnerships of the Group		**144**	120
Other assurance services		**–**	2,500
Tax advisory services		**–**	626
Other assurance services		**43**	–
Other services		**161**	105
Total fees		**688**	3,601

Non-underlying items are set out in the table below:

	2020 £'000	2019 £'000
Acquisition-related advisory fees – successful	**2,639**	–
Acquisition-related advisory fees – aborted	**1,542**	–
Acquisition-related remuneration expense	**2,876**	–
COVID-19 related costs	**230**	–
IPO-related advisory fees	**345**	12,569
Non-underlying items	**7,632**	12,569

Acquisition-related remuneration expense does not reflect the ongoing employment costs of the individuals retained as part of the acquisition agreement. The ongoing employment costs of these individuals is expensed in direct costs.

COVID-related costs include, inter-alia, specialist cleaning and additional IT support costs that are non-recurring.

5. Net finance expense

	2020 £'000	2019 £'000
Finance income		
Interest receivable	**456**	293
	456	293
Finance expense		
Interest payable on bank borrowings	**1,655**	1,057
Other interest payable	**165**	279
Bank and other charges	**541**	1,088
	2,361	2,424
Net finance expense	**1,905**	2,131
Finance expense – leases		
Interest payable on leases	**2,047**	–
	2,047	–

6. Taxation

	2020 £'000	Re-presented (note 1.23) 2019 £'000
UK corporation tax on profit	**4,746**	237
Foreign tax on profit	**1,347**	145
Adjustments in respect of prior periods	**97**	53
Current tax expense	**6,190**	435
Deferred tax credit	**(2,587)**	(297)
Adjustments in respect of prior periods	**26**	–
Deferred tax expense	**(2,561)**	(297)
Taxation	**3,629**	138

Factors affecting the tax charge for the year:

The effective tax rate is higher (2019: lower) than the average rate of corporate tax in the UK of 19% (2019: 19%). The difference is explained below:

	2020 £'000	Re-presented (note 1.23) 2019 £'000
Profit before taxation	**18,198**	13,034
Tax on Group profit at standard UK corporation tax rate of 19% (2019: 19%)	**3,458**	2,476
Tax borne by individual members of partnerships within the Group	**–**	(4,708)
Foreign tax rate differences	**917**	20
Non-taxable income	**(4,766)**	(135)
Non-deductible expenses	**3,326**	2,479
Adjustments in respect of prior periods	**123**	53
Brought forward tax losses utilised	**(28)**	–
Tax losses not recognised as assets	**706**	–
Effect on deferred tax of change in corporation tax rate	**(107)**	(47)
Group total tax charge for the year	**3,629**	138

On 18 November 2019, the UK Government cancelled plans to reduce the corporation tax rate from 19% to 17% from 1 April 2020. Deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal so UK deferred tax assets and liabilities previously measured at 17% are now measured at 19%.

Consolidated notes to the financial statements continued

7. Dividends
Distributions to owners of the parent in the year:

	2020 pence per share	2019 pence per share
FY 2019 final dividend	**1.00p**	–
FY 2020 first interim dividend	**1.25p**	–
FY 2020 second interim dividend	**1.25p**	–
Total dividends paid in the year	**3.50p**	–
Final dividend proposed	**0.75p**	–

	2020 £'000	2019 £'000
FY 2019 final dividend	**2,746**	–
FY 2020 first interim dividend	**3,428**	–
FY 2020 second interim dividend	**3,637**	–
Total dividends paid in the year	**9,811**	–
Final dividend proposed	**2,434**	–

The first interim dividend of 1.25 pence per share was approved by the Board on 13 November 2019. The dividend was paid on 20 December 2019 to all shareholders on the Register of Members on 22 November 2019. The payment of this dividend did not have any tax consequences for the Group.

The second interim dividend of 1.25 pence per share was approved by the Board on 16 January 2020. The dividend was paid on 21 February 2020 to all shareholders on the Register of Members on 24 January 2020. The payment of this dividend did not have any tax consequences for the Group.

The proposed final dividend of 0.75 pence per share was approved by the Board on 7 September 2020 and is subject to approval by shareholders at the Annual General Meeting in October. The final dividend has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 25 September 2020. The dividend will be paid on 5 November 2020. The payment of this dividend will not have any tax consequences for the Group.

8. Earnings per share
The calculation of the basic and diluted earnings per share is based on the following data:

	2020 £'000	Re-presented (note 1.23) 2019 £'000
Earnings from continuing operations for the purpose of basic and diluted earnings per share	**14,569**	12,896
Losses from discontinued operations for the purpose of basic and diluted earnings per share	**(4,301)**	(712)
Earnings from all operations for the purpose of basic and diluted earnings per share	**10,268**	12,184

	Number	Re-presented (note 1.23) Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	271,406,294	269,221,068
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	5,087,543	3,969,034
Weighted average number of ordinary shares for the purposes of diluted earnings per share	276,493,837	273,190,102
Earnings from continuing operations per share attributable to the owners of the parent:		
Basic earnings per share	5.4p	4.8p
Diluted earnings per share	5.3p	4.7p
Earnings from discontinued operations per share attributable to the owners of the parent:		
Basic earnings per share	(1.6)p	(0.3)p
Diluted earnings per share	(1.6)p	(0.3)p
Earnings from all operations per share attributable to the owners of the parent:		
Basic earnings per share	3.8p	4.5p
Diluted earnings per share	3.7p	4.5p

Adjusted earnings per share is included as an Alternative Performance Measure ('APM'). Adjusted earnings per share is not presented in accordance with IAS 33. Adjusted earnings per share has been calculated using adjusted earnings calculated as profit after taxation but before:

– non-underlying items;
– share-based payments expense;
– gain on bargain purchase;
– amortisation of acquired intangible assets;
– impairment;
– the tax effect of the above items; and
– in the prior year only, a tax adjustment included on a pro-forma basis to reflect a full year of normalised tax charge as if the corporate structure was in effect for the full year.

The calculation of adjusted basic and adjusted diluted earnings per share is based on:

	2020 £'000	Re-presented (note 1.23) 2019 £'000
Earnings from continuing operations for the purpose of basic and diluted earnings per share	**14,569**	12,896
Add/(remove):		
Impairment	**382**	–
Amortisation of intangible assets – acquired	**1,510**	–
Gain on bargain purchase	**(25,084)**	–
Non-underlying items	**7,632**	12,569
Share-based payments expense	**12,570**	1,202
Tax effect of adjustments above	**(2,394)**	(204)
Pro-forma tax adjustment	**–**	(5,275)
Adjusted earnings for the purposes of adjusted earnings per share	**9,185**	21,188

	Number	Re-presented (note 1.23) Number
Weighted average number of ordinary shares for the purposes of adjusted earnings per share	271,406,294	269,221,068
Add:		
Additional shares held in trust	31,400,161	26,809,898
Weighted average number of ordinary shares for the purposes of adjusted basic earnings per share	302,806,455	296,030,966
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	5,087,543	3,969,034
Weighted average number of ordinary shares for the purposes of adjusted diluted earnings per share	307,893,998	300,000,000
Adjusted basic earnings per share	3.0p	7.2p
Adjusted diluted earnings per share	3.0p	7.1p

Tax adjustments of £2,394,000 (2019: £5,479,000) have been made in arriving at the adjusted earnings per share. This is based on an estimated full year equivalent effective tax rate of 21%, which is largely driven by the UK corporation tax rate of 19% adjusted upwards to take into account the effect of non-deductible expenses and higher overseas tax rates in certain territories.

Shares held in trust are i) issued shares that are owned by the EBT and RST and are recognised, on consolidation, as treasury shares; less ii) the future exercise of share awards and options.

9. Results of DWF Group plc

DWF Group plc, the parent company, recorded a loss of £12,886,000 during the year to 30 April 2020 (the period ended 30 April 2019: £3,324,000).

Consolidated notes to the financial statements continued

10. Acquisitions of subsidiaries

Acquisitions in the year to 30 April 2020

Where applicable, acquisition-related remuneration expense does not reflect the ongoing employment costs of the individuals retained as part of the acquisition agreement. The ongoing employment costs of these individuals is expensed in direct costs.

a) Rousaud Costas Duran S.L.P. – Spain

On 20 December 2019, DWF Spain S.L.P., an indirect subsidiary of DWF Group plc, acquired 48% of the issued share capital of Rousaud Costas Duran S.L.P. ('RCD'), a legal services business registered and operating in Spain. The remaining 52% of the share capital was acquired by DWF Group plc, who then sold its 52% shareholding to DWF Spain S.L.P. This transaction expands the Group's geographic footprint.

The Sellers consist of nine former equity partners who have all been retained as employees following the sale of the business. A total purchase price of £38.5m (or €45.2m) was agreed between DWF Group plc and the Sellers. This is comprised of the following components.

- £6.3m (or €7.4m) initial cash payment paid on completion. This amount is linked to the continuing employment of the Sellers for a period of up to two years following completion. This cash outflow is accounted for as remuneration. It is initially recorded as a prepaid expense in the consolidated statement of financial position and is subsequently recorded as an expense in the income statement (classified as a non-underlying item) vesting evenly over the two-year period.
- £9.4m (or €11.0m) deferred cash payments are due in four equal instalments over a period up to December 2021. These cash payments are also linked to the continuing employment of the Sellers. These future cash outflows are accounted for as remuneration. An expense in the income statement (classified as a non-underlying item) is recognised evenly over the two-year period.
- £1.8m (or €2.1m) deferred cash payments are due in two instalments up to November 2020. This cash outflow is accounted for as consideration within the scope of IFRS 3 Business combinations.
- £1.7m (or €2.0m) deferred cash payments are payable contingent on RCD achieving stretching EBITDA targets for FY20. No continuing employment clause is linked to this payment. This cash outflow is accounted for as contingent consideration within the scope of IFRS 3 Business combinations.
- £9.1m (or €10.7m) shares issued in five equal tranches that vest separately to the Sellers over a period of between one and five years to December 2024 contingent on continuing employment of the Sellers. This is accounted for within the scope of IFRS 2 Share-based payments.
- £9.1m (or €10.7m) shares issued in five equal tranches that vest separately to the Sellers over a period of between one to five years to December 2024 contingent on continuing employment of the Sellers and stretching EBITDA targets. This is accounted for within the scope of IFRS 2 Share-based payments.
- £1.1m (or €1.3m) shares issued with no continuing employment or performance conditions attached. This is accounted for as consideration within the scope of IFRS 3 Business combinations. The fair value of the consideration was based, inter-alia, on the share price (1.25 pence per ordinary share) on the date of completion.

In summary, the purchase price of £38.5m (or €45.2m) is split and is accounted for as follows:

– Consideration	£4.6m (or €5.4m)	IFRS 3 Business combinations
– Remuneration	£15.7m (or €18.4m)	IAS 19 Employee benefits
– Remuneration	£18.2m (or €21.4m)	IFRS 2 Share-based payments*

* The fair value of this expense has been calculated using the methodology as set out in note 25. A £18.2m share-based payment expense for the period to December 2024 has been calculated.

Details of the consideration paid and the fair value of net assets acquired are as follows:

	Rousaud Costas Duran S.L.P. Provisionally recognised fair value on acquisition £'000
Consideration paid	
Deferred cash consideration	1,805
Deferred and contingent cash consideration	1,736
Initial share consideration	1,097
Fair value of consideration	**4,638**
Less:	
Intangible assets – customer relationships	25,751
Intangible assets – brand	536
Intangible assets – software	19
Property, plant and equipment	767
Trade receivables	8,052
Other receivables	5,145
Cash	(1,242)
Trade payables	(2,017)
Other payables	(4,518)
Other interest bearing loans and borrowings	(184)
Deferred tax liability	(6,572)
Fair value of net assets acquired	**25,737**
Gain on bargain purchase	**(21,099)**

The fair value of acquired trade receivables is £8.1m. The gross contractual amount for trade receivables due is £10.2m with a loss allowance of £2.1m recognised on acquisition.

A £21.1m gain on bargain purchase has been recognised within administrative expenses. Remuneration expense of £2.7m is recorded in the year in the income statement classified in non-underlying items. A share-based payment expense of £3.0m relating to the RCD acquisition is recorded in the income statement in the year.

Acquisition-related remuneration expense does not reflect the ongoing employment costs of the individuals retained as part of the acquisition agreement. The ongoing employment costs of these individuals is expensed in direct costs.

The acquired business contributed revenues of £12,465,000 to the group for the period from 20 December 2019 to 30 April 2020.

Acquisition-related advisory costs of £1.1m are included in the income statement classified in non-underlying items.

Cash flow impact

No cash consideration has been paid in the year. Remuneration linked purchase price of £6,404,000 has been paid in the year – this is included in the statement of cash flows as cash used to settle non-underlying items.

b) K&L Gates Jamka sp.k ('K&L Gates') – Poland

On 20 May 2019, DWF Law LLP, a partnership controlled by DWF Group plc, acquired the legal services business K&L Gates which is registered and operates in Poland. The acquisition expands the Group's geographic footprint. This was achieved through the acquisition of 100% of the share capital of the corporate partner, which is the only limited partner of the underlying trading partnership. The transaction resulted in DWF Law LLP obtaining control of K&L Gates and the underlying partnership from 1 May 2019.

Total consideration has been provisionally estimated at £3,015,000, which results in a gain on bargain purchase of £2,772,000 (recognised within administrative expenses as a non-underlying item).

Initial consideration on completion of £605,000 was paid on 22 May 2019. Deferred consideration is variable based on the cash conversion of acquired work in progress and trade receivables. As a result, total consideration may increase or decrease, or may be deferred beyond the agreed instalment dates until the acquired assets convert to cash. Deferred consideration, subject to any adjustment for cash conversion, of £2,410,000 is payable in instalments over 18 months as follows:

- £247,000 VAT refund payable within 14 days of receipt
- £811,000 (30%) in November 2019
- £811,000 (30%) in May 2020
- £541,000 (20%) in November 2020.

Consolidated notes to the financial statements continued

10. Acquisitions of subsidiaries continued

Details of the consideration paid and the fair value of net assets acquired are as follows:

	K&L Gates Jamka sp.k Provisionally recognised fair value on acquisition £'000	K&L Gates Jamka sp.k Adjustments to fair value on acquisition £'000	K&L Gates Jamka sp.k Final recognised fair value on acquisition £'000
Consideration paid			
Initial cash consideration paid	605	–	605
Deferred consideration	2,408	2	2,410
Fair value of consideration	**3,013**	**2**	**3,015**
Less:			
Intangible assets – customer relationships	–	3,095	3,095
Property, plant and equipment	301	–	301
Trade receivables	2,177	(842)	1,335
Other receivables	455	771	1,226
Cash	877	–	877
Trade payables	(346)	141	(205)
Other payables	(254)	–	(254)
Deferred tax liability	–	(588)	(588)
Fair value of net assets acquired	**3,210**	**2,577**	**5,787**
Gain on bargain purchase	**(197)**	**(2,575)**	**(2,772)**

The fair value of the acquired trade receivables is £1,336,000. The gross contractual amount for trade receivables due is £1,833,000, with a loss allowance of £497,000 recognised on acquisition.

The acquired business contributed revenues of £9,425,000 to the group for the period from 1 May 2019 to 30 April 2020.

Acquisition-related advisory costs of £0.8m are included in the income statement classified in non-underlying items.

Cash flow impact

Cash consideration of £1,663,000 has been paid in the year.

c) Mindcrest Inc.

On 28 February 2020 DWF US Group LLC, a 100% owned subsidiary of DWF Group plc, acquired 54% of the issued share capital of Mindcrest Inc., a managed services legal business registered and operating in the USA, with subsidiary operations in the UK and India. DWF Group plc acquired the remaining 46% of the issued share capital of Mindcrest Inc. DWF Group plc then contributed their 46% shareholding in Mindcrest Inc. at its market value of $8.4m to DWF US Group LLC in exchange for one newly-issued share in DWF US Group LLC, making them the sole shareholder of Mindcrest Inc. The group obtained control from the date of exchange on 28 January 2020. This transaction expands DWF's managed services offerings.

A total purchase price of £14.2m (or $18.4m) was agreed between DWF Group plc and the Sellers. This is comprised of the following components.

- £1.8m (or $2.3m) initial cash payment paid on completion to the Sellers. £0.7m (or $0.8m) of this initial cash payment is linked to the continuing employment of certain key individuals for a period of up to two years following completion. This cash outflow is accounted for as remuneration. It is initially recorded as a prepaid expense in the consolidated statement of financial position and is subsequently recorded as an expense in the income statement (classified as a non-underlying item) vesting evenly over the two-year period. The remaining £1.1m (or $1.5m) initial cash payment is accounted for as consideration within the scope of IFRS 3 Business Combinations.
- £5.9m (or $7.7m) deferred cash payments are due over a six-month period to August 2020. £2.1m (or $2.7m) of these deferred cash payments are linked to the continuing employment of certain key individuals for a period of up to two years following completion. This cash outflow is accounted for as remuneration recognised evenly in the income statement (classified as a non-underlying item) over the period to February 2022. The remaining £3.8m (or $5.0m) deferred cash payments are accounted for as consideration within the scope of IFRS 3 Business combinations.
- £3.3m (or $4.2m) shares issued on completion that vest to the Sellers on publication of the FY2021 results. This is accounted for within the scope of IFRS 3 Business combinations. The fair value of the consideration was based, inter-alia, on the share price (1.29 pence per ordinary share) on the date of completion.

– £3.3m (or $4.2m) shares issued on completion that vest to the Sellers on publication of the FY2022 results that are subject to a contingent non-stretching threshold revenue growth clause for the years ending 31 December 2020 and 31 December 2021. This is accounted for within the scope of IFRS 3 Business Combinations. The fair value of the consideration was based, inter-alia, on the share price (1.29 pence per ordinary share) on the date of completion.

In summary, the purchase price of £14.2m (or $18.5m) is split and is accounted for as follows:

– Consideration	£11.5m (or $14.9m)	IFRS 3 Business combinations
– Remuneration	£2.7m (or $3.6m)	IAS 19 Employee benefits

Details of the consideration paid and the fair value of net assets acquired are as follows:

	Mindcrest Inc. Provisionally recognised fair value on acquisition £'000
Consideration paid	
Initial cash consideration	1,143
Deferred cash consideration	3,821
Initial share consideration	3,236
Initial contingent share consideration	3,236
Fair value of consideration	**11,436**
Less:	
Intangible assets – customer relationships	5,036
Intangible assets – brand	1,149
Intangible assets – software	15
Property, plant and equipment	103
Deferred tax asset	86
Trade receivables	1,047
Other receivables	705
Cash	98
Trade payables	(60)
Other payables	(3,609)
Other interest-bearing loans and borrowings	(590)
Deferred tax liability	(1,670)
Fair value of net assets acquired	**2,310**
Goodwill	**9,126**

The fair value of the acquired trade receivables is £1.0m. The gross contractual amount for trade receivables due is £1.1m, with a loss allowance of £0.1m recognised on acquisition.

Goodwill of £9.1m has been recognised on acquisition relates to the benefit of operating an already well established business in a low cost environment in India. Remuneration expense of £0.2m is recorded in the year in the income statement classified in non-underlying items.

Acquisition-related remuneration expense does not reflect the ongoing employment costs of the individuals retained as part of the acquisition agreement. The ongoing employment costs of these individuals is expensed in direct costs.

The acquired business contributed revenues of £3,319,777 to the group for the period from 28 January 2020 to 30 April 2020.

Acquisition-related advisory costs of £0.7m are included in the income statements classified in non-underlying items.

Cash flow impact

Cash consideration of £1,811,000 has been paid in the year. Remuneration linked purchase price of £991,000 has been paid in the year – this is included in the statement of cash flows as cash used to settle non-underlying items.

Consolidated notes to the financial statements continued

10. Acquisitions of subsidiaries continued

d) McDonald Johnson

On 21 November 2019 DWF Law Australia Pty Ltd ('DWF') purchased the trade and assets of McDonald Johnson ('the Business'). As part of this arrangement, on 1 December 2019 DWF acquired the net assets of the Business, and commenced employment of the Seller and Relevant Employees. Although the transaction was completed on 21 November 2019, the Group obtained control on 1 December 2019. This transaction expands the Group's geographic presence in Australia.

Total consideration has been calculated at £78,855, which results in a gain on bargain purchase of £1,213,000 (recognised within administrative expenses as a non-underlying item).

Details of the consideration paid and the fair value of net assets acquired are as follows:

	McDonald Johnson Provisionally recognised fair value on acquisition £'000
Consideration paid	
Initial cash consideration paid	79
Fair value of consideration	**79**
Less:	
Intangible assets – customer relationships	1,527
Other receivables	237
Deferred tax liability	(472)
Fair value of net assets acquired	**1,292**
Gain on bargain purchase	**(1,213)**

The acquired business contributed revenues of £409,000 to the group for the period from 1 December 2019 to 30 April 2020.

Cash flow impact

Cash consideration of £79,000 has been paid in the year.

e) BT Law Limited

On 23 July 2019 DWF was appointed as strategic legal partner of BT. As a result of this appointment, on 31 October 2019, DWF Law LLP, a partnership controlled by DWF Group plc, acquired the share capital of the legal services business BT Law Limited, which is registered and operates in the United Kingdom. Consideration equal to the net asset value of the business is provisionally estimated at £84,000 and was paid on 1 November 2019. Net assets acquired included £51,000 of cash.

Acquisitions in the year to 30 April 2019

There were no material acquisitions during the year.

11. Discontinued operations

On 30 April 2020, the Group disposed of the business of the Cologne office in Germany and the results of that business are reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period is set out below.

	2020 £'000	2019 £'000
Net revenue	**3,171**	4,225
Direct costs	**(2,184)**	(2,164)
Gross profit	**987**	2,061
Administrative expenses	**(5,288)**	(2,773)
Operating profit	**(4,301)**	(712)
Adjusted operating profit	**(3,647)**	(712)
Depreciation, amortisation and impairment	**(654)**	–
Loss before tax	**(4,301)**	(712)
Taxation	**–**	–
Loss from discontinued operations	**(4,301)**	(712)

Further discontinuation and scale back programmes

In a trading statement on 9 July 2020, the Board announced further disposals, closures and scaling back programmes in Brussels, Singapore and Dubai as well as for DWF Resource (a part of the Connected Services division). The results for these business are not treated as discontinued in the period as the decision was taken after the year end. These operations represented c.1.5% of the Group's revenues and generated a £4.5m EBITDA loss in FY20.

12. Intangible assets and goodwill

		Acquired				
	Goodwill £'000	Customer relationships £'000	Brand £'000	External software costs £'000	Capitalised development costs £'000	Total £'000
Cost						
At 1 May 2019	2,589	–	–	1,580	3,260	7,429
Additions through acquisitions	9,126	35,410	1,685	35	–	46,256
Additions – internally developed	–	–	–	–	3,823	3,823
Additions – externally purchased	–	–	–	293	–	293
Effect of movements in foreign exchange	(24)	(199)	–	15	–	(208)
At 30 April 2020	**11,691**	**35,211**	**1,685**	**1,923**	**7,083**	**57,593**
Amortisation and impairment						
At 1 May 2019	319	–	–	538	2,031	2,888
Amortisation for the year	–	1,351	159	469	1,035	3,014
Impairment	1,036	–	–	–	–	1,036
Effect of movements in foreign exchange	1	–	–	–	–	1
At 30 April 2020	**1,356**	**1,351**	**159**	**1,007**	**3,066**	**6,939**
Net book value						
At 30 April 2020	**10,335**	**33,860**	**1,526**	**916**	**4,017**	**50,654**
At 1 May 2019	2,270	–	–	1,042	1,229	4,541

The impairment expense includes £654,000 relating to the discontinued operation (see note 11). The remaining impairment expense of £382,000 relates to DWF 360 (a part of the Connected Services division) following a year of poor performance relating to assets acquired as part of the historic acquisition.

Consolidated notes to the financial statements continued

12. Intangible assets and goodwill continued

Individual intangible assets that are material to the financial statements are set out below:

- Customer relationships – Spain: Net book value at 30 April 2020 £24,898,000 (2019: £nil) – remaining amortisation period is 9.6 years
- Customer relationships – Managed Services (Mindcrest): Net book value at 30 April 2020 £4,912,000 (2019: £nil) – remaining amortisation period is 9.8 years
- Customer relationships – Poland: Net book value at 30 April 2020 £2,784,000 (2019: £nil) – remaining amortisation period is 9.0 years
- Customer relationships – McDonald Johnson: Net book value at 30 April 2020 £1,463,000 (2019: £nil) – remaining amortisation period is 9.6 years
- Capitalised development costs – Managed Services: Net book value at 30 April 2020 £1,600,000 (2019: £nil) – remaining amortisation period is 3.0 years

		Acquired				
	Goodwill £'000	Customer relationships £'000	Brand £'000	External software costs £'000	Capitalised development costs £'000	Total £'000
Cost						
At 1 May 2018	2,052	–	–	943	2,679	5,674
Additions through acquisitions	535	–	–	–	–	535
Additions – internally developed	–	–	–	–	581	581
Additions – externally purchased	–	–	–	639	–	639
Effect of movements in foreign exchange	2	–	–	(2)	–	–
At 30 April 2019	2,589	–	–	1,580	3,260	7,429
Amortisation and impairment						
At 1 May 2018	321	–	–	152	1,400	1,873
Amortisation for the year	–	–	–	386	631	1,017
Effect of movements in foreign exchange	(2)	–	–	–	–	(2)
At 30 April 2019	319	–	–	538	2,031	2,888
Net book value						
At 30 April 2019	2,270	–	–	1,042	1,229	4,541
At 1 May 2018	1,731	–	–	791	1,279	3,801

The above capitalised development costs relate to the development of software used internally and as products for clients of the Group.

Goodwill

Goodwill considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or Groups of cash generating units as follows:

	2020 £'000	2019 £'000
Managed Services	**9,126**	–
Other individually immaterial CGUs	**1,209**	2,270
	10,335	2,270

Goodwill arising on business combinations is not amortised but reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired. Impairment reviews were performed by comparing the carrying value of goodwill with the recoverable amount of the cash generating units ('CGU') to which goodwill has been allocated. Recoverable amounts for cash generating units are the higher of fair value less costs of disposal, and value in use. Recently acquired businesses are performing in line with the investment case approved by the Board.

The recoverable amounts of the CGUs are determined from value in use calculations. The calculations have been based on a discounted cash flow model covering a period of five years using forecast revenues and costs, extended to perpetuity. The inputs into the model appropriately consider the relevant market maturity and local factors. The first year of the forecast is established from the budget for FY21 which is underpinned by the business plan that has been signed off by the Board. The outer years have been included on a consistent basis with the Board approved strategy. In each case, the calculations use a growth rate of 2% and a pre-tax discount rate of 10-20%. These pre-tax discount rates reflect current market assessments for the time value of money and the risks associated with the CGUs as the Group manages its treasury function on a group-wide basis. The long-term growth rates used are based on management's expectations of future changes in the markets for each CGU.

Significant headroom exists for each CGU. No reasonable worst-case scenario gives rise to an impairment risk. On this basis, no sensitivity is disclosed.

13. Property, plant and equipment

	Right-of-use asset £'000	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 May 2019	–	16,230	10,944	36,971	64,145
Adjustment on transition to IFRS 16	70,342	–	–	–	70,342
Additions through acquisitions	6,246	324	592	233	7,395
Additions	4,649	185	751	2,584	8,169
Effect of movements in foreign exchange	–	43	(5)	50	88
At 30 April 2020	**81,237**	**16,782**	**12,282**	**39,838**	**150,139**
Accumulated depreciation					
At 1 May 2019	–	11,665	6,051	32,397	50,113
Charge for the year	11,580	1,071	1,137	2,463	16,251
At 30 April 2020	**11,580**	**12,736**	**7,188**	**34,860**	**66,364**
Net book value					
At 30 April 2020	**69,657**	**4,046**	**5,094**	**4,978**	**83,775**
At 1 May 2019	–	4,565	4,893	4,574	14,032

	Right-of-use asset £'000	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 May 2018	–	15,704	9,868	34,377	59,949
Additions	–	540	1,084	2,589	4,213
Effect of movements in foreign exchange	–	(14)	(8)	5	(17)
At 30 April 2019	–	16,230	10,944	36,971	64,145
Accumulated depreciation					
At 1 May 2018	–	10,624	5,281	29,860	45,765
Charge for the year	–	1,041	770	2,537	4,348
At 30 April 2019	–	11,665	6,051	32,397	50,113
Net book value					
At 30 April 2019	–	4,565	4,893	4,574	14,032
At 1 May 2018	–	5,080	4,587	4,517	14,184

Consolidated notes to the financial statements continued

14. Investments

	2020 £'000	2019 £'000
Investments		
At the start and at the end of the year	**254**	254

The Group holds a £204,000 investment (10% interest) in Dealscoper Limited and £50,000 investment (<0.1% interest) in Mercantile Ports and Logistics Limited; these are deemed to be approximate to the investment's fair value based on management information available. The Group has investments in the following undertakings, all are held as ordinary shares:

	Registered address	Principal place of business	Nature of business	Proportion of ownership
Subsidiaries				
Direct				
DWF Holdings Limited	i	UK	Investment holding	100%
DWF Group (US) LLC[4]	xxviii	USA	Investment holding	100%
Indirect				
DWF (TG) Limited[4]	i	UK	Investment holding	Note 1
DWF LLP	i	UK	Legal services	Note 2
DWF Law LLP	i	UK	Legal services	Note 1
DWF (NI) LLP	ii	UK	Legal services	Note 2
Vueity Limited	i	UK	Connected services	Note 1
DWF Costs Limited[4]	i	UK	Connected services	Note 1
DWF Claims Limited[4]	i	UK	Connected services	Note 1
DWF Advocacy Limited[4]	i	UK	Connected services	Note 1
DWF Forensic Limited[4]	i	UK	Connected services	Note 1
DWF Ventures Limited[4]	i	UK	Connected services	Note 1
DWF Adjusting Limited[4]	i	UK	Connected services	Note 1
DWF Resource Limited[4]	i	UK	Connected services	Note 1
DWF Connected Services Holdings Ltd[4]	i	UK	Connected services	Note 1
DWF Company Secretarial Services Limited[3]	i	UK	Connected services	Note 2
Greyfern Law Limited[3]	i	UK	Connected services	Note 2
Davies Wallis Foyster Limited	i	UK	Non-trading	Note 2
Davies Wallis (unlimited)[1]	i	UK	Dormant	Note 2
DWF Solicitors Limited[1]	i	UK	Dormant	Note 2
DWF (Trustee) Limited[1]	i	UK	Dormant	Note 2
DWF Nominees Limited[1]	i	UK	Dormant	Note 2
Resolution Law Limited[1]	i	UK	Dormant	Note 1
DWF Middle East Group LLP[1]	i	UK	Dormant	Note 1
DWF (Nominees) 2013 Limited[1]	i	UK	Dormant	Note 2
Harborne Road Nominees Limited[1]	i	UK	Dormant	Note 2
DWF Connected Services Limited[4]	i	UK	Dormant	Note 2
DWF Connected Services Group Limited[3]	i	UK	Non-trading	Note 1
Newco 4736 Limited[4]	i	UK	Dormant	Note 1
Bailford Trustees Limited[1]	iii	UK	Dormant	Note 2
Bailford EBT Trustees Limited[1]	iii	UK	Dormant	Note 2
DWF Trustee (Scotland) Limited[1]	iii	UK	Dormant	Note 2
DWF Directors (Scotland) Limited[1]	iii	UK	Dormant	Note 2
DWF Secretarial Services (Scotland) Limited[1]	iii	UK	Dormant	Note 2

	Registered address	Principal place of business	Nature of business	Proportion of ownership
Indirect continued				
DWF Pension Trustees Limited	iv	UK	Dormant	Note 2
DWF 360 Limited	i	UK	Software provider	Note 1
EBT	v	UK	Trustees	Note 3
RST	v	UK	Trustees	Note 3
DWF (France) AARPI[2]	vi	France	Legal services	Note 2
DWF Claims (France) SAS	vi	France	Connected services	Note 1
DWF Holding GbR	vii	Germany	Investment holding	Note 2
DWF Germany RmbH	viii	Germany	Legal services	Note 2
DWF LLP Studio Legale Associato	ix	Italy	Legal services	Note 2
DWF Claims (Italy) S.r.L.	ix	Italy	Connected services	Note 1
DWF	x	ROI	Legal services	Note 2
DWF Claims (Ireland) Limited	x	ROI	Connected services	Note 1
DWF Dublin Secretarial Limited[1]	x	ROI	Dormant	Note 2
DWF Poland Holdings Sp. z o.o.	xxi	Poland	Investment holding	Note 1
DWF Poland Jamka sp.k	xxi	Poland	Legal services	Note 1
DWF Spain S.L.P.[4]	xxvi	Spain	Investment holding	Note 1
Rousaud Costas Duran S.L.P.U.	xxvi	Spain	Legal services	Note 1
Rousaud Costas Duran Abogados S.L.P.U.	xxv	Spain	Legal services	Note 1
Rousaud Costas Duran Concursal S.L.P.	xxvi	Spain	Legal services	Note 1
Rousaud Costas Duran Valencia S.L.P.U.	xxvii	Spain	Legal services	Note 1
RCD Tax & Legal Advisors S.L.P.U.	xxvi	Spain	Legal services	Note 1
Gestart Assessors S.L.U.	xxvi	Spain	Legal services	Note 1
Gestart Asesoramiento Empresarial S.L.U.	xxv	Spain	Legal services	Note 1
DWF Law Australia Pty Limited	xi	Australia	Legal services	Note 1
DWF Australia Holdings Pty Ltd	xi	Australia	Legal services	Note 1
DWF Claims (Australia) Pty Limited	xii	Australia	Connected services	Note 1
DWF Adjusting (Australia) Pty Limited	xii	Australia	Connected services	Note 1
DWF Claims (Canada) Limited	xiii	Canada	Connected services	Note 1
DWF Adjusting (Canada) Limited	xiii	Canada	Connected services	Note 1
DWF Compliance (Singapore) Pte Limited	xiv	Singapore	Connected services	Note 1
Triton Global Claims (Asia) Pte Limited	xv	Singapore	Dormant	Note 1
Triton Global Claims (HK) Pty Limited	xvi	Hong Kong	Dormant	Note 1
DWF (Middle East) LLP	xvii	UAE	Legal services	Note 1
Mindcrest Inc.[2]	xxii	USA	Legal services	100%
Mindcrest (India) Private Limited	xxiii	India	Legal services	100%
Mindcrest (UK) Limited[2]	xxiv	UK	Legal services	100%
DWF Claims (USA) LLC	xviii	USA	Connected services	Note 1
Moat Pensions Limited	i	UK	Connected services	Note 2
Other Investments				
Dealscoper Limited	xix	UK	Software provider	10%
Mercantile Ports & Logistics Limited	xx	Guernsey	Asset investment	<0.1%

1. Subsidiary undertakings have been excluded from the consolidation on the basis of immateriality.
2. The statutory year end in the period being reported is 31 December.
3. Entities have claimed audit exemption for the year to 30 April 2020 under Section 479A of the Companies Act 2006.
4. These entities were incorporated within financial year 2020.

Note 1 DWF Group plc indirectly controls these entities by virtue its designated membership of DWF Law LLP.
Note 2 DWF Group plc indirectly controls these entities by virtue of Governance Agreements and Intra-Group Agreements between the Company, DWF Law LLP, DWF LLP and other related subsidiary undertakings.
Note 3 These trusts are consolidated as if they were subsidiaries of the Group.

Consolidated notes to the financial statements continued

14. Investments continued

(i) 1 Scott Place, 2 Hardman Street, Manchester, United Kingdom, M3 3AA
(ii) 42 Queen Street, Belfast, BT1 6HL
(iii) 110 Queen Street, Glasgow, Scotland, G1 3HD
(iv) 5 St. Paul's Square, Old Hall Street, Liverpool, L3 9AE
(v) 13-14 Esplanade, St Heller, Jersey, JE1 1EE
(vi) 137-139 rue de l'Université, 75007 Paris
(vii) Habsburgerring 2, Westgate, 50674 Cologne, Germany
(viii) Prinzregentenstraße 78, Munich, DE-81675
(ix) Via del Bossi 6, Milano, Italy, 20121
(x) 5 George's Dock, IFSC, Dublin
(xi) Level 6, 231 George Street, Brisbane, QLD 4000
(xii) 48 Hunter Street, Sydney
(xiii) 111 Queen Street East, Suite 450, Toronto, Ontario, M5C 1S2
(xiv) 9 Raffles Place, #58-0 Republic Plaza, Singapore, 048619
(xv) 8 Cross Street, #24-03/04 Manulife Tower, Singapore, 048424
(xvi) Suite 1101-1103, 11/F The Hong Kong Club Building, 3a Charter Road Central, Hong Kong
(xvii) P.O. Box 507104, Office 901 & 904, Tower 2, Al Fattan Currency House, DIFC, Dubai
(xviii) 740 Waukegan Road, Deerfield, Chicago, Illinois, 60015
(xix) Harrow House, 23 West Street, Haslemere, Surrey, GU27 2AB
(xx) Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB
(xxi) plac Stanisława Małachowskiego 2, 00-066 Warsaw
(xxii) 425 S. Financial Place, Suite 1100, Chicago, IL 60605
(xxiii) 603/604 Block D, Weikfield IT-Citi Info Park, Nagar Rd, Vadgaon Sheri, Pune, 411014
(xxiv) 1 Scott Place, 2 Hardman Street, Manchester, United Kingdom, M3 3AA
(xxv) Calle Serrano, 116, 28006 Madrid
(xxvi) Calle Escoles Pies, 102, 08017 Barcelona
(xxvii) Moratín 17, 46002 Valencia
(xxviii) 251 Little Falls Drive, Wilmington, Delaware 19808

15. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables (net of allowance for doubtful receivables)	**108,727**	86,022
Other receivables	**4,950**	5,108
Amounts recoverable from clients in respect of unbilled revenue	**64,379**	53,996
Unbilled disbursements	**8,501**	6,279
Prepayments and accrued income	**20,298**	11,911
Reimbursement asset*	**852**	852
	207,707	164,168
Non-current		
Other receivables	**152**	152
Prepayments and accrued income	**11,177**	–
	11,329	152

* Reimbursement asset attributable to FOIL provision, see note 20.

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Non-current prepayments and accrued income relates to the prepaid remuneration expense arising as a result of the acquisitions of Spain (£10,752,000) and Mindcrest (£425,000).

Ageing of trade receivables

	2020 £'000	2019 £'000
Trade receivables not past due	**39,820**	33,656
Trade receivables past due		
0 – 90 days	**46,810**	37,368
91 – 180 days	**13,403**	7,548
181 – 270 days	**5,935**	4,820
271 – 365 days	**2,992**	2,172
More than 365 days	**11,638**	6,992
	120,598	92,556

Lifetime expected credit losses are used to measure the loss allowance. These balances are held against trade receivables.

Movement in allowance for doubtful receivables

	2020 £'000	2019 £'000
Brought forward provision	**6,534**	3,854
Impact of transition to IFRS 9	**–**	2,510
Provision utilised and other movements	**956**	(2,206)
Charges to income statement	**4,381**	2,376
	11,871	6,534

These balances are held against trade receivables. Charges to the income statement include £1,086,000 (2019: £nil) relating to discontinued operations.

16. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	**31,212**	12,912
Bank overdrafts	**(2,485)**	(2,090)
Cash and cash equivalents per statement of cash flows	**28,727**	10,822

Consolidated notes to the financial statements continued

17. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	**26,779**	24,756
Other payables	**15,133**	7,657
Other taxation and social security	**26,224**	9,879
Accruals and deferred income	**11,697**	10,291
Operating lease incentives	–	1,412
	79,833	53,995
Non-current		
Operating lease incentives	–	10,072
	–	10,072

The Group has given a guarantee in favour of its Australian bank of AUD 400,000 (2019: nil). Through that same bank, the Group has issued rental guarantees to its landlords of AUD 2,971,820 (2019: AUD 2,971,820).

The Group has a rental guarantee in favour of a German landlord for €145,000 and in the favour of its Polish landlord for €245,000.

18. Lease liabilities

	£'000
1 May 2019	(87,302)
Additions	(9,832)
Interest expense related to lease liabilities	(2,047)
Net foreign currency translation gain	(198)
Repayment of lease liabilities (including interest)	14,701
30 April 2020	**(84,678)**
Current lease liabilities	(12,981)
Non-current lease liabilities	(71,697)
	(84,678)

The maturity of lease liabilities at 30 April 2020 were as follows:

	Lease payments £'000
Year to 2021	(14,842)
Year to 2022	(13,753)
Year to 2023	(13,004)
Year to 2024	(11,286)
Later years	(39,702)
Effect of discounting	7,930
Effect of movement in foreign currency translation rates	(21)
Lease liability at 30 April 2020	**(84,678)**

The undiscounted contractual cash flows relating to lease liabilities accounted for in accordance with IFRS 16 is £92,608,000.

Further information regarding leases is set out in note 1.21.

19. Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, refer to note 21.

Obligations under interest-bearing loans and borrowings

	2020 £'000	2019 £'000
Current liabilities		
Bank loans	**4,464**	4,655
Supplier payment facility	**310**	2,283
Bank overdrafts	**2,485**	2,090
	7,259	9,028
Non-current liabilities		
Bank loans	**89,194**	39,791
Capitalised loan arrangement fees	**(379)**	(595)
	88,815	39,196
	96,074	48,224

	2020 £'000	2019 £'000
Terms of repayment of bank loans and overdrafts		
Within one year	**7,259**	9,028
Between one and five years	**88,815**	39,196
Total bank loans and overdrafts	**96,074**	48,224

Contractual terms of interest-bearing loans and borrowings

	Currency	Nominal interest rate	Year of maturity	2020 Fair value £'000	2020 Carrying amount £'000	2019 Fair value £'000	2019 Carrying amount £'000
RCF	GBP	LIBOR+1.4%	2022	**79,334**	**79,334**	38,405	38,405
RCF	EUR	EURIBOR+1.4%	2022	**9,321**	**9,321**	–	–
Unsecured bank loans	GBP	3.75%	2020	**23**	**23**	109	109
Unsecured bank loans	EUR	2.00%	2020	**176**	**176**	79	79
Unsecured bank loans	AUD	6.50%	2021	**244**	**244**	563	563
Unsecured bank loans	GBP	1.77%-2.84%	2019-2021	**4,171**	**4,171**	4,695	4,695
Unsecured bank loans	USD	1.50%	2020	**10**	**10**	–	–
Supplier payment facility	GBP	No rate	2020	**310**	**310**	2,283	2,283
Bank overdrafts	GBP	Base+1.15%	2020	**2,485**	**2,485**	2,090	2,090
				96,074	**96,074**	48,224	48,224

Note 1.3 sets out changes to the financial covenants attached to the RCF held with the Group's banking syndicate.

Consolidated notes to the financial statements continued

20. Provisions

Dilapidations provision

Dilapidation provisions are established for wear and tear of property leases, held at the date of the statement of financial position. Such provisions are estimated at the start of the lease and updated annually. The Group's current lease portfolio terminate over the course of the next 10 years.

FOIL provision

The Forum of Insurance Lawyers (FOIL) provision represents the total VAT (partial exemption) exposure on historic claims handling engagements. There is an attributable reimbursement asset in note 15, resulting in net exposure of £400,000 as at 30 April 2020 (2019: £400,000). The enquiry is ongoing and therefore it is not possible to estimate when the provision will crystallise.

	2020 £'000	2019 £'000
Dilapidations provision		
Balance at beginning of the year	**1,329**	119
Provisions made during the year	**233**	1,440
Provisions used during the year	**–**	(200)
Provisions reversed during the year	**–**	(30)
Balance at the end of the year	**1,562**	1,329
Non-current	**1,562**	1,329
Current	**–**	–
	1,562	1,329
FOIL provision		
Balance at beginning of the year	**1,252**	1,252
Provisions reversed during the year	**–**	–
Balance at the end of the year	**1,252**	1,252
Non-current	**–**	–
Current	**1,252**	1,252
	1,252	1,252
Total provisions		
Balance at beginning of the year	**2,581**	1,371
Provisions made during the year	**233**	1,440
Provisions used during the year	**–**	(200)
Provisions reversed during the year	**–**	(30)
Balance at the end of the year	**2,814**	2,581
Non-current	**1,562**	1,329
Current	**1,252**	1,252
	2,814	2,581

21. Financial instruments

Financial risk management

The Directors have overall responsibility for the oversight of the Group's risk management framework. Further explanation on management of risk factors are provided in the risk section of the Strategic report.

The Group's principal financial instruments comprise trade and other receivables, unbilled revenue, cash and cash equivalents, trade and other payables, bank borrowings and capital contributions from partners.

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. Credit checks are performed for new clients and ongoing monitoring takes place for existing clients.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk.

The Group is financed through a combination of partners' capital (repayable on retirement of the Member), undistributed profits, cash and bank borrowing facilities.

The Group's principal facility is a £80.0m revolving credit facility ('RCF'). Details of amounts drawn can be found in note 19. Management undertake rolling thirteen week cash flow forecasts to ensure visibility of short term liquidity and manage facility usage, in addition to annual budgets and longer term forecasts. The RCF facility matures in 2022 and there are no contracted repayments until that date. The Group anticipates continued utilisation of the facility to fund business growth.

Note 1.3 sets out changes to the financial covenants attached to the RCF held with the Group's banking syndicate.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The Group's exposure to market risk predominantly relates to interest and currency risk.

Interest rate risk

The Group's bank borrowings incur both fixed and variable interest charges. The variable rates are linked to LIBOR plus a margin.

Foreign currency risk

The Group has overseas operations in Europe, Middle East, Asia, Australia, Canada and North America and is therefore exposed to changes in the respective currencies in these territories. The Group maintains bank balances in local currency. Cash positions are monitored and any imbalances are dealt with by purchasing currency at the spot rate.

Fair value measurement

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

– Trade receivables, trade payables and short term borrowings – The fair value approximates to the carrying value because of the short maturity of these instruments.

– Long term borrowings – The majority of the value of the Group's borrowings are on a variable rate linked to LIBOR. Interest on this is paid quarterly. Therefore the fair value of bank loans and other loans approximates to the carrying value reported in the statement of financial position.

	Notes	2020 £'000	2019 £'000
Cash and cash equivalents	16	**28,727**	10,822
Measured at amortised cost:			
Trade and other receivables	15	**187,409**	152,257
Fair value through the profit or loss:			
Investments		**254**	254
Total financial assets		**216,390**	163,333
Measured at amortised cost:			
Trade and other payables	17	**68,136**	53,776
Lease liabilities	18	**84,678**	–
Borrowings	19	**93,589**	46,134
Amounts due to members of partnerships in the Group	30	**35,852**	38,071
Total financial liabilities		**282,255**	137,981

Financial instruments sensitivity analysis

The Group has exposure to interest rate and foreign exchange rate movements given the nature of its borrowings and operations. At the end of the year, the effect of hypothetical changes in interest and currency rates are as follows.

Interest rate sensitivity

A change of 100 basis points in interest rates at the statement of financial position date would have increased/(decreased) equity and income statement by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for comparative periods.

Consolidated notes to the financial statements continued

21. Financial instruments continued

The impact of the results in the income statement and equity would be:

	2020 £'000	2019 £'000
Impact on profit or loss	**(704)**	(501)

A decrease of 100 basis points in interest rates would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant. There would be negligible impact on gross assets.

Foreign exchange rate sensitivity

A 10% weakening of the following currencies against the pound sterling would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for comparative periods.

The Group transacts in the following currencies which have been incorporated into the sensitivity analysis; Euro, US Dollar, Australian Dollar, Singaporean Dollar, UAE Dirham, and Canadian Dollar.

The impact of the results in the income statement and statement of comprehensive income and equity would be:

	2020 £'000	2019 £'000
Impact on equity	**(6)**	(1,316)
Impact on profit or loss	**(6,662)**	(1,001)
Impact on gross assets	**(6,011)**	(3,078)
Impact on gross liabilities	**6,004**	1,762

A 10% strengthening of the above currencies against the pound sterling would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

22. Deferred taxation

The deferred tax asset as at 30 April 2020 is as follows:

	2020 £'000	2019 £'000
Assets		
Balance at the beginning of year	**933**	–
Arising on group restructure	**–**	636
Acquired	**86**	–
Deferred tax debit recognised directly in equity	**(198)**	–
Deferred tax credit in the income statement for the year	**2,195**	297
Exchange rate translation	**278**	–
Balance at the end of year	**3,294**	933

£228,000 (2019: £nil) of the balance at the end of the year is classified as a current asset as it is expected to be utilised within one year.

The Group deferred tax asset arises as a result of tax on share-based payments: £1.8m (2019: £0.2m), future deductions available on property, plant and equipment £0.9m (2019: £0.6m) and future deductions available on tax losses carried forward £0.6m (2019: £nil). It is anticipated that the Group and related subsidiary undertakings will make sufficient taxable profit to allow the benefit of the deferred tax asset to be utilised. A potential deferred tax asset of £0.7m (2019: £0.6m) has not been recognised relating to tax losses.

The deferred tax liability as at 30 April 2020 is as follows:

	2020 £'000	2019 £'000
Non-current liabilities		
Balance at beginning of year	**–**	–
Arising on acquisition intangibles	**9,250**	–
Deferred tax credit in the income statement for the year	**(366)**	–
Balance at the end of year	**8,884**	–

The Group deferred tax liability relates to the recognition of acquired intangible assets arising on consolidation.

23. Share capital

	Number of 1p each	Ordinary shares £'000	Share premium £'000	Treasury shares £'000	Total £'000
Issued and fully paid ordinary shares					
On incorporation	1	–	–	–	–
Shares issued	299,999,999	3,000	63,167	–	66,167
At 30 April 2019	300,000,000	3,000	63,167	–	66,167
Shares issued in acquisition of Rousaud Costas Duran S.L.P.U	19,525,927	195	19,037	(20)	19,212
Shares issued in acquisition of Mindcrest Inc.	5,028,726	51	6,406	–	6,457
At 30 April 2020	**324,554,653**	**3,246**	**88,610**	**(20)**	**91,836**

On 20 December 2019, DWF Group plc issued 17,559,755 ordinary shares with a nominal value of £0.01 each to Rousaud Costas Duran SLP. On the same day the EBT agreed to subscribe for 1,966,172 newly issued shares to be held by the EBT for the benefit of employees of Rousaud Costas Duran SLP only. One of the RCD Sellers (Carmaral 2000 SLP) who had received consideration shares then agreed to transfer 1,145,755 of its shares to the EBT as a gift to be held by the EBT for the benefit of employees of Rousaud Costas Duran SLP only. The total of shares that was issued altogether in relation to the acquisition of Rousaud Costas Duran SLP is 19,525,927.

On 28 February 2020, DWF Group plc issued 5,028,726 ordinary shares with a nominal value of £0.01 each in relation to the acquisition of Mindcrest Inc.

24. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	The amount subscribed for share capital in excess of the nominal value.
Treasury shares	The treasury shares reserve represents shares in DWF Group plc held by the Group's share trusts. The trusts are consolidated in the Group's financial statements.
Merger reserve	The difference between the nominal value of shares acquired by the Company in the share-for-share exchange with the former DWF LLP members and the nominal value of shares issued to acquire them.
Share-based payments reserve	The cumulative share-based payment expense net of release of amounts in respect of option exercised.
Translation reserve	Gains/losses in translating the net assets of overseas operations into GBP.
(Accumulated losses)/ retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

25. Share-based payments

Charge to the income statement

The Group operates two share-based payment plans, both of which are equity settled.

The charge to the income statement is set out below:

	2020 £'000	2019 £'000
Share plans:		
Equity incentive plan (EIP)	**5,503**	193
Buy-as-you-earn plan (BAYE)	**6,096**	860
	11,599	1,053
Social security expenses	**971**	149
Total expense	**12,570**	1,202

Details of Directors' share awards are set out in the Directors' Remuneration Report. In addition to Directors, some of the senior management team received EIP share awards.

Within each plan, grants are made to eligible employees through one of several schemes as described below.

Consolidated notes to the financial statements continued

25. Share-based payments continued

Share awards under the DWF Group plc 2020 EIP – IPO award

At IPO, awards were granted consisting of conditional and restricted share awards made to a limited number of the senior management team.

Movements in the number of shares outstanding and their exercise prices are set out below:

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2019	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	**Number of shares for which awards outstanding 30 April 2020**
2018/19	1.25	Nil	July 2020	671,316	–	–	–	**671,316**
2018/19	1.25	Nil	July 2021	671,316	–	–	–	**671,316**
2018/19	1.25	Nil	July 2022	671,316	–	–	–	**671,316**
2018/19	1.25	Nil	July 2023	671,316	–	–	–	**671,316**
2018/19	1.25	Nil	July 2024	671,316	–	–	–	**671,316**

The weighted average fair value of these awards granted during the period was £1.25 per award.

The EIP IPO awards were valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 14.2 (average volatility across the tranches granted)
- Expected life (years) 3.3 (average life across the tranches granted)
- Expected dividend yield (%) Nil

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index, as there was insufficient trading history in the Groups' shares. The expected life used is the vesting date of the award. There is an entitlement to receive dividends or dividend equivalents. Management estimate that 100% of the shares will vest.

Share awards under the DWF Group PLC EIP – Career level 1-3 award

This scheme is to incentivise senior employees for performance and additional contribution to the Group. Additionally, as part of the RCD acquisition, shares are ringfenced for future grant to employees of the acquired business which fall under this award.

In August 2019, awards were granted to incentivise senior employees and, in both January 2020 and April 2020, awards were granted to incentivise RCD employees.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2019	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	**Number of shares for which awards outstanding 30 April 2020**
2019/20	1.19	Nil	January 2021	–	104,190	–	–	**104,190**
2019/20	1.19	Nil	January 2022	–	104,190	–	–	**104,190**
2019/20	1.19	Nil	January 2023	–	104,190	–	–	**104,190**
2019/20	1.19	Nil	January 2024	–	104,190	–	–	**104,190**
2019/20	1.19	Nil	January 2025	–	104,190	–	–	**104,190**
2019/20	1.25	Nil	September 2020	–	150,011	–	–	**150,011**
2019/20	1.25	Nil	July 2021	–	449,807	–	–	**449,807**
2019/20	1.25	Nil	July 2022	–	449,807	–	–	**449,807**
2019/20	1.25	Nil	July 2023	–	449,807	–	–	**449,807**
2019/20	1.25	Nil	July 2024	–	449,807	–	–	**449,807**
2019/20	1.25	Nil	July 2025	–	299,797	–	–	**299,797**
2019/20	1.25	Nil	September 2020	–	42,655	–	–	**42,655**
2019/20	1.25	Nil	July 2021	–	127,900	–	–	**127,900**
2019/20	1.25	Nil	July 2022	–	127,900	–	–	**127,900**
2019/20	1.25	Nil	July 2023	–	127,900	–	–	**127,900**
2019/20	1.25	Nil	July 2024	–	127,900	–	–	**127,900**
2019/20	1.25	Nil	July 2025	–	85,245	–	–	**85,245**

The weighted average fair value of these awards granted during the period was £1.24 per award.

Career level 1-3 award awards are valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 14.5 (average volatility across the tranches granted)
- Expected life (years) 3.0 (average life across the tranches granted)
- Expected dividend yield (%) Nil

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index, as there was insufficient trading history in the Groups' shares. The expected life used is the vesting date of the award. There is an entitlement to receive dividends or dividend equivalents on some of the awards. Management estimate that 80-100% of performance conditions are met and there is between 5-25% attrition over the vesting period.

Share awards under the DWF Group PLC EIP – Long-Term Incentive Plan ('LTIP')
The Group incentivises its Executive Board with long-term reward based on challenging performance targets. Awards were granted to the Executive Board members in the year.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2019	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	**Number of shares for which awards outstanding 30 April 2020**
2019/20	1.19	Nil	July 2020	–	517,699	–	–	**517,699**
2019/20	1.19	Nil	July 2021	–	517,699	–	–	**517,699**
2019/20	1.19	Nil	July 2022	–	517,699	–	–	**517,699**
2019/20	1.19	Nil	July 2023	–	517,699	–	–	**517,699**
2019/20	1.19	Nil	July 2024	–	517,699	–	–	**517,699**

The weighted average fair value of these awards was £1.19.

The LTIP free share awards are valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 12.8 (average volatility across the tranches granted)
- Expected life (years) 3.0 (average life across the tranches granted)
- Expected dividend yield (%) 5.0

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index, as there was insufficient trading history in the Groups' shares. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents on the awards. Management estimate that 80% of performance conditions are met and there is between 25% attrition over the vesting period.

Share awards under the DWF Group PLC EIP – Promotion award
The Group may incentivise its employees on promotion with a share award from this scheme.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2019	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	**Number of shares for which awards outstanding 30 April 2020**
2019/20	1.24	Nil	January 2021	–	87,243	–	–	**87,243**
2019/20	1.24	Nil	January 2022	–	87,243	–	–	**87,243**
2019/20	1.24	Nil	January 2023	–	87,243	–	–	**87,243**
2019/20	1.24	Nil	January 2024	–	87,243	–	–	**87,243**
2019/20	1.24	Nil	January 2025	–	87,243	–	–	**87,243**
2019/20	1.19	Nil	August 2020	–	61,742	–	–	**61,742**
2019/20	1.19	Nil	August 2021	–	61,742	–	–	**61,742**
2019/20	1.19	Nil	August 2022	–	61,742	–	–	**61,742**
2019/20	1.19	Nil	August 2023	–	61,742	–	–	**61,742**
2019/20	1.19	Nil	August 2024	–	61,742	–	–	**61,742**

The weighted average fair value of these awards was £1.19.

The promotion share awards are valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 13.0 (average volatility across the tranches granted)
- Expected life (years) 3.0 (average life across the tranches granted)
- Expected dividend yield (%) 5.0

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index, as there was insufficient trading history in the Groups' shares. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents on the awards. Management estimate that 80% of performance conditions are met and there is 25% attrition over the vesting period.

Consolidated notes to the financial statements continued

25. Share-based payments continued

Share awards under the DWF Group plc BAYE – IPO award

At IPO, awards were granted to eligible employees.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2019	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	**Number of shares for which awards outstanding 30 April 2020**
2018/19	1.25	Nil	July 2020	5,554,568	–	–	–	**5,554,568**
2018/19	1.25	Nil	July 2021	5,554,568	–	–	–	**5,554,568**
2019/20	1.19	Nil	August 2021	–	312,675	–	–	**312,675**
2019/20	1.19	Nil	August 2022	–	312,675	–	–	**312,675**

The weighted average fair value of these awards was £1.25.

The BAYE IPO awards are valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 15.0 (average volatility across the tranches granted)
- Expected life (years) 1.5 (average life across the tranches granted)
- Expected dividend yield (%) 5.0

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index, as there was insufficient trading history in the Groups' shares. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents on the awards. Management estimate there is 25% attrition over the vesting period.

Share awards under the DWF Group plc BAYE – free-share award

The Group incentivises its employees for additional contributions from this scheme.

Financial year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 1 May 2019	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	**Number of shares for which awards outstanding 30 April 2020**
2019/20	1.24	Nil	December 2021	–	97,301	–	–	**97,301**
2019/20	1.24	Nil	December 2022	–	97,301	–	–	**97,301**

The weighted average fair value of these awards granted during the period was £1.24 per award.

The BAYE free-share awards were valued using the Black Scholes method with the following assumptions:

- Expected volatility (%) 21.0 (average volatility across the tranches granted)
- Expected life (years) 1.0 (average life across the tranches granted)
- Expected dividend yield (%) Nil

Expected volatility was determined by reference to the historical volatility of the FTSE All Share Support Services Index, as there was insufficient trading history in the Groups' shares. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents. Management estimate that 100% of the shares will vest.

26. Related parties and ultimate controlling party

The Directors are not aware of any related party transactions other than those disclosed in this paragraph.

As a member of the Executive Board, Jason Ford is a related party of the Company. In July 2017, July 2018 and July 2019 loan agreements (the 'July 2017 Loan Agreement', the 'July 2018 Loan Agreement' and the 'July 2019 Loan Agreement respectively) were executed between DWF LLP and six former directors of Triton Global Limited, including Jason Ford (who at the time of the agreements was a member of DWF LLP) (together, the 'Borrowers'). As at 30 April 2020, the total aggregate outstanding loan amount owed by the Borrowers to DWF LLP under these agreements was £691,602 (2019: £398,051). The Borrowers are jointly and severally liable under those loan agreements.

In March 2017, DWF LLP and Jason Ford entered into a loan agreement, pursuant to which DWF LLP provided a loan of £100,000 to Jason Ford for the purpose of repayment by Jason Ford of a professional corporate investment loan made available by Barclays Bank plc to Jason Ford in December 2015 to fund a shareholder loan to Triton Global Limited. The outstanding loan amount owed by Jason Ford to DWF LLP as at 30 April 2020 was £100,000 (2019: £100,000).

In the opinion of the Directors, there is no controlling party of DWF Group plc.

27. Key management personnel

Compensation paid to key management personnel

	2020 £'000	2019 £'000
Remuneration of the PLC Board		
Short term employee benefits	**1,420**	175
Post-employment benefits	**60**	7
Share-based payments	**1,328**	–
	2,808	182

Key management personnel comprise of the PLC Board of Directors.

28. Employee information and their pay and benefits

The average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, and the aggregate payroll costs of these persons were as follows:

	2020 No.	2019 No.
Legal advisers	**1,980**	1,626
Support staff	**1,341**	1,089
	3,321	2,715

	£'000	£'000
Wages and salaries	**193,576**	110,156
Social security costs	**11,970**	11,369
Contributions to defined contribution plans	**6,689**	4,854
	212,235	126,379

Defined contribution plans

The Group operates defined contribution pension plans. The amounts charged to the income statement in respect of the scheme represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution scheme was £6,689,000 at 30 April 2020 (30 April 2019: £4,854,000) and the outstanding balance at year end was £979,000 at 30 April 2020 (30 April 2019: £914,000).

29. Cash generated from operations

a) Cash generated/(used) in operations before adjusting items

	2020 £'000	2019 £'000
Cash flows from operating activities		
Profit before tax including loss from discontinued operations	**13,897**	12,322
Adjustments for:		
Impairment	**1,036**	–
Amortisation of acquired intangible assets	**1,510**	–
Depreciation of right-of-use asset	**11,580**	–
Other depreciation and amortisation	**6,175**	5,365
Gain on bargain purchase	**(25,084)**	–
Non-underlying items	**7,632**	12,569
Share-based payments expense	**11,599**	1,202
Interest payable on leases	**2,047**	–
Net finance expense	**1,905**	2,131
Operating cash flows before movements in working capital	**32,297**	33,589
Increase in trade and other receivables	**(18,726)**	(24,601)
Increase in trade and other payables	**15,125**	1,455
Increase in provisions	**233**	1,210
Decrease in amounts due to members of partnerships in the Group	**(4,771)**	(22,198)
Cash generated/(used) in operations before adjusting items	**24,158**	(10,545)

Consolidated notes to the financial statements continued

29. Cash generated from operations continued

Analysis of cash and cash equivalents and other interest bearing loans and borrowings:

	1 May 2019 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	**30 April 2020 £'000**
Cash and cash equivalents	10,822	17,943	(38)	–	**28,727**
Bank loans	(43,851)	(48,622)	–	(806)	**(93,279)**
Supplier payments facility	(2,283)	1,973	–	–	**(310)**
Total net debt (excluding IFRS 16)	(35,312)	(28,706)	(38)	(806)	**(64,862)**

Following the impact of the current year transition to IFRS 16 Leases (from IAS 17 Leases – see note 1.21), net debt including lease liabilities is £149,540,000.

	1 May 2018 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	30 April 2019 £'000
Cash and cash equivalents	4,228	6,618	(24)	–	10,822
Bank loans	(53,394)	9,185	13	345	(43,851)
Supplier payments facility	(4,930)	2,647	–	–	(2,283)
Total net debt (excluding IFRS 16)	(54,096)	18,450	(11)	345	(35,312)

b) Free cash flows

	2020 £'000	2019 £'000
Free cash flows		
Operating cash flows before movements in working capital	**32,297**	33,589
Net working capital movement	**(3,368)**	(21,936)
Amounts due to members of partnerships in the Group	**(4,771)**	(22,198)
Cash generated from/(used in) operations before adjusting items	**24,158**	(10,545)
Repayment of lease liabilities	**(12,654)**	–
	11,504	(10,545)
Net interest paid	**(4,192)**	(2,112)
Tax paid	**(4,309)**	(50)
Purchase of property, plant and equipment	**(3,520)**	(4,196)
Purchase of other intangible assets	**(4,116)**	(1,222)
Free cash flows	**(4,633)**	(18,125)

c) Working capital measures

	2020 £'000	2019 £'000
WIP days		
Amounts recoverable from clients in respect of unbilled revenue	**64,379**	53,996
Unbilled disbursements	**8,501**	6,279
Total WIP	**72,880**	60,275
Pro-forma net revenue	**330,340**	272,361
WIP days	**81**	81
Debtor days		
Trade receivables (net of allowance for doubtful receivables)	**108,727**	86,022
Other receivables	**4,950**	5,108
Total debtors	**113,677**	91,130
Pro-forma net revenue	**330,340**	272,361
Debtor days	**125**	122
Gross lock-up days		
Total WIP	**72,880**	60,275
Total debtors	**113,677**	91,130
Total gross lock-up	**186,557**	151,405
Pro-forma net revenue	**330,340**	272,361
Gross lock-up days	**206**	203

Pro-forma net revenue includes revenue from acquisitions on a full year pro-forma basis.

30. Amounts due to members of partnerships in the Group

Amounts due to members of partnerships in the Group comprise unallocated reserves within equity, members' capital and other amounts due to members classified as liabilities as follows:

	Members' capital £'000	Other amounts due to Members £'000	Total amounts due to Members of partnerships in the Group £'000
At 1 May 2019	10,679	27,392	38,071
Members' remuneration charged as an expense	–	38,808	38,808
Introduced by the Members	5,938	–	5,938
Repayments of capital	(3,386)	–	(3,386)
Drawings	–	(43,579)	(43,579)
At 30 April 2020	**13,231**	**22,621**	**35,852**

	Members' capital £'000	Other amounts due to Members £'000	Total amounts due to Members of partnerships in the Group £'000
At 1 May 2018	29,071	6,644	35,715
Members' remuneration charged as an expense	–	31,014	31,014
Allocation of retained profit	–	42,537	42,537
Introduced by the Members	4,732	–	4,732
Repayments of capital	(23,124)	–	(23,124)
Drawings	–	(52,803)	(52,803)
At 30 April 2019	10,679	27,392	38,071

The average number of members during the year and members' remuneration charged as an expense during the year was as follows:

	2020	2019
Average number of Members of partnerships held by the Group during the year	**366**	249

	£'000	£'000
Members' profit share charged as an expense	**38,808**	31,014
Pro-forma revised compensation model adjustment	**(38,808)**	(36,970)
	–	(5,956)
Partner annual bonus charged as an expense	**–**	(500)
Revised compensation model adjustment	**–**	(6,456)

To allow for greater comparability of financial performance, a revised compensation model adjustment is calculated for each relevant period on the same basis as is described in the IPO Prospectus. The adjustments reflect the impact of the revised compensation model for Members of the Partnerships held by the Group as if the revised compensation model had been in place during the pre-IPO period.

Consolidated notes to the financial statements continued

31. Events after the reporting period

Directorate changes

On 29 May 2020, Andrew Leaitherland informed the Board of his intention to step down as Group Chief Executive Officer with immediate effect. Sir Nigel Knowles assumed the role of Group Chief Executive Officer and Chris Sullivan, the Senior Independent Director, was appointed as interim Chairman on the same day.

On the 31 July 2020, following the successful completion of a process led by the Nomination Committee to hire a new Chair, the Company announced that Jonathan Bloomer would join the Board as Chairman with effect from 1 August 2020. On the same day, Chris Sullivan was appointed as Deputy Chairman and continues to act as Senior Independent Director.

The Company intends to announce on 8 September 2020 the following appointments with effect from 22 October 2020:

- Matthew Doughty as Group Chief Operating Officer of DWF Group plc. Matthew Doughty will step down as Partner Director at the same time; and
- Following a thorough internal recruitment process, Michele Cicchetti and Seema Bains as Partner Directors of DWF Group plc. The position of Partner Director is designated by the Board as a Non-independent, Non-Executive Director position.

A Partner Director represents the partners of DWF Law LLP and DWF LLP and is therefore a partner shareholder representative on the Board.

Discontinuation and scale back programmes

In a trading statement on 9 July 2020, the Board announced further closures and scaling back programmes in Brussels, Singapore and Dubai as well as for DWF Resource (a part of the Connected Services division). The results for these business are not treated as discontinued in the period as the decision was taken after the year end. These operations represented c.1.5% of the Group's revenues and generated a £4.5m EBITDA loss in FY20.

Company statement of financial position

As of 30 April 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Investments	2	**235,605**	227,428
Total non-current assets		**235,605**	227,428
Current assets			
Trade and other receivables	3	**156,201**	100,243
Cash at bank and in hand		**123**	3,115
Total current assets		**156,324**	103,358
Total assets		**391,929**	330,786
Current liabilities			
Trade and other payables	4	**9,338**	735
Total current liabilities		**9,338**	735
Non-current liabilities			
Other interest-bearing loans and borrowings	5	**79,334**	38,405
Total non-current liabilities		**79,334**	38,405
Total liabilities		**88,672**	39,140
Net assets		**303,257**	291,646
Equity			
Share capital	6	**3,246**	3,000
Share premium	6	**88,610**	63,167
Share-based payments reserve		**9,672**	1,053
Retained earnings		**201,729**	224,426
Total equity		**303,257**	291,646

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The loss for the period to 30 April 2020 was £12,886,000 (2019: £3,324,000).

These financial statements of DWF Group plc (registered number: 11561594) were approved by the board on 7 September 2020.

Notes 1 to 10 are an integral part of these financial statements.

Sir Nigel Knowles
Group Chief Executive Officer

Chris Stefani
Chief Financial Officer

Company statement of changes in equity

Year ended 30 April 2020

	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
Balance on incorporation	–	–	–	–	–
Loss for the period	–	–	–	(3,324)	(3,324)
Total comprehensive expense	–	–	–	(3,324)	(3,324)
Issue of share capital	3,000	63,167	–	–	66,167
Treasury share sale	–	–	–	2,707	2,707
Merger of existing group	–	–	–	225,043	225,043
Share-based payments	–	–	1,053	–	1,053
At 30 April 2019	3,000	63,167	1,053	224,426	291,646

	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
1 May 2019	3,000	63,167	1,053	224,426	291,646
Loss for the year	–	–	–	(12,886)	(12,886)
Total comprehensive expense	–	–	–	(12,886)	(12,886)
Issue of share capital	246	25,443	–	–	25,689
Dividends paid	–	–	–	(9,811)	(9,811)
Share-based payments	–	–	8,619	–	8,619
At 30 April 2020	**3,246**	**88,610**	**9,672**	**201,729**	**303,257**

Notes 1 to 10 are an integral part of these financial statements.

Company notes to the financial statements

Year ended 30 April 2020

1. Accounting policies

General information and basis of accounting

DWF Group plc (the 'Company'), is a public limited company incorporated on 10 September 2018, domiciled in the United Kingdom under the Companies Act 2006, and registered in England. The registered office is 20 Fenchurch Street, London, EC3M 3AG.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('IFRS'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company financial statements are presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 101'). In these financial statements, DWF Group plc has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets, intangible assets, investment, and members' interest;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional statement of financial position for the beginning of the earliest comparative period following the retrospective change in accounting policy, the correction of error, or the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36: Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3: Business combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13: Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

As the consolidated financial statements of the Group include the equivalent disclosures, DWF Group plc has also taken the exemptions under section 408(4) of the Companies Act 2006, not to present its individual income statement and related notes as part of these financial statements.

The accounting policy set out below has, unless otherwise stated, been applied consistently to all periods presented in the Company financial statements. The accounting policies in note 1 of the consolidated notes to the financial statements of DWF Group plc also apply to the parent company.

1.1 Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any impairment in value.

2. Investment

	2020 £'000	2019 £'000
Investments		
At the start of the year	**227,428**	–
Additions	**8,177**	227,428
At the end of the year	**235,605**	227,428

Additions in the year ended 30 April 2020 relates to the incorporation of the Group's US holding company DWF Group (US) LLC and the related acquisition of Mindcrest Inc together with, inter alia, the push down of the share-based payment expense to entity's that the employees provide services to.

On 11 March 2019 DWF Group plc issued ordinary shares in a share-for-share exchange with the shareholders of DWF Holdings Limited. Consequently, DWF Group plc directly owns 100% of DWF Holdings Limited. See note 6 for more information.

Company notes to the financial statements continued

3. Trade and other receivables

	2020 £'000	2019 £'000
Amounts due from subsidiary undertakings*	**156,188**	100,243
Prepayments and accrued income	**13**	–
	156,201	100,243

* Amounts due from all subsidiaries are interest free, unsecured and repayable on demand.

4. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	**520**	–
Other payables	**3**	63
Other taxation and social security	**1,386**	149
Accruals	**2,189**	523
Amounts due to subsidiary undertakings*	**5,240**	–
	9,338	735

* Amounts due to subsidiary undertakings are interest free and repayable on demand.

5. Other interest bearing loans and borrowings

Further details on the Company's RCF can be found on the consolidated financial statements note 21.

6. Share capital

	Number of 1p each	Ordinary shares £'000	Share premium £'000	Total £'000
Issued and fully paid ordinary shares				
On incorporation	1	–	–	–
Shares issued	299,999,999	3,000	63,167	66,167
At 30 April 2019	300,000,000	3,000	63,167	66,167
Shares issued in acquisition of Rousaud Costas Duran S.L.P.U	19,525,927	195	19,037	19,232
Shares issued in acquisition of Mindcrest Inc.	5,028,726	51	6,406	6,457
At 30 April 2020	**324,554,653**	**3,246**	**88,610**	**91,856**

7. Employee information and Directors' remuneration

The Company had no employees (other than Directors) employed during the year. No Directors received remuneration in respect to services to the Company in the year (2019: £nil).

8. Related parties

The Company has taken the advantage of the exemption to not disclose the transactions between the wholly owned or controlled Group companies.

9. Ultimate parent company and parent company of Group

In the opinion of the Directors, there is no controlling party of DWF Group plc.

10. Events after the reporting period

Directorate changes

On 29 May 2020, Andrew Leaitherland informed the Board of his intention to step down as Group Chief Executive Officer with immediate effect. Sir Nigel Knowles assumed the role of Group Chief Executive Officer and Chris Sullivan, the Senior Independent Director, was appointed as interim Chairman on the same day.

On the 31 July 2020, following the successful completion of a process led by the Nomination Committee to hire a new Chair, the Company announced that Jonathan Bloomer would join the Board as Chairman with effect from 1 August 2020. On the same day, Chris Sullivan was appointed as Deputy Chairman and continues to act as Senior Independent Director.

The Company intends to announce on 8 September 2020 the following appointments with effect from 22 October 2020:

- Matthew Doughty as Group Chief Operating Officer of DWF Group plc. Matthew Doughty will step down as Partner Director at the same time; and
- Following a thorough internal recruitment process, Michele Cicchetti and Seema Bains as Partner Directors of DWF Group plc. The position of Partner Director is designated by the Board as a Non-independent, Non-Executive Director position.

A Partner Director represents the partners of DWF Law LLP and DWF LLP and is therefore a partner shareholder representative on the Board.

Shareholder information

2020 Financial Calendar	
24 September 2020	Ex dividend date for the final dividend
25 September 2020	Record date to be eligible for the final dividend
21 October 2020	**Annual General Meeting**
5 November 2020	Payment date for the final dividend
December 2020	Announcement of interim results

Shareholder enquiries

The Company's share register is maintained by Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti as follows.

By post:
Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA

UK Telephone:*
0371 384 2030

Overseas telephone:
+44 (0)121 415 7047

Online:

help.shareview.co.uk
(from here you can email Equiniti securely with your enquiry)

*Lines are open from 9.00am to 5.00pm UK time, Monday to Friday.

Direct credit of dividend payment

Dividends can be paid automatically into your bank or building society account.

The benefits of doing this are that you will:
- receive cleared funds in your bank account on the payment date
- avoid postal delays
- remove the risk of your cheques getting lost in the post.

To take advantage of this service or for further details, contact Equiniti or visit shareview.co.uk

For overseas shareholders, a separate dividend service provided by Equiniti enables those living overseas to have their dividend paid into their bank account, for a small fee. For further details please contact Equiniti or visit shareview.co.uk

Annual General Meeting ('AGM')

The AGM of the Company will be held at 2.00pm on 21 October 2020 to be held at and broadcast live from the office of the Company at 20 Fenchurch Street, London, United Kingdom, EC3M 3AG

The Notice of AGM and a proxy form accompanies this Annual Report. You can also find the Notice of AGM on the Company's website dwfgroup.com/en/investors

Electronic communications

Shareholders can sign up for electronic communications online by registering with Shareview, the internet-based platform provided by our Registrars, Equiniti. In addition to enabling shareholders to receive communications by email, Shareview provides a facility for shareholders to manage their shareholding online by allowing them to:
- receive trading updates by email
- view their shareholdings
- update their records – including change of address
- vote in advance of company general meetings. To find out more about the services offered by Shareview please visit shareview.co.uk

Corporate website

Shareholders are encouraged to visit our website dwfgroup.com/en/investors which provides:
- Company news and information
- our model of Complex, Connected and Managed Services
- the Company's approach to operating responsibly.

There is also a specific investors' section which contains up-to-date information for shareholders, including:
- comprehensive share price information
- financial results
- access to current and historical shareholder documents, such as this Annual Report.

Unsolicited telephone calls and correspondence

Shareholders should be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. These are typically from overseas 'brokers' who target UK or US shareholders, offering to sell them what often turns out to be worthless or high-risk shares. These operations are commonly known as boiler rooms, and the brokers can be very persistent and extremely persuasive.

Shareholders are advised to deal only with financial services firms that are authorised by the Financial Conduct Authority ('FCA'). You can check if a firm is properly authorised by the FCA by visiting fca.org.uk/register. If you do deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if anything goes wrong. For more detailed information on how you can protect yourself from an investment scam, or to report a scam, go to fca.org.uk/consumers/scams/report-scam-us or call 0800 111 6768.