Built for strength and resilience

DWF Group plc
Annual report and
financial statements 2020

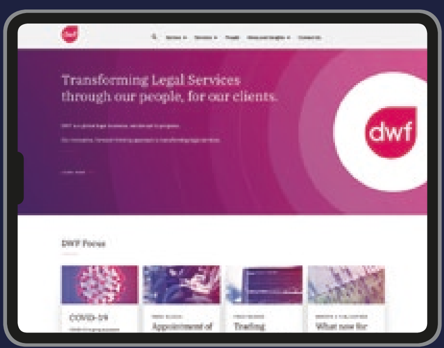
Our purpose

Our purpose is to transform legal services through our people for our clients. That's why we are transforming our own business, with technological innovation, outstanding sector specialists and advanced working practices. This translates into an entirely new, resilient, business model that benefits from significant recurring revenues from institutional clients in our key industry sectors of Insurance, Financial Services and Real Estate.

While the current environment is unprecedented, the Board is confident that the Group is well placed to continue to provide best service to our clients and benefit from future opportunities when the business environment normalises.

We are built for both strength and resilience.

Strength and resilience are directly interlinked within DWF, throughout this report, this icon highlights examples of how we put this in to practice.



+ For the latest new releases and video presentations please see **dwfgroup.com**

Highlights

Solid performance

Revenue £297.2m +10.9%	**Revenue per partner**[1] £784.3k -9%	**Cost to income ratio**[2] 42.6% -0.1ppts
Operating Profit £22.2m +46%	**Underlying adjusted EBITDA**[3] £21.8m -22%	**Reported PBT** £18.2m +40%
Underlying adjusted PBT[4] £13.8m -32%	**Gross profit margin** 47.9% -5.6ppts	**Net debt**[5] £64.9m +£29.6m

1. Revenue per partner is calculated by dividing revenue by the FTE number of partners at the end of the financial year.
2. Cost to income ratio is defined in note 2 of the financial statements.
3. Underlying adjusted EBITDA is defined in note 2 of the financial statements.
4. Underlying adjusted PBT is defined in note 2 of the financial statements.
5. Net debt excludes lease liabilities.

Strategic report

Governance

Financial statements

Other information

DWF at a glance

Who we are and what we do

Innovation is at the forefront of our strategy to provide a competitive and differentiated offering for our clients. We believe innovation will help us become the chosen partner for outsourced legal and Connected Services. As a listed company, we now have a remuneration model which includes equity incentives for our partners and fee earners that we believe is unique amongst our peers.

Our three delivery platforms: Complex, Managed, Connected
These are at the heart of our integrated offering, adding value for our clients.

Complex

We offer clients premium legal advice, expertise and attention. Complex law has always been a mainstay of our business.

Managed

We handle process-orientated legal work – but we do it differently. Our Managed Services team takes day-to-day law and manages it better. We make it more predictable and consistent, smoothing and streamlining processes. We also make it more cost- and time-efficient, through logical process mapping and a technology-enabled platform.

Connected

We offer a wide range of additional products and services through our Connected Services division, allowing clients to consolidate their supply chain. These products and services include a digital claims platform and software solutions, as well as specialist lawyers and barristers, forensic accountants and investigators.

Our culture

We have a collaborative and inclusive culture that underpins our decisions. We are building inclusivity by:

- being a force for good in society, acting globally and engaging locally;
- demonstrating commitment at the highest level;
- establishing sustainable and socially responsible business principles;
- making DWF a great place to work and to do business.

+ See page 37 for more information

Our values

Always aim higher

By refusing to do only the minimum and reaching further every time, we expand the realm of what's possible.

Be better together

By supporting each other and working as a team we can achieve more for our clients and ourselves.

Disrupt to progress

Just because there's an established way of doing things, it doesn't mean it's the best way.

Keep all promises

A promise is a promise, no matter how large or small. By keeping promises, we build trust, loyalty and commitment.

Attend to details

Paying attention to every last detail is the right way to ensure clients experience the very best of DWF.

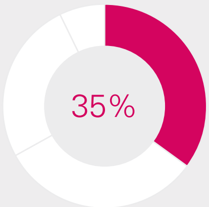
+ See pages 12 and 37 for more information

Our divisions

Revenue

Commercial Services

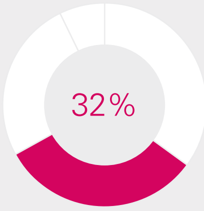
Providing a range of Complex legal services and Managed Services to a wide range of clients and sectors, our Commercial Services division includes corporate, litigation and real estate practice groups. These cover areas such as business restructuring, commercial and competition, tax and private capital, employment, finance, pensions, real estate, debt recovery, asset management, housing and planning.



£104.4m
119 Partners
1,008 FTE

Insurance Services

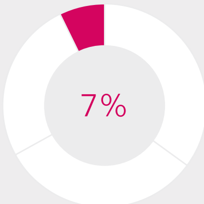
Providing a range of Complex legal services and Managed Services predominantly to insurers and their clients. This division includes our teams covering catastrophic personal injury, occupational health and casualty, motor, fraud and resolution law, as well as our professional indemnity and commercial insurance practice groups.



£95.8m
69 Partners
899 FTE

Connected Services

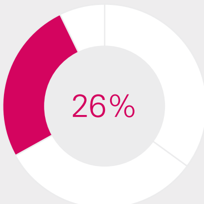
Providing our products and services that complement the legal services offered by our other three divisions. Connected Services has been built on our existing products and services, including our costs business, our insurance claims handling business, and our software and technology company, as well as other service lines, such as loss adjusting.



£20.2m
18 Partners
278 FTE

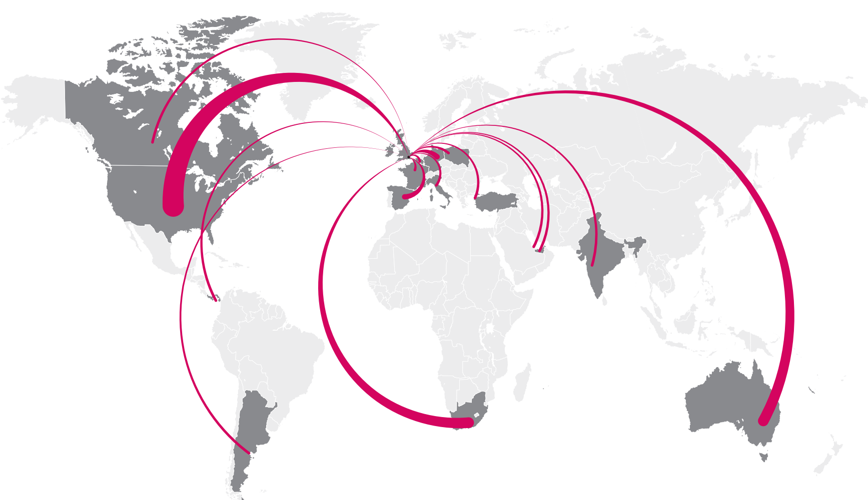
International

Providing Complex legal services and Managed Services outside of the UK and Ireland, our International division focuses on growth in the same areas of legal services as our Commercial Services and Insurance Services divisions, across territories that include Australia, France, Germany, Italy, the Middle East, Poland and Spain.



£76.8m
173 Partners
882 FTE

Our international presence
We have offices in 31 locations across four continents, with more than 4,200 people. We also work in association with six other legal business around the world, in the USA, Argentina, Panama, Colombia, Turkey and South Africa.



4,200+
people are employed across the Group

FTSE 100
We work with 25 of the FTSE 100 companies

10+ year
relationships with half of our clients

14%
of revenue comes from our top five clients

Chairman's statement

Supporting our people, delivering for our clients

Jonathan Bloomer
Chairman

Dear shareholder,

I am delighted to welcome you to our Annual Report and equally delighted to introduce myself as your new Chair. I have been the Chairman of DWF Group for a little over five weeks and so I want to begin by thanking my predecessor, and now Group CEO, Sir Nigel Knowles, and our Deputy Chairman, Chris Sullivan, for their contributions and support in helping me prepare this statement.

I am very pleased to have taken on the role of Chairman of DWF. It is a differentiated business in a highly competitive industry that is on the verge of a period of significant change. The Group is very well positioned to capitalise on this change, and I am looking forward to working with the Board to implement the strategy set out by Sir Nigel, aimed at taking DWF forward to a new phase of sustainable and profitable growth.

Business and markets

Like all businesses in our sector and beyond, we face the considerable challenge of navigating an unpredictable global economy that will continue to be affected by COVID-19 for the foreseeable future.

COVID-19 had a significant impact on our business, but we have done a number of things to ensure DWF has the strength and resilience to perform throughout this financial year.

These include implementing a cost-savings programme that will realise £15m of savings in this financial year, and an agreement with lenders that provides access to a secondary revolving credit facility ('RCF') of £15m, in addition to our existing RCF of £80m, with a relaxation of certain covenants.

While we moved quickly to further strengthen liquidity and increase operational efficiency, we have also seen performance improve markedly since April, as our differentiated offering and range of services remain in demand. Our strong relationships with institutional clients in our key sectors have also ensured that our cash collection has been healthy.

Our employees and culture

COVID-19 has also had a significant impact on our ways of working. Throughout this period, our priority has been the health and safety of our people. An outstanding response from our IT and other central services teams ensured that more than 95% of our people were able to work from home during the strictest lockdown periods. A significant proportion of our people continue to work remotely, and we have put in place numerous measures to support them in doing so, with a particular focus on their physical and mental wellbeing.

We are now carefully implementing plans for phased returns to offices, dependent on the specific circumstances and governmental guidance in our respective locations.

The importance DWF places upon culture has been impressed upon me since my appointment. The Group has made further progress this year to support partner and employee recognition, improve and harmonise benefits, perform strongly in leading Diversity & Inclusion ('D&I') rankings, and make a significant community impact.

Strategy and capital allocation

Despite the disruption caused by the COVID-19 pandemic, we made very good progress with our strategy in FY20. Among the principal capital allocations the Group made, the acquisitions of RCD and Mindcrest have helped develop further our International and Managed Services businesses. We anticipate reinvesting around half of the £15m of FY21 cost savings as we continue targeted, strategic investments in our capabilities.

Dividend

Like many listed businesses, the impact of COVID-19 has caused us to review our position on paying a full-year dividend. This is a matter we have given great consideration to, as we know the importance of a dividend, to both our external and internal shareholders.

The proposal of a final dividend for FY20 underscores our current confidence in FY21 trading and outlook. We are seeing our approach to providing integrated legal services through our Complex, Managed and Connected proposition resonate with clients. This is driving an encouraging pipeline of new work. At the same time, we continue to look for further operating efficiencies to build upon the cost reductions we announced in May and July and the office rationalisations that are well underway.

ESG

The Board recognises that Environmental, Social and Governance matters are of greater importance than ever before. Your Board performed well in ensuring effective governance in our business and you can read more detail on the activities and priorities of our governance committees on pages 64 to 91. We also strive to make a positive social and environmental impact, most notably through our CSR activities and the work of the DWF Foundation, which you can read about on pages 36 to 43.

Living our values

The culture within our business is underpinned by our five core values. This year, more than ever, we have seen our people living our values as they have responded to the challenges presented by COVID-19. This has been clear in the way our people have supported each other, our clients and our communities.

This year we launched DWF Achievers, a recognition platform that allows colleagues to congratulate each other for living to our values. Since its launch earlier in year, there have been more than 9,000 recognitions through the platform.

See pages 36 to 43 for more information.

Jonathan Bloomer
Chairman
7 September 2020

Group Chief Executive Officer's report

A resilient business model

Sir Nigel Knowles
Group Chief Executive Officer

The global legal industry is going through a period of significant change as new delivery models and service providers emerge to meet client demands for greater ease and efficiency. This trend is only likely to accelerate, as the economic consequences of COVID-19 force more in-house legal teams to challenge the established ways of doing things.

I am honoured to have been asked to lead the Group through this period of change, and am pleased to describe here some of what we have done through the course of FY20 – and beyond – to ensure DWF is well placed to capitalise on these market opportunities.

Firstly though, I want to reiterate my thanks and pay tribute to my predecessor as Chief Executive Officer, Andrew Leaitherland. In May this year it was announced that Andrew would be stepping down as Group CEO. Andrew spent more than 20 years at DWF and was CEO for 14 years.

He was instrumental in the growth of DWF, both in the development and expansion of the services the Group provides, as well as its geographic spread. During his tenure, DWF grew from two offices in the UK to a global business of more than 30 offices across four continents. He was also at the heart of DWF's successful IPO in March 2019. I wish Andrew well with his future endeavours.

FY20 performance

Trading through the majority of FY20 was strong and the Group made significant investments to support its growth objectives. The sudden and far reaching impact of COVID-19 had a material effect on the final quarter with a resulting impact on profitability. Despite this, we delivered a solid performance with overall revenue growth of 10.9% and organic growth of 2.0%. While we achieved record Group revenue, with an organic growth rate that compares to other global law firms in FY20, it was lower than expected.

Our progress with our strategy

Our strategy is to provide integrated legal services globally through our Complex, Managed and Connected delivery models, which we can combine to deliver bespoke solutions for our clients. This single integrated approach delivers greater efficiency, price certainty and transparency for our clients without compromising on quality and service.

Complex legal advisory services have always been a mainstay of our business. Through our Commercial, Insurance and International Services divisions, we provide clients with premium legal advice and excellent client service. We have continued to invest in strengthening our Complex legal advisory capabilities through the year, including through the majority of our net 64 partner joiners. This includes the new partners who have joined our business through acquisition.

Managed Services provides alternative legal services, often outsourced and process led services, which standardise, systematise, scale and optimise legal workflows. We took a significant step towards scaling our Managed Services offering this year through the acquisition of Mindcrest. This significantly extended our Managed Services capability, giving us a presence in Pune, India, and access to an experienced and talented team that has been operating Managed Services contracts with corporate clients for more than 15 years. The addition of Mindcrest to our existing Managed Services teams is already resulting in new client opportunities.

While our Connected Services division, which provides products and services that enhance our legal offerings, did not grow as much as anticipated at 13.0%, this was affected by underperformance in one Connected business that we have since restructured. The other Connected business' revenues grew c.18.5% year-on-year. A number of Connected innovations and client projects were also instrumental in DWF achieving its highest ever position in the 2019 *Financial Times Innovative Lawyers* report, being ranked the eighth most innovative law firm in Europe. We also won two awards, including one for our ground-breaking IPO. Our innovation credentials were strengthened further this year with the acquisition of RCD in Spain. RCD has also consistently ranked highly in the FT's report and was the first in its market to establish a specific innovation department.

M&A is also a key factor in enabling us to achieve our strategy. In FY20, we completed the acquisitions of RCD and Mindcrest, and established our first office in Poland through the recruitment of the Warsaw office of K&L Gates Jamka. We also opened an office in Düsseldorf through a team hire from Marccus Partners and, with further team hires, we strengthened our offering in Australia. DWF has completed 17 acquisitions in the past 13 years, but with external market conditions and a desire to ensure we have fully integrated our most recent additions, there is a temporary pause on M&A. It will still be a key ingredient in driving further growth, and we anticipate resuming activity when conditions allow.

Our people

Our culture is defined by our five core values: Always aim higher; Be better together; Disrupt to progress; Keep all promises; and Attend to details. These values have long been integral to the success of our business and emphasise our focus on our people, our clients and our communities, but this year we launched two key engagement initiatives to further establish them across the business.

We launched The Rubie Awards, our annual awards programme, through which people can nominate colleagues for recognition in one of ten different categories. We also launched DWF Achievers as a day-to-day recognition platform, through which people recognise each other for living our values. I also want to recognise here the resilience and commitment of our people, and thank everybody for living our values in recent months.

Group Chief Executive Officer's report continued

COVID-19 has required all of us to make significant adjustments to our daily working lives, in many cases juggling other personal responsibilities and commitments. We have seen countless examples of the ways colleagues have been supporting each other through challenging circumstances, and continuing to provide the same excellent service to our clients.

We conduct two global Pulse Surveys each year, helping us assess the views of our people on their career and experiences at DWF. The most recent of these surveys completed shortly following my appointment as CEO in FY21, but it seems appropriate to reveal the findings here, to illustrate our progression. We were pleased with a sizeable increase in the proportion of people completing the survey, rising from 60% to 67%, while our overall Engagement Score – a composite figure based on three key questions in the survey – edged up from 75 to 76.

Our people are central to the Group's CSR activities, dedicating their time and expertise through programmes such as our social mobility initiative, 5 STAR Futures, and contributing to and coordinating fundraising to support the charitable giving of the DWF Foundation. This has again been evident throughout COVID-19, with a range of fundraising and community activities to support, for example, the manufacture of PPE equipment and donations to food banks.

We participate in the Business in the Community's Responsible Business Tracker, to help us assess our performance as a responsible business. Our overall score of 60% confirms that we are leading our benchmarking group, compared to a legal sector average of 51%, and that we scored higher than the average score of 43%, from all 94 cross-sector companies who took part.

Our clients

We have continued to strengthen our client relationships this year through the provision of services to new and existing clients. In FY20, we were successful in being appointed or reappointed to 28 legal panels, including appointments from Severn Trent and Dixons Carphone. DWF was also appointed as a Strategic Legal Partner to BT, to provide real estate and insurance services through a five-year Managed Services contract. We were subsequently also added to BT's significantly reduced external legal panel. We have also supported our clients in a number of important litigation mandates, which included the successful defence of WM Morrison in a landmark case at the Supreme Court.

This year, we launched a new internal Key Client programme to ensure we are providing even greater resources and focus to our most significant clients. This programme is in its first year, but we have already seen 21% year-on-year billings increase from our 'grow' and 'target' clients.

At the end of our last financial year, we launched our largest ever client-listening project, conducting a review of more than 400 client contacts. The purpose of this project is to give us comprehensive client feedback, enabling us to invest further in areas where clients derive most value, and to identify any areas to improve.

FY21 strategy

Following my appointment as CEO on 29 May, I reaffirmed our commitment to our strategy, which is fundamentally the right one. There will be no sharp changes of direction from DWF, but there will be much greater focus this year on operational improvement. The aim is to improve efficiency across the Group, better connectivity across our global business, and to see the improvements in working capital performance that we believe will help us to reduce net debt. Key priorities, some of which are already complete, include:

- a strategic review of our business, resulting in the closure of offices in Brussels and Singapore, and a reduction of our presence in Cologne and Dubai
- a review of the Group's costs, resulting in the identification of a further £5m of cost savings in FY21, in addition to £10m of savings already implemented before my appointment
- a project to significantly improve our lock up performance (the time it takes to convert work in progress and debtors into cash) with progress already being made, as lock up has fallen from 206 days at 30 April to 200 days at 31 July
- a greater focus on the integration of recent acquisitions, to improve business opportunities and synergies
- growing our Managed Services offering.

Outlook and current trading

In our trading update issued in July, we said we were cautiously optimistic that FY21 will benefit from the actions we have taken to reshape costs, combined with the client opportunities we continue to see. The environment remains uncertain, but we have large parts of our business which are annuity and some which are counter-cyclical in nature and we expect to see some increased activity as a result. The first four months of trading have shown a steady recovery in activity levels since the dip in activity in Q4 of FY20, and more importantly, this has translated into a significantly improved net profit position. This is despite the cost savings we have executed having a time lag such that they are not yet all reflected in the FY21 year-to-date profit contribution. As we look forward, we expect to benefit from a full year revenue and profit contribution from our acquisitions, RCD and Mindcrest. The Group will also benefit from the partner and team hire activity made towards the end of FY20, as these contribute organic revenue and profits. The further impact of the cost saving measures and savings from discontinued loss making operations will underpin near term profitability, in line with the Group's target of delivering profitable, cash backed growth. The discontinued and reduced operations represented c.1.5% of Group revenues and generated a £4.5m EBITDA loss in FY20. The Group's cost saving programmes are expected to reduce the FY20 cost base by £15m, although approximately 50% of this may be reinvested into the business in key growth sectors. The proposal of a final dividend for FY20 underscores our current confidence in FY21 trading and outlook.

We are seeing our approach to providing integrated legal services through our Complex, Managed and Connected proposition resonate with clients. This is driving an encouraging pipeline of new work. At the same time, we continue to look for further operating efficiencies to build upon the cost reductions we announced in May and July and the office rationalisations that are well underway.

In the first quarter, we have seen a significant uptick in bid activity which has resulted in numerous client wins, including a new contract to handle casualty and motor injury claims in Scotland and Northern Ireland with multinational insurance company, Aviva.

Sir Nigel Knowles
Group Chief Executive Officer
7 September 2020

Our market drivers

Underpinned by strong market drivers

Market overview

The legal services industry continues to evolve rapidly, with the challenges presented by COVID-19 only likely to accelerate a number of the key drivers of change. Even before the COVID-19 pandemic, eight in ten of the UK's largest law firms said that making better use of technology was their key priority for the next two to three years. With remote working moving from a short-term need to a longer-term shift in ways of working, and with companies seeking productivity improvements and greater efficiency from their legal functions, this will move from priority to necessity.

Client consolidation of suppliers

Clients are looking to consolidate their supply chains and reduce the number of professional services providers. This will help them better manage the budgets of their legal function, and bring efficiencies in procurement and supplier review processes. In April, BT reduced its legal panel from around 40 to 15 firms, with DWF a newly-appointed panel member.

What this means for our industry

Legal services providers will need to be able to offer a broader range of integrated and related services, and demonstrate a sector-led understanding of clients' challenges. COVID-19 will be an accelerator, as clients come under significant pressure to manage budgets at a time when demand for advice may be increasing, as we typically see more disputes during a downturn.

Our opportunity

Our differentiated business model and sector expertise gives us an opportunity to win a greater share of the market, by deepening relationships with existing clients and winning new appointments.

Our response

We have continued to invest in strengthening our services and extending our global reach, enabling us to offer more of the services our clients need, where they need them. Our strengths in litigation and insurance, two business areas typically in demand through a downturn, mean we are well-placed to capitalise on this opportunity.

Alternative to the traditional law-firm model	Technology as a strategic enabler	Law-firm consolidation
In recent years, we have seen an influx of new entrants to the legal services market with providers challenging the long-standing model offered by law firms. This is a result of in-house counsel looking for more cost-effective solutions and standardised processes, especially for work that doesn't need to be done by trained lawyers.	The legal services sector is increasingly complex, as a broad range of providers with differing business models compete and collaborate. This has resulted in a period of innovation with far greater adoption of technology to address clients' challenges. This will continue, but we will also see an increasing number of legal services providers turn this trend inwards, as COVID-19 causes firms to assess how technology can enable new ways of working.	Recent years have seen consolidation within the legal services market, with a number of significant mergers or acquisitions at a national and cross-border level. This trend will continue as firms seek to benefit from greater scale and operational efficiencies, especially in markets such as Australia and Canada, which have experienced less consolidation so far.
The traditional model will come under ever-greater pressure, especially for the provision of certain services, and firms will need to adapt to continue competing. COVID-19 will again act as an accelerator due to the pressure on legal function budgets, and we expect to see greater use of alternative legal service providers ('ALSPs') by clients as they look to do more for less.	Legal services providers will need to continue investing in technology to support service to clients, but also to ensure their people can work effectively and efficiently in a flexible way. DWF has long had a culture of agile working, with an enabling technology platform. It is clear that legal services can be offered through agile working, and this will fundamentally disrupt the legal market.	The sector remains highly fragmented in comparison to other elements of the professional services industry. With the other drivers outlined here providing opportunities for those with global scale and a greater breadth of expertise, consolidation will continue and longer term could accelerate. COVID-19 will have a limiting impact in the short term as businesses seek to conserve cash, but we may continue to see some tactical and strategic opportunities, including distressed situations.
Our ability to provide complex advisory services while addressing clients' demands for managed services more efficiently, in addition to our Connected Services offering, gives us an opportunity to provide an attractive alternative to the traditional model.	To work collaboratively with clients, using our sector-knowledge and investment in technology to find the right solutions. To embrace new ways of working as a permanent feature of our business model, with potential material benefits in the amount of space we require, the flexible working options available to our people, and benefits to our sustainability agenda through reduced consumption of power and paper, and less travel required.	We have enjoyed very strong benefits from our acquisition strategy. While M&A activity is on hold in the current environment, we will continue to identify opportunities to grow our business organically and inorganically. This will focus on, but not be limited to, further consolidation opportunities in our international operations and continued building of our Managed and Connected Services capabilities.
We have continued to invest in our differentiated model, launching new connected services and acquiring Mindcrest to strengthen our Managed Services platform. DWF Mindcrest has been awarded a Band 1 ranking in the Chambers ALSP Guide. We have demonstrated our sector knowledge through our thought-leadership programme, including our COVID-19 hub.	We are committed to 'Doing things Differently' and have invested in technology throughout our Complex, Managed and Connected platforms. We moved quickly to enable agile working for more than 95% of our people, and we will apply the best practices developed during this period to support permanent shifts in how, where and when our people work.	In the past financial year, we acquired RCD in Spain and Mindcrest. We also launched in Poland and expanded in Germany and Australia through large-team recruitment. While COVID-19 will mean a slower period of acquisitive activity, we expect to continue once market conditions return to normal.

Our business model

Creating shareholder returns, investment in the business and incentivising our people

Driven by our purpose and values

Our purpose

To transform legal services, through our people, for our clients. That's why we are transforming our own business, bringing technological innovations, outstanding sector specialists and our advanced working practices together in an entirely new business model.

Our values

Always aim higher
By refusing to do only the minimum and reaching further every time, we expand the realm of what's possible.

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Keep all promises
A promise is a promise, no matter how large or small. By keeping promises, we build trust, loyalty and commitment.

Attend to details
Paying attention to every last detail is the right way to ensure clients experience the very best of DWF.

Impacted by

Market drivers

Our differentiated business model leaves us well placed to capitalise on the key trends driving change in our industry.

- **Client consolidation of suppliers**
- **Alternative to traditional law firm model**
- **Technology**
- **Law firm consolidation**

+ See pages 10 and 11 for more information

Our stakeholders

Understanding and responding to their issues through effective engagement.

+ See pages 14 to 17 for more information

How we create and add value

Our main activities

Predictable, recurring and diverse revenue streams – a significant proportion of our revenues are recurring, and earned through our main activities:

1. Commercial Services
Corporate services, litigation and real estate practice groups.

2. Insurance Services
Insurance law and professional indemnity, and commercial insurance practice groups.

3. International
The same areas of legal services as our Commercial Services and Insurance Services divisions, but outside of the UK and Ireland.

4. Connected Services
Professional and technology services complementary to those offered by our other three divisions.

Outputs

Maximising value through our differentiated strategy:

Understanding our clients
We create value for our clients by providing solutions that meet their business requirements, across multiple jurisdictions and linked service offerings. This allows them to consolidate and secure their supply chain, and gain the efficiencies that come with consolidation. Our professionals offer sector-specific expertise, which enables solutions more closely tailored to client needs.

Engaging our people
As a people business, engagement, employee welfare, values and diversity are at the heart of what we do. Our differentiated proposition, global reach and enviable client list offers amazing opportunities to grow and develop. Our values and social conscience are also part of our DNA, and through the DWF Foundation, an independent registered charity, we contribute to many worthy causes in the communities where we operate.

Doing things differently
We are not afraid to disrupt the legal services sector, or what we offer, and this willingness to innovate ultimately brings more efficient solutions for our clients, and helps us grow as a business. Doing things differently also creates internal efficiencies by freeing up capacity to do more complex legal work, spend more time with our clients, or progress further through innovation.

+ See pages 18 to 25 for more information

Outcomes

Revenue growth
+10.9%

Underlying organic revenue growth
+2.0%

Revenue per partner
-9.0%

Cost to income ratio
42.6%

Hours volunteered
12,500 hrs

People employed
4,200+

Our stakeholders

Listening and responding to our stakeholders

As a professional services business, the relationships we build and sustain are at the heart of our success.

Through the course of this year, we have invested significant time and resources in a programme of activities that enables us to gather input and hear feedback from a broad range of internal and external stakeholders. We have redoubled or adapted these activities to ensure they continue through COVID-19.

Section 172

The Directors have had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when performing their duties under section 172. They consider they have acted in good faith, in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with, and are affected by, our business.

+ See pages 16 to 17 for more information on how we engage with our stakeholders. For an example of how the Directors have had regard to matters set out in section 172 when making decisions please see page 15. For more details on the Board and its Committees' activities see page 61 together with this Strategic Report.

+ Details of how environment and reputation have been dealt with can be found in the Responsible Business section on pages 37 to 43.

+ The Directors act fairly as between members of the Company and the Company always seeks to ensure that its communications are transparent. Page 63 of the Corporate Governance report details how we engage with our shareholders.

Section 172 in action – Board Approval of DWF's acquisition of RCD

Last December, DWF announced it had acquired the Spanish legal business RCD, with offices in Madrid, Barcelona and Valencia, and with more than 400 people. The acquisition was a key strategic development this year.

Before Board approval of this acquisition, the Directors considered the interests of all stakeholder groups – particularly our people, clients, shareholders and regulators. Notably, the acquisition met a key commitment made to IPO investors, with Spain one of several markets highlighted in our prospectus as being of interest. Brexit uncertainty was a factor behind extensive regulatory engagement to ensure we established an ownership model that would satisfy regulators in the event of a 'no-deal' exit. The Board also considered the beneficial impact the acquisition would have on our people and clients, as a major contributory factor in the continued growth of the business and extension of our services.

Our stakeholders continued

	Why we engage	How we engage
Our people (employees and partners)	It is vital we recruit, retain and develop the best people – only by doing this will we be able to fulfil our purpose.	Pulse Surveys to track engagement on a range of issues, a monthly Employee Forum, annual and day-to-day recognition programmes, and other regular communication – including CEO updates through the early phase of COVID-19, and Board members responsible for representing the interests of employees and partners.
Clients	Clients are at the heart of everything we do, and so it is important we understand how we need to evolve to provide them with the right support.	A long-standing Client Care programme led by Relationship Managers, supported this year by a bespoke Client Census to discover satisfaction metrics and key themes of feedback. A special COVID-19 hub to help clients with current challenges.
Suppliers	We engage to build effective and trusted relationships, and to ensure suppliers are providing value for money, performing to our standards and conducting business to our expectations.	Through a fair and consistent RFP process, regular review meetings with key suppliers, and ongoing feedback to maintain openness and to improve value from supplier relationships.
Shareholders	Our shareholders play an important role in monitoring and safeguarding the governance of our Group. Some are also employees and partner owners, who have a critical role to play in the continued success of our business.	A series of events throughout the financial year, including our AGM, half-year and full-year results presentation and roadshow, and annual Capital Markets Day. Management also attend relevant conferences, and meet with investors and potential investors through the year.
Debt providers	Access to working capital is the lifeblood of any business, especially now as companies need to ensure they have sufficient liquidity to navigate the challenges presented by COVID-19. It is essential we have strong relationships with our banking providers and that they are clear about our strategy.	Representatives from each bank attend our full-year and half-year results presentations and our Capital Markets Day. We also have regular discussions with our banks about our strategic priorities and our response to COVID-19.
Our communities	It is the right thing to do, but there is also a clear expectation of this among many of our other stakeholders – including our people, clients and shareholders.	We focus activities on the themes of education, employability, health and wellbeing, and homelessness. Examples of activity include the 5 STAR Futures programme, and our people's fundraising in support of the charitable giving of the DWF Foundation.
The Solicitors Regulation Authority and other regulators	We engage with the Solicitors Regulation Authority ('SRA') and other international bodies to maintain the constructive and trusted relationships vital to any regulated entity.	Quarterly meetings with our SRA Regulatory Manager and regular meetings with other regulators, annual reporting to SRA on strategy, risk management and regulatory compliance, attendance at SRA-led Compliance Forum.
Policymakers	We work with national and local Governments, policymakers, regulators and trade bodies to ensure we can help shape policy.	Participation in consultations, attendance and participation at conferences and business network events, membership of relevant industry bodies, creation of relevant thought leadership.

Key interests	Outcome of engagement
Strategy, pay and reward, recognition, Diversity & Inclusion, ways of working, and our response to COVID-19.	Improvements in our Pulse Survey engagement score – which is now at 76, an increase from 75 and 67 respectively in our two previous surveys.
The development of new services and areas of expertise, expansion of our offering globally, development of our Managed and Connected offerings, impact of COVID-19.	A record of retaining existing clients and winning new business – including recent wins with Dixons Carphone and Severn Trent. We were appointed, or reappointed, to 28 legal panels this year.
RFP process, due-diligence requirements, governance expectations, payment processes and terms, impact of COVID-19.	Strong supplier relationships and the development of processes such as a standardised RFP, Supplier Code of Conduct and Ethical Sourcing Questionnaire to improve overall consistency.
The addressable market and our strategy to win a greater share, the building of International, Managed and Connected, the underlying drivers in Commercial and Insurance, progress in reducing debtor and WIP days and reducing net debt, our response to COVID-19.	Strong and constructive relationships with key institutional investors, with issues they raise addressed in our presentations through the year and at our Capital Markets Day – which in January focused on two key areas of interest for investors: Managed and International.
Response to COVID-19, initiatives to improve lock up days, capital allocation strategy, risk appetite and approach to leverage and the provision of ancillary products over and above the RCF to support the Group's growth ambitions.	Strong and supportive relationships which resulted in a positive response, ensuring the Group was able to strengthen its liquidity position to deal with COVID-19.
How to access funding via the DWF Foundation and support through our wider CSR programme.	£322,906.60 raised for the DWF Foundation in FY20. 12,500 hours volunteered. 1,060 young people supported in developing their skills. 57 charities supported in FY20. Ranked 16 in the Social Mobility Index.
Professional standards and compliance, training programme, innovation and data-driven disruption, impact of COVID-19.	Constructive relationships and an open dialogue, critical for DWF as the only legal business listed on the Main Market. Monthly regulatory updates provided to the Board.
Regulatory change in the sector, innovation in the provision of legal services, response to COVID-19, and the broader impact on different sectors.	Opportunity to shape policy consultations and development, positive client relationships with governmental bodies.

Strategy at a glance

A clear strategy for growth

Organic growth – three principal strategic objectives

Objective	Performance
Understanding our clients	We have continued to strengthen our client relationships this year by providing high-quality services to new and existing clients, and with the launch of our major new Client Listening project.
Engaging our people	A significant year with a range of new initiatives successfully launched, including our recognition programmes, The Rubie Awards and DWF Achievers. We have also introduced a new global benefits platform and established our twice-yearly Pulse survey.
Doing things differently	We have continued to invest in our differentiated offering, for example through the acquisitions of RCD and Mindcrest, and continued development of our Connected businesses. This investment is supporting our clients in making better use of technology, improving productivity, and making their legal functions more efficient.

Inorganic growth – disciplined acquisition strategy

Objective	Performance
Acquisitions	In FY20, we opened an office in Warsaw, Poland and completed the acquisition of RCD in Spain to add a presence in these key European economies. We also acquired Mindcrest to significantly enhance our Managed Services capabilities.

Strategic report
Governance
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Other information

Priorities	Measures
To deepen these relationships by supporting existing clients in more locations, and extending them through our Complex, Managed and Connected platforms – and by using this differentiated offering to win new clients.	– Net Promoter Score with Key Clients: 50 – Panel appointments and reappointments: 28 – % of clients supported in more than one country: 56% – % of clients with a 10-year+ relationship 50% + See pages 20 and 21 for more information
Taking an inclusive approach to help us attract diverse talent that better reflects the society we work in. Our current challenge and future opportunity, due to COVID-19, is to create a concrete plan to ensure we can continue to attract and sustain a pipeline of talent.	– Engagement score: 76 – Number of DWF Achievers recognitions: 9,091 – Number of people promoted: 214 – Strong performance in leading D&I rankings: Stonewall (30th); Social Mobility Index (16th), Top Employers for Working Families (Top 10); Top 50 Employer for Women + See pages 22 and 23 or more information
To further grow our Managed offering, including identifying and moving certain existing services from our Commercial and Insurance divisions into Managed Services.	– FT Innovative Lawyer ranking – 8 – Connected Services revenue growth – +13% – DWF Ventures R&D investment – £700k – Mindcrest acquisition annual cost savings of £2.9m by FY22 + See pages 24 and 25 for more information

Priorities	Measures
After a significant period of M&A activity, our priority in FY21 will be to ensure we have integrated all recently acquired businesses properly. We have paused new M&A activity temporarily, but it remains an important part of our strategy.	– Earnings enhancing – Accretive to all KPIs + See pages 26 and 27 for more information

Strategy in action

Understanding our clients

Our landmark strategic partnership with BT started in November 2019. It illustrates our progress in offering Managed Services and technology-led Connected Services – helping global operators achieve efficiency benefits.

BT is one of DWF's largest wins this financial year and a major success for our Managed Services business. Demonstrating our capabilities through this partnership was also a contributory factor in our appointment to BT's significantly reduced external legal panel. We will now provide a full range of Complex, Managed and Connected Services to the global communications services company.

The opportunity

To become the chosen partner for outsourced Managed, legal and Connected Services, and to demonstrate our ability to become a provider of external advisory services.

The innovation

We will use our delivery model to identify opportunities to bring further efficiencies to BT's internal and external legal services, including the opportunity to collaborate with BT as a strategic partner in providing insurance and real estate legal services to its in-house legal team, alongside being a provider of external legal services.

The value created

The contract win validates DWF's approach to 'Understanding our Clients', by providing a full-service offering that combines Complex advisory capabilities with volume-driven and technology-enabled legal solutions, complemented by value added services from our connected division.

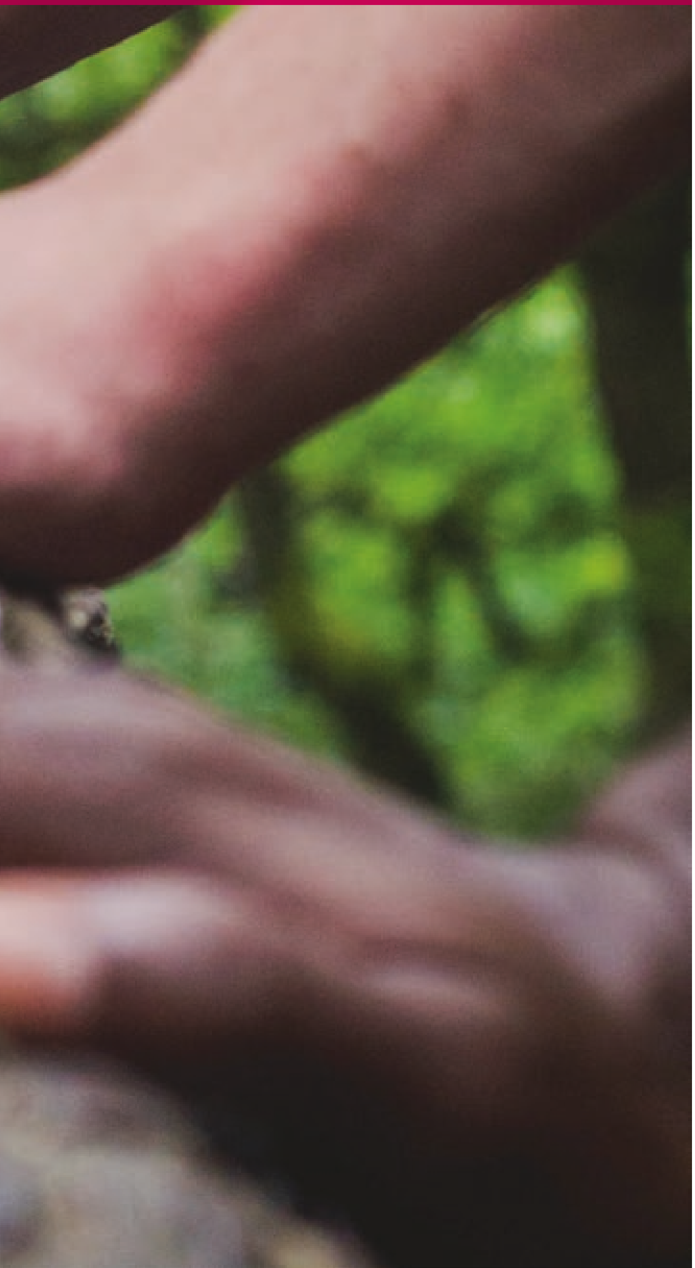
Five-year Managed Services deal

10,000 Transfer of c.10,000 claims

26 Number of firms DWF beat to win competitive pitch

Strategy in action

Our people have told us one of the things they love at DWF is being recognised for a job done well, and also having the opportunity to celebrate the successes of colleagues. This year we introduced two initiatives to help us recognise the dedication, commitment and quality of our people.



The Rubie Awards is our annual awards programme, where people can nominate colleagues for recognition in 10 different categories. DWF Achievers is our day-to-day recognition platform, where people can congratulate each other for living our values.

The opportunity

To ensure we recognise our people properly, and to give colleagues the chance to share in each other's success.

The innovation

Both initiatives improve engagement and interaction. Colleagues can nominate each other for The Rubie Awards and they vote for the winner of one of the awards. People can 'boost' Achievers' submissions by donating points to those recognised, for them to use to buy rewards.

The value created

The value shows in the popularity of the initiatives – for example, we've had more than 9,000 recognitions made through DWF Achievers.

430 nominations for The Rubie Awards

80% Proportion of colleagues using DWF Achievers

1,200 Average number of recognitions per month

Strategy in action

Doing things differently

Our approach to 'Doing things differently' is about adding value to clients beyond simply providing legal services. We collaborated with a globally recognised football club client, so that teams of university students could help them develop a solution for a real-time legal challenge.

This unique collaboration was led by DWF Ventures, our research and development arm that specialises in horizon scanning and developing new ways to work. The foresight from the DWF Ventures team allows us to create value for clients by 'doing things differently'.

The opportunity

The football club's legal team needed a way to prioritise and manage the wide range and fast flow of legal work arriving from different parts of the business. We created a programme through which University of Manchester students could help find a solution, with our role being to facilitate the experience for the benefit of the students and the client. We wanted students to see how the legal services industry is changing, while helping our client solve an operational problem quickly and effectively.

The innovation

Work placements in legal services are nothing new, but they usually focus on conventional law. It's rare for a programme to focus on a real-life operational problem, and to run in such a structured and experiential way. This innovation helped students, DWF and the football club collaborate in a way that worked for all parties.

The value created

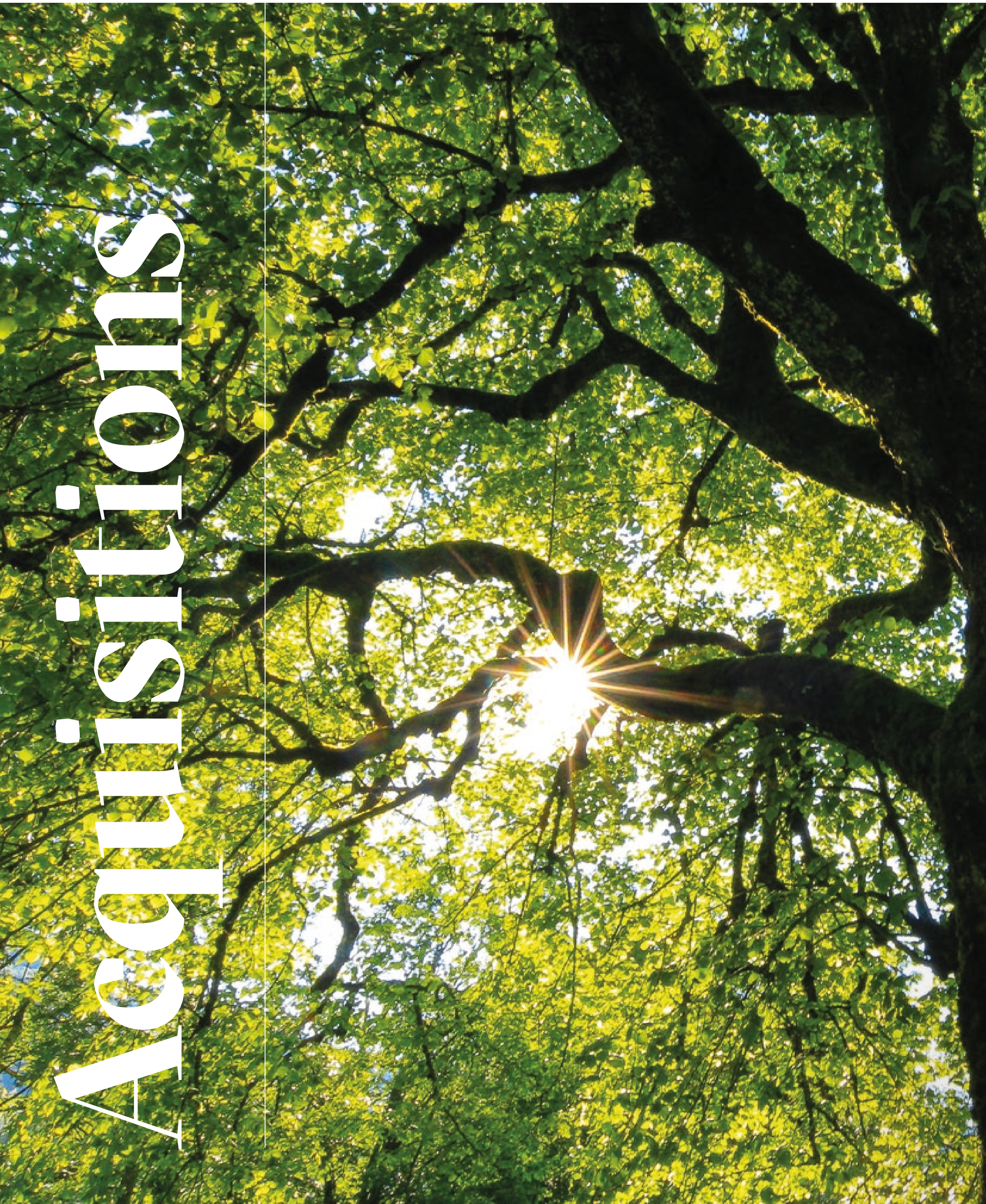
Our client welcomed the solution the students found. It used a three-part process, with an internal client-engagement tracker, a formula to assess and prioritise work, and a form to record data for analysis. The football club was impressed with the result and speed of the work. The innovative approach taken has resulted in a long-term relationship with the client, and generated value a traditional model could not achieve.

50+ Over 50 student participants

10 days Design sprint completed in 10 working days

3 student teams presented to the client legal team

Strategy in action



Acquisitions

Our strategy of both organic and acquisitive growth has already brought demonstrable financial and client benefits. We have successfully completed and integrated 17 acquisitions in the past 13 years. The strategic acquisition of Rousaud Costas Duran ('RCD') was DWF's largest to date, and it has significantly grown our international capabilities.

Established in 2003 with the aim of bringing innovation to the legal industry in Spain, RCD established itself as one of the country's fastest-growing full-service law firms. Our combined sector alignment and our shared focus on innovation has the potential for future natural synergies, and helps fulfil our purpose of transforming legal services.

The opportunity

We highlighted Spain as a key market of interest in our IPO prospectus. This acquisition presented an opportunity to fulfil that promise and establish a presence in a major European market. RCD offers a strong capability and culture overlap, and has relationships in the Iberian peninsula and Latin America. The move is consistent with our strategy of acquiring complementary businesses with high levels of recurring revenue and strong cash generation.

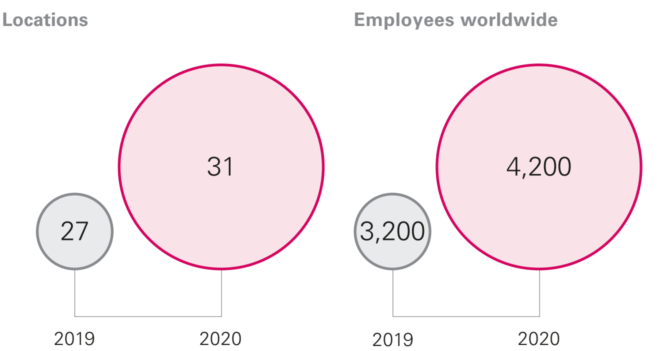
The innovation

A leading firm in Spain, RCD is renowned for innovation and entrepreneurship, having been consistently ranked by the *FT* among Europe's most innovative law firms. Our shared values, ambition and entrepreneurial vision allow us to present a differentiated and competitive offering to our clients. DWF-RCD's ability to work globally also helps us better meet clients' needs and grow our business.

The value created

RCD has seen rapid growth in just 16 years, from 10 professionals in 2003 to over 400 in 2019, and the success of DWF-RCD represents another positive stage of our international expansion ambitions and a continuation of achieving our IPO priorities. Our diversified business model continues to demonstrate its benefits, with opportunities to build further market share.

Growth in international operations



400+ DWF-RCD employees

20+ practices

Key performance indicators

Measuring our progress

At a Group level, we have several key financial and operational measures which we use to assess our performance. The Board monitors various KPIs on a regular basis, to ensure that our strategic objectives are being achieved. To ensure our management's focus is aligned with our shareholders, our KPIs are reflected in their remuneration through our management incentive schemes.

+ See page 78 of the Directors' Remuneration Report for more detail.

Alternative performance measures are used throughout this document.

This section of the Annual Report and Accounts defines each measure and, where necessary, provides a reference to the reconciliation to the nearest statutory measure.

Revenue growth

Definition: The change in net revenue achieved year-on-year

Performance:

+10.9%

+15.2%

Underlying organic revenue growth

Definition: Net revenue of any business unit that has been in the Group for at least 12 months, always excluding the first 12 months of any business unit that was acquired.

Performance:

+2.0%

+12.5%

Gross profit margin

Definition: Gross profit divided by net revenue

Performance:

47.9%

53.5%

Cost to income ratio

Definition: see note 2 of the financial statements

Performance:

42.6%

42.7%

Underlying adjusted EBITDA

Definition: see note 2 of the financial statements

Performance:

£21.8m
£27.8m

Underlying adjusted PBT

Definition: see note 2 of the financial statements

Performance:

£13.8m
£20.3m

Adjusted EPS

Definition: see note 8 of the financial statements

Performance:

3.0p
7.2p

Net partner joiners

Definition: The difference between the aggregate of lateral hires, partners engaged from acquisitions & promotions and those partners that have ceased to be engaged by the Group

Performance:

64
20

Revenue per partner

Definition: Net revenue divided by the total number of partners in the Group

Performance:

£784.3k
£855.7k

Gross lock-up days, debtor days and WIP days

Definition: see note 29c of the financial statements

Performance:

206 gross lock-up days
(125 debtor days and 81 WIP days)

203 gross lock-up days
(122 debtor days and 81 WIP days)

Free cash flow

Definition: see note 29b of the financial statements

Performance:

(£7.2m)
(£18.1m)

Net debt

Definition: The aggregate of cash and cash equivalents and other interest-bearing loans and borrowings (excluding lease liabilities)

Performance:

£64.9m
£35.3m

Employee engagement score

Definition: The aggregate score taken from three key engagement questions in our internal Pulse Survey

Performance:

76
75[1]

1. Previous Survey

■ FY2019/20
■ FY2018/19

Financial review

Strong performance

A challenging end to the year

Chris Stefani
Chief Financial Officer

Financial overview

The Board recognises that the financial performance for the year ended 30 April 2020 ('FY20') was severely affected by COVID-19 in Q4, at a point in the year when the significant investments made since IPO were expected to support revenue growth. Despite these headwinds, revenues have grown by 10.9%, albeit with some short-term dilution to gross and net margins as a result of the shortfall in Q4 revenues, impacting profitability.

International and Connected Services continue to be the 'growth engines' of the business, with International growing 53.2%, helped by the acquisitions of K&L Gates in Poland and RCD in Spain. Connected Services grew by 13.0%, with good performances across the majority of the businesses, albeit overall growth was held back by underperformance in one practice group, which has since been restructured.

In addition to the COVID-19 disruption, a number of entities in these two divisions underperformed during the year, and we announced the decision to close Singapore and Brussels, and slim down Dubai and Cologne, on 9 July 2020. These changes will have a significant positive impact in FY21 and beyond, by eliminating losses and reducing cash consumption. In the FY20 accounts, we have only treated Cologne as a discontinued business as the decisions regarding the other locations were made after the year end.

While revenues have grown, reported gross profit declined by 0.8% on the previous year, due to a 24.3% increase in direct costs from acquisitions, and investments in additional partners and fee earners. That said, some of the reduction comes from the revised remuneration model implemented at IPO. The increase in underlying gross profit of 3.8% indicates what growth would have been had the revised compensation model always been in place. Underlying adjusted administrative expenses increased in line with revenues, with most of this increase relating to acquisitions, professional indemnity insurance and an increase in provision for doubtful debt. The cost to income ratio improved by 0.1 ppt to 42.6% in FY20.

The shock impact of COVID-19, combined with growth in direct and administrative costs, resulted in an underlying adjusted EBITDA figure of £21.8m, a 21.6% reduction on the previous year. Underlying adjusted PBT is £13.8m, a 32.4% decrease on FY19. Reported Profit Before Tax (PBT) is £18.2m, a 39.6% increase on prior year, with the increase largely due to the gain on bargain purchase for Poland, RCD and Mindcrest. This gain being the difference between the element of the purchase price treated as consideration and the fair value of the assets acquired. This gain is treated as a non-underlying item as it is not recurring.

As announced in April and May, we have effected a series of cost-cutting initiatives, with a combined impact of £15m in the year, to ensure the business operates with an improved level of efficiency.

Working capital

Working capital (measured using 'gross lock-up days') has remained a key area of focus, and closing net debt was £64.9m at the year end. Although this was above management's expectations (prior to the impact of COVID-19), strong April collections helped to mitigate the level of increase.

Gross lock-up days comprise two elements: Work-in-progress ('WIP days'), representing the amount of time between performing work and invoicing clients; and debtor days, representing the length of time between invoicing and cash collection.

The Group is pleased by its performance for WIP days, which remained flat year over year at 81 days and improved by 15 days since the half year in October 2019. This is a result of the divisions working to bill earlier, combined with billing-process improvements, which are beginning to reflect in performance.

The Group's debtor days increased by 4 days as a result of two issues: Firstly, a delay in February billing due to some teething issues in upgrading the practice management system; and secondly, slower collections activity in Q4, which was mainly the result of COVID-19 related interruptions. The billing delay was a one-off issue that has since been resolved, but had a knock-on effect on the timing of collections. FY21 collections are encouraging, as countries come out of COVID-19-related lockdown, but the Board acknowledges this may be tempered if the situation in any location reverses.

The Group continues to focus on efficient lock-up management, and believes there is a significant opportunity to reduce lock-up days. Previously published targets signposted a five-to-ten-day reduction in the medium term. Internally, we have set more demanding targets for FY21 in the expectation that we can achieve a higher reduction. While Q4 turbulence delayed some operational initiatives, the Group is now re-focussing on standardising the global process for billing and collections, billing automation, and partner accountability, to improve working-capital performance.

Any improvement in lock-up days will have a knock-on effect on net debt, with each day of lock-up reduction affecting cash favourably, by over £1m.

The Group has an £80m RCF facility and during the height of the COVID-19 pandemic secured an additional £15m contingency facility as a precaution against any further unexpected impacts from the pandemic. There are also a number of ancillary working capital facilities available for use. The Group does not expect to use the contingency facility based on current forecasts, expects to continue to operate within its banking covenants, and has seen strong free cash flow generation over the course of Q1 of FY21 as trading normalises after the COVID-19 impacts seen in Q4 of FY20.

Revenue

Revenue (excluding discontinued operations) was £297.2m for the year, compared to £268.1m in FY19, an increase of 10.9%. Three out of four divisions grew, with Insurance growing 5.2% and Connected Services growing 13.0%, all organic. International grew by 53.2%, boosted by acquisitions. The organic growth in International was 11.1%, as strong results in locations such as Australia and France were diluted by weaker performances in Dubai, Singapore, Germany and Brussels. We have since closed or scaled back these territories as part of the cost-rationalisation measures mentioned above. Similarly, Connected Services' growth was diluted by some challenges in the DWF 3Sixty software business, which we have now restructured. Commercial Services, however, felt the deepest impact from COVID-19 due to a drop in transactional activity, contracting by 4.1% compared to FY19.

Direct costs

Direct costs, including partner remuneration, were £155.0m compared to £124.7m in the previous year, an increase of 24.3%. This increase was due to investment in 160 additional fee earners and 20 partners on an organic basis, and the addition of 44 partners and fee earners through M&A.

Gross profit

Gross profit decreased marginally, by 0.8%, compared to the previous year, at £142.2m (FY19: £143.4m). This reflects a decrease in gross profit margin of 5.6ppts. While Insurance maintained underlying gross margin at FY20 levels (FY20: 48.1%), the other three divisions all saw margins dilute due to the impact of COVID-19 on Q4 activity levels and the previously mentioned underperforming entities we have now restructured. We expect the level of margin dilution reflected in the FY20 figures will reverse during FY21, and have seen this in trading performance since the year end. Managed Services also remains an opportunity, with cost savings signposted on the acquisition of Mindcrest expected to provide further support for a recovery in gross margin.

Divisional performance

Commercial Services

Commercial Services had a challenging year, with the first half performance of its transactional teams in Corporate Services and Real Estate affected by uncertainties around the timing of Brexit and the general election. The second half was expected to be stronger in those areas, and there were some signs of a recovery in Q3.

However, the effect of COVID-19 on the division in Q4 was material – more than on any other division. A combination of larger client projects being put on hold, lower levels of corporate transactional activity generally and WIP write-offs resulted in lower than normal productivity and consequently a severe, albeit short term, reduction in revenue. Even Litigation, which had performed strongly for the majority of the year, was not unaffected with courts closing and a moratorium being placed on certain court proceedings. Overall, the division ended the financial year having contracted by 4% and with an underlying gross margin decline of 11% (underlying gross margin percentage decline of 3.4ppts).

Given the speed with which COVID-19 impacted, and the proximity to the Group's April year end, it was not possible to take sufficient mitigating actions to protect underlying gross margin for FY20. Indeed, as well as retaining capacity on the expectation of a post-election recovery towards the end of Q3 and into Q4, the division had made a number of lateral hires during the year, several of whom arrived during Q4. The new data protection team was launched and other partner lateral hires joined in Q4 in the corporate, commercial, banking and restructuring teams. These investments had a dilutive effect on the FY20 underlying gross margin, exacerbating the COVID-19 impact, but are expected to contribute to more profitable revenues in FY21. For example, the data protection team has already gained a strong market profile, with a number of new wins and panel appointments secured which are helping to drive H1 performance.

In addition, actions have now been taken to remove excess capacity across the division whilst the medium term impact of COVID-19 on the division can be better understood. Q1 of FY21 has seen a recovery in activity levels – not to pre-COVID levels, but to a level which, along with the cost savings being implemented, is expected to lead to a recovery in the gross margin contribution of the division.

As we move into Q2 of FY21, client demand for the teams in Litigation remains strong, with recent significant wins in both 'complex' and 'volume' work. In particular, the commercial, finance and regulatory litigation teams are demonstrating strong levels of activity and growth. Although, activity levels in Corporate Services have picked up since the end of FY20, the outlook for Corporate Services and also Real Estate remains cautious given the ongoing impact of the pandemic. Each of Corporate Services, Litigation and Real Estate remains focused on developing opportunities with Managed Services and Connected Services. In particular, Managed Services, including the new Mindcrest business, have been working closely with both Litigation and Real Estate on several client projects. Corporate Services has also been working closely with Connected Services to develop products that allow the smooth and more efficient completion of transactions remotely throughout the pandemic. These initiatives, together with the current levels of activity and the implemented cost savings, are delivering improved gross margin.

Financial review continued

Insurance Services
The Group's Insurance Services business delivered revenue growth of 6% for the year, despite the COVID-related impact of the lockdown. The sudden transition to home working and the added challenge for many of childcare and home schooling resulted in a significant reduction in activity levels. This, combined with a slowdown in instructions in the important end of year month impacted on revenue growth for the year, and diluted previous gains in profitability with FY20 delivering a broadly flat underlying gross margin at 48%. Insurers are seeing a changing frequency of claims and mix, with some move away from Motor, General Liability and some transportation sector work and this will continue to be impacted by COVID-19, but we are seeing already increased exposure to other insurance sector legal work. The Group believes prospects for this division remain resilient given the annuity type nature of these services and the counter-cyclical nature of litigation services.

The Professional Indemnity and Commercial, and CAT PI & Occupational Health practice groups both delivered revenue growth in the year, with PI in particular performing strongly as a result of recent partner hires and related client wins. Motor, Fraud, RL & IHT was flat in year as expected as the legal and insurance industries geared up for the implementation of the so-called whiplash reforms (now further postponed).

The Insurance division has long-term, annuity relationships with some of the largest Insurers in the UK and this is demonstrated by our being retained by two of our biggest clients to advise them in connection with the FCA proceedings for a declaration on various policy wordings relating to business interruption claims arising from COVID-19. It is a privilege to be the trusted advisor in one of the most important cases for many insurers for centuries, joining an exclusive circle of legal advisers for the insurance industry which includes magic circle and silver circle firms.

The Group expects demand for Insurance services to remain strong in particular in relation to COVID-19 related claims. In addition to the business interruption claims being handled by the commercial insurance team, the first COVID-19 fatal and injury claims have been received from the care and food sectors with the expectation of substantial numbers of claims to follow. The potential for fraudulent claims is huge and the division's award winning Fraud team is ideally placed to advise and assist with those claims. There is a pipeline of targeted partner hires in addition to recent partner joiners which will support continued profitable growth in the division. The ongoing recruitment of a team in Southampton is also expected to contribute to revenues in FY21.

Connected Services
The Group's Connected Services division delivered revenue growth of 13.0% for the year compared to 23.3% in the prior year. FY20 growth was less than targeted, predominantly driven by lower demand for services within the DWF360 software development business, which saw a number of large projects either cancelled or put on hold, and the impact of COVID-19 towards the end of the financial year. Excluding this, the other businesses delivered combined growth of c.18.5% year-on-year, in line with expectations.

Awareness of Connected Services capabilities has continued to develop in the financial year with businesses becoming more established and mature and delivering improving performances. In particular, there has been strong growth in Vueity (50%), Adjusting (141%) and Forensic (187%) albeit these are all businesses which were in build mode in the prior year. Advocacy grew by 19% but was impacted by the disruption to the court system from COVID-19 at the end of the financial year. The Claims business, which accounts for just over a third of revenue in the Division, has shown modest growth of 5%. A business restructuring was undertaken towards the end of the financial year which provides a strong platform for continued growth in revenue and profitability in all territories (UK, Australia, Canada, France, Ireland, Italy and USA) in the coming year, particularly as insurers see the volume of COVID-19 related business interruption claims increase. Performance in USA and Italy in FY20 was particularly strong with growth of 153% and 15% respectively driven by team expansion. The newly launched Regulatory Consulting business finished the year with a well-developed pipeline which bodes well for FY21.

The underlying gross margin development of the Connected businesses was delayed by the disruption from COVID-19 preventing what would likely have been a small year on year improvement. However, a number of cost saving and restructuring measures have been effected in order to support positive margin development in FY21 as the businesses continue to mature, growing revenues on a controlled cost base.

International
The International division grew by 53% in FY20, delivering revenues of £76.2m compared to £49.7m in the previous year. Poland and Spain contributed the majority of this growth, with both acquisitions performing well. Underlying organic growth was 5%, with some relatively flat performances across the rest of the International locations and contraction in a small number of locations with Dubai being the most material drag on growth, contracting by 38%. Australia was a standout in terms of growth, with revenues of £16.4m being 43% ahead of prior year.

Performance across a number of locations was impacted by COVID-19 in the final quarter, with previously forecast revenues falling away as transactions stalled and instructions slowed. Given the investment in partner headcount in FY19 and H1 of FY20, some of the locational performances were nevertheless disappointing and a number of cost saving measures were triggered at the half year to right-size the cost base and tackle areas of underperformance. The benefit from these savings takes some time to be realised due to notice periods being served, but are expected to be delivered early in FY21. In addition, since year-end, the decision has been taken to cease operations in Singapore and Brussels and slim-down operations in Dubai and Cologne. This will save costs without having a material impact on revenues.

The underlying gross margin percentage for the division fell by 2.8pts to 40.7% as a result of the COVID-19 revenue impact, the underperformance of certain locations, and the level of investment carried into Q4 in the direct cost line. The cost saving measures that have been implemented are expected to deliver a stronger margin in FY21.

Whilst some operations have been closed or slimmed down, the International division remains a key growth opportunity for the Group. In Germany, Düsseldorf will become our regional centre now that Cologne has been substantially slimmed down. In Australia, real estate hires in Sydney and Melbourne, and employment and commercial teams in Melbourne, have hit the ground running despite the challenges of COVID-19. Elsewhere, selective investments in partner hires in Poland, Italy and Paris will help to drive further organic growth. As highlighted at the time of IPO, we will continue our international expansion in priority countries through either future associations or additional acquisitions in legal markets which we would like to enter with the USA, Canada, Hong Kong and the Netherlands all being locations where we will continue to look for opportunities. The timing of any future M&A will be determined by ongoing FY21 performance as the impact of the pandemic becomes clearer.

Administrative expenses

Reported administrative expenses have reduced compared to the previous year, moving from £128.3m in FY19 to £120.1m in FY20. However, this movement is skewed by three factors: the impact of acquisitions, non-underlying items and share-based payment expenses:

- The accounting for acquisitions creates a gain on bargain purchase due to the difference between the fair value of the assets acquired and the element of the purchase price treated as consideration
- Acquisitions have also impacted non-underlying items by £2.9m due to the fact that there are elements of the purchase price paid for RCD and Mindcrest that link to continuing employment obligations. They are therefore treated as remuneration rather than consideration and are non-underlying as they cease after the end of the lock-in period during which there is an ongoing employment obligation
- The majority of the remaining non-underlying items are the transaction costs related to Poland, Mindcrest, RCD and the costs of an aborted acquisition due to COVID-19
- Share based payment charges have increased as a result of a full year of the vesting of IPO related share awards and an element of the acquisition purchase price for RCD being accounted for as employment linked expense settled in the form of shares

On an adjusted basis, administrative expenses increased by £8.6m, or 7.5%, which mainly related to additional premises costs, an increase in PI insurance costs, and an increase in the doubtful-debt provision due to COVID-19. This increase is a result of an increase in the aged debtor balance which triggers a higher expected future loss. The table below breaks out the split of the reported numbers:

	2020 £'000	Represented 2019 £'000
Net revenue	**297,231**	268,136
Administrative expenses	**120,084**	128,264
Amortisation of intangible assets – acquired	**(1,510)**	–
Impairment	**(382)**	–
Gain on bargaining purchase	**25,084**	–
Non-underlying expenses	**(7,632)**	(12,569)
Share-based payment expenses	**(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%

On an adjusted basis, the cost-to-income ratio has reduced from 42.7% in the previous year to 42.6% in FY20, reflecting good control of costs despite revenue dropping away sharply in Q4. There are, nevertheless, opportunities for savings, which we are looking in to and executing in H1 of FY21, and there are substantial COVID-19-related savings from reduced travel, reduced office consumables and reduced business development expenditure. Opportunities to learn from the flexible working enforced by COVID-19, and the impact this has on the need for office space for the Group, may offer future savings.

Net finance expense

Net finance expenses were £1.9m in FY20, compared to £2.1m in FY19, a decrease of 10.6%, a result of better structuring of the Group's borrowing arrangements. FY20 now includes interest payable on leases (disclosed separately from net finance expenses in the income statement) of £2.0m, reflective of the accounting changes arising following the transition to IFRS 16.

Profit before tax

Reported PBT was £18.2m, compared to £13.0m in FY19, an increase of 39.6%. The reported PBT is affected by the same items that skew administrative expenses (acquisition related gains and expense, share-based payments and non-underlying charges). Underlying adjusted PBT is stated before the impact of these items together with the impact of the change to IFRS16 and the revised compensation model. Underlying adjusted PBT of £13.8m in FY20 compares to £20.3m in FY19. The year-on-year reduction of £6.6m, or 32.4%, is due to the aforementioned factors affecting gross margin dropping through to bottom-line profit, as the COVID-19 revenue impact came too late in the year to be able to mitigate with cost savings. As described above, we have acted on direct costs and administrative expenses to help improve margins.

Taxation

The overall tax charge for the year is £3.6m, which represents an effective tax rate of 19.9%.

The reported profit before tax includes net non-underlying credits of £15.6m, which largely consist of gains on bargain purchases offset by acquisition-related expenses. These items have been treated as non-taxable and non-deductible respectively, resulting in a reduction in the effective tax rate. These were offset by other non-deductible items relating to Australian members' remuneration treated locally as dividends, share-based payment charges relating to the consideration shares issued for the acquisition of RCD, amortisation of intangible assets arising on consolidation and other disallowable trading expenditure to reduce the overall tax charge by £1.4m.

Tax losses generated in a nil-tax jurisdiction and tax charges incurred in higher tax jurisdictions such as Spain (£0.9m), and tax losses in entities where the recognition criteria for associated tax assets have not been met (£0.7m), have increased the overall tax charge.

The acquisitions of law firms in Poland, Spain and Australia, as well as the acquisition of the Mindcrest business, have given rise to deferred tax liabilities of £8.8m as at 30 April 2020 in respect of intangible assets recognised on consolidation. These deferred tax liabilities are increased by short-term timing differences in Australia (£0.2m) and offset by deferred tax assets recognised in respect of tax depreciation timing differences (£0.8m), estimated tax deductions for share-based payments (£1.8m) and tax losses in Australian and the UK (£0.5m) to give a net deferred tax liability at 30 April 2020 of £5.9m.

Financial review continued

Adjustments in respect of prior periods of £0.1m relate to minor differences in the final corporate tax returns compared to the amounts provided for in the prior period accounts.

The Group's current tax expense of £6.1m mainly relates to its entities in the UK (£4.7m) and Spain (£1.3m). In line with the payment profile of tax liabilities in these territories payments of £3.6m have been made in the year ended 30 April 2020, of which £0.5m was in respect of the prior period current tax expense.

With the exception of an open transfer pricing enquiry in India relating to a pre-acquisition period of the Mindcrest business, for which the Group has adequate indemnification from the sellers, there are no open tax audits or investigations across the group. In line with group's tax strategy, it is not considered that any aggressive or materially uncertain tax positions have been adopted by any of the group entities. As such, the level of tax risk faced by the group is considered to be low.

Dividend

The Group's dividend policy is to retain sufficient capital to fund ongoing operating requirements, and to invest in the Group's long-term growth. The previously stated dividend strategy for the Group was, from FY20, to target a dividend-pay-out ratio of up to 70% of DWF Group plc's profit after tax. Given the stronger-than-expected recovery in Q1 of FY21, the Board will increase the pay-out ratio to c.90% for FY20, to allow a final FY20 dividend of 0.75 pence per share. This underscores the Board's confidence in the improving financial outlook, and the commitment of the Group to deliver compelling shareholder returns while also achieving the Group's growth strategy. This final dividend is subject to approval at the AGM on 21 October 2020 and, if approved, will be paid on 5 November 2020.

Balance sheet

Group net assets increased to £69.2m in FY20 compared to £41.8m in 2019. The increase is due to:

- an increase in gross lock-up (work in progress, trade & other receivables and disbursements) of £35.2m (23.2%), which has grown due to acquisitions, net revenue growth and an increase in lock up days;
- a £19.6m increase in prepayments from the accounting treatment of part of the purchase price of the Group's acquisitions, as remuneration is expensed to the income statement over the lock-in period of five years post completion.

There has also, however, been an increase in liabilities:

- £29.6m increase in net debt
- £7.2m increase in deferred consideration
- £5.7m opening net assets impact of the transition to IFRS 16, principally due to the recognition of a £70.3m right-of-use asset and a £78.1m lease liability, both replacing the £10.5m operating lease incentive liability.

Capital expenditure ('capex')

The Group's operating structure is not capital intensive, and FY20 was no exception. Expenditure in the period was primarily focused on IT infrastructure and replenishment, and building the Managed Services platform. The investment in the Managed Services platform increased overall capex by £2.0m from £5.4m in FY19 to £7.4m in FY20.

Conclusion

The Group expected to achieve profitable growth in the year, from a combination of organic performance and M&A contribution. While some units saw a degree of underperformance, the adverse impact of COVID-19 was the material factor in the lower-than-expected revenues, which dropped away sharply on lockdown, and left a shortfall in profit contribution due to the short amount of time the Group had to react to a very dynamic environment. Cost-saving initiatives are currently underway to secure target savings of £15m in FY21 and £18.5m from FY22 and, in addition, we have closed or slimmed down a number of underperforming units to protect margins and cash.

COVID-19 came after a period of heavy investment, with the majority of the 64 additional partner joiners brought into the business in the year hired by the end of Q3 (pre-COVID) and £16.7m of cash outflows committed to M&A, in the expectation that a strong Q4 would see the business de-leverage quickly. While Q4 working capital performance was stronger than expected, it fell short of a normal year end, leading to a higher leverage position than anticipated before the impact of COVID-19. We expect that the cost-saving measures and working-capital drive will help reduce the leverage and improve the net-margin positions seen in the FY20 accounts, and current trading to end of August FY21 reflects both this de-leveraging effect and materially improved profitability. We are managing, and will continue to manage, working capital and net debt tightly, and this represents an opportunity to reduce borrowings in the medium term.

The acquisitions in Poland, RCD in Spain, and Mindcrest, reflect important strategic steps for the Group and we expect them to make a significant contribution to performance in FY21 and beyond. We will continue to consider carefully organic and, at the appropriate point, inorganic growth opportunities. We expect profitable growth in FY21 as we return to more normal trading conditions, albeit the Board remains cautious given the uncertain economic environment.

Chris Stefani
Chief Financial Officer
7 September 2020

Responsible business at a glance

Recognising the achievements of our people

We launched The Rubie Awards, an annual awards programme to celebrate our people's success. In our first year, 430 people were nominated for an award by colleagues.

A leading employer for D&I…

We are one of only nine businesses in the UK to achieve a Gold Standard performance in the ENEI's TIDE benchmark.

…with leadership committed to change.

We have Executive Board sponsors for each strand of our diversity programme: Gender; LGBT+; Race & Ethnicity; Disability; Age; Flexible Working, and Mental Health.

Working to improve social mobility…

In the past year, we improved our ranking in the Social Mobility Index from 60th to 16th.

…by helping young people to develop the skills they need.

Our 5 STAR Futures programme is designed to enable young people to make the most of their potential – we help to equip them with the business skills, confidence and resilience to aim higher and achieve more.

We commit to paying a Living Wage

We are a UK Living Wage employer and this year, we extended our commitment to include our apprentices from 1 May 2020.

And driving engagement in our values

We also launched DWF Achievers, our day-to-day recognition platform which allows people to recognise their colleagues for living one of our core values.

Sector-leading performance

We scored 60% in the Business in the Community Responsible Business Tracker, leading our benchmarking group.

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Sustainability report

Integrating sustainability into our business

Our role in society

Our values continue to guide and inform what we do, and we remain focused on operating sustainably. Through our activities, and as a signatory of the United Nations Global Compact, we strive to conduct our business in a manner that supports universal human rights and is environmentally and socially responsible.

We are a global business, and our ambition is to make DWF a world leader at responsible business, mobilising our collective strength as a force for good in society to:

- create a skilled and inclusive workforce today, and for the future
- help build and sustain thriving communities where we live and work
- play our part in repairing and sustaining our planet.

Our responsible strategy

We are putting sustainability at the heart of what we do.

Our responsible business strategy aligns with the UN Global Compact's universally accepted business principles and we prioritise what we do to contribute to the UN Sustainable Development Goals ('SDG's').

We remain a member of Business in the Community ('BITC'), the largest business-led membership organisation in the UK dedicated to responsible business. We use their Responsible Business Tracker to measure and evaluate our performance. In addition, BITC's Responsible Business Map guides what we do globally to address those issues most pressing in society, and where we can make the most meaningful impact.

Sustainability governance

DWF's CSR Team, led by our Director of CSR & Engagement, works with the business to implement our CSR efforts globally. This leadership group is chaired by our CEO, and provides updates to the Executive Board and a report annually to the Board.

Priorities for the year ahead

Our participation in BITC's Responsible Business Tracker has provided us with an assessment of our performance as a responsible business, by tracking our progress against the Responsible Business Map, built on the UN's Global Goals. The results show our approach to responsible business before the disruption of COVID-19.

Our overall score (60%) confirms we are leading our benchmarking group (legal sector average is 51%) and that we also scored higher than the average score of all 94 cross-sector companies who took part (43%). The overall score is a composite of each element of the Responsible Business Map. These are Leadership at Every Level; Purposeful Leaders; Healthy Environment; and Healthy Communities.

Our priorities are to:

- map the full range of issues affecting our business the most, and where we can make the biggest impact
- review our risk register and widen our stakeholder engagement around the world
- move beyond simple discussion, alongside year-on-year reductions in emissions, to establish climate-related considerations across our whole business.

Through this assessment cycle, we identified health, wellbeing and Inclusion as material issues to focus on, and we will sustain that focus in a post-COVID-19 world.

BUSINESS IN THE COMMUNITY

The Prince's Responsible Business Network

Our approach to SDGs

In 2015, the 193 Member States of the United Nations adopted the UN SDGs in a bid to end poverty, protect the planet and ensure prosperity for all by 2030.

Our responsible business strategy and measurement through BITC's Responsible Business Tracker, touches most, if not all of the SDGs. Having mapped the goals to our business operations, we are now in the decade where we need to achieve them, and recognise that for all businesses, there is still time to be at the forefront of change.

Responsible business – supporting our people

Our values and culture

Our values define who we are and what we stand for. They are what we believe, and influence how we behave. That is why it is so important to apply these values to everything we do.

- Always aim higher
- Be better together
- Disrupt to progress
- Keep all promises
- Attend to details

Created, signed and upheld by our people, our values help us to define and reinforce our culture. They are used as a benchmark and enable us to recruit, retain and develop the highest quality people who are experts in their fields.

Diversity and inclusion

We have a collaborative and inclusive culture that underpins our decisions. Our Diversity & Inclusion ('D&I') and Dignity at Work policies make it clear that the Group takes a zero-tolerance approach to discrimination, bullying and harassment.
Our Diversity & Inclusion Leadership Group defines and executes our global inclusion strategy. Executive Sponsors and more than 40 senior leaders, supported by our Affinity Networks and network of Diversity Champions, manage plans that support gender, race, LGBT+, age, disability, agile-and-flexible working and mental health.

Each Divisional CEO and Practice Group Head is responsible and accountable for progressing a group-specific D&I plan to address the gender and BAME targets set by the Board. All our Practice Group Heads are held accountable for their gender balance targets and plans. The Head of the D&I Leadership Group provide updates to the Executive Board quarterly and mandatory progress updates to the Board twice a year.

Benchmarking

Diversity & Inclusion benchmarking results:

- **The Times Top 50 Employer for Women.**
- **Stonewall:** We are a Top 100 employer for Stonewall on LGBT+ inclusion, improved our ranking from 59th to 30th this year. We were also recognised as Bi-Inclusive Employer of the Year 2020.
- **Working Families:** Top 10 Employer for Working Families in 2019 and 2020.
- **Employers Network for Equality & Inclusion ('ENEI'):** We are one of only nine businesses in the UK to achieve a Gold Standard performance in the ENEI's TIDE benchmark (Talent Inclusion & Diversity Evaluation).
- **Disability Confident:** We were the first legal business to be awarded and maintain Disability Confident Leadership status for removing barriers to disabled talent in the workplace.
- **Social Mobility Index:** In 2019, we improved our ranking in the Social Mobility Index from 60th to 16th.
- **International Women's Day:** Our campaign in 2019 ranked as 'Best Practice' by International Women's Day organisation.

Maintaining our position as a UK Living Wage employer enables us to effect positive change in society today and specifically enhance the lives of people in the communities where we are based. We extended our Living Wage commitment to include our apprentices from 1 May 2020. We use International Women's Day (a week-long campaign at DWF), National Apprenticeship Week, Mental Health Awareness Week, our own annual Global Diversity Week & International Men's Day activity as key inclusion campaigns throughout the year.

LGBT UN Global Standards

We strive for all our colleagues to have access to equal opportunity and respect, wherever they work. Alongside some of the world's largest businesses, DWF has made a global commitment in support of the UN Standards which aim to tackle discriminatory practices in the workplace, the marketplace and in the community.

Race and ethnicity

During the year ended 30 April 2020, we have advanced our support of the Race at Work Charter which has helped our business change the recruitment and progression of BAME talent.

Executive Board sponsors

Creating visible leadership and advocacy on diversity – members of our Executive Board have signed-up to become Executive Sponsors of particular diversity strands (see page 56 for further details on the Executive Board sponsors).

Sustainability report continued

Race & Ethnicity Network

Our Race & Ethnicity Executive Sponsors are not just figureheads – their role is to engage with colleagues, understand the issues that need tackling and then support what needs to be done. Since their appointment in February 2019, our Executive Sponsors for Race & Ethnicity have engaged with colleagues across our offices to strengthen and grow our Race & Ethnicity Network.

Race Reverse Mentoring

Together with our Network, the Executive Sponsors identified that our senior leaders wanted to deepen their insight into how colleagues who identified as BAME feel about their workplace, and to better understand what they can do to create the right conditions for inclusion to be meaningful. Each Executive Board member committed to at least one face-to-face meeting with their reverse mentor from the Network. 100% of the relationships have been maintained.

Total headcount, broken down by division, between full-time and part-time employees, gender, and diversity

Gender by division: gender

Division	Female	Male	Grand total
Central Services	70.4%	29.6%	100.0%
Commercial Services	54.1%	45.9%	100.0%
Connected Services	48.5%	51.5%	100.0%
Insurance Services	57.3%	42.7%	100.0%
International	51.5%	48.5%	100.0%
Mindcrest	57.1%	42.9%	100.0%
Grand total	**57.8%**	**42.2%**	**100.0%**

Full time/part time by division: full time flag

Division	Full time	Part time	Grand total
Central Services	79.6%	20.4%	100.0%
Commercial Services	88.2%	11.8%	100.0%
Connected Services	86.6%	13.4%	100.0%
Insurance Services	87.2%	12.8%	100.0%
International	86.7%	13.3%	100.0%
Mindcrest	96.6%	3.4%	100.0%
Grand total	**86.4%**	**13.6%**	**100.0%**

Diversity by division: ethnicity grouping

Division	BAME	Non BAME	Unknown	Grand total
Central Services	6.6%	47.7%	45.8%	100.0%
Commercial Services	8.7%	46.9%	44.4%	100.0%
Connected Services	2.4%	34.0%	63.6%	100.0%
Insurance Services	6.4%	33.9%	59.6%	100.0%
International	0.8%	4.7%	94.5%	100.0%
Mindcrest	82.9%	0.0%	17.1%	100.0%
Grand total	**12.4%**	**29.3%**	**58.3%**	**100.0%**

Gender pay gap

We recognise that reducing our gender pay gap requires a sustained effort at every level of our business, and at every point in the employee life cycle, from attraction and recruitment through to development, succession planning and promotion. Our sustained focus on this will result in a more-diverse workforce, supported and empowered by our inclusive culture and values.

Following the publication of our 2018 Gender Pay Gap report, we introduced non-negotiable guiding principles on pay, concerning fairness, transparency, consistency and competitiveness. These four principles enable us to be clear and consistent in our approach to pay, ensuring we are rewarding people fairly.

In 2019, the reduction in our combined mean gender pay gap for a second consecutive year was a positive indication that our efforts are having an effect. However, the slight increase in our median pay gap is a powerful reminder that the pay gap is largely the result of having more men at senior levels in higher paid roles, and a higher proportion of women to men in roles that fall within our lower pay-quartiles.

Engaging our workforce

We define engagement as the extent people commit to something or someone in our business, and how hard they work or how long they stay, as a result of that commitment.

Engaging People Executive

Our Engaging People Executive ('EPE') is responsible for furthering our ambition to make DWF a great place to work, and is accountable to our Executive Board. The EPE focuses on values and culture, high performance and effective communication, and provides oversight, scrutiny and input to the people-related activities across DWF that promote engagement, productivity, commitment and discretionary effort. The EPE has been instrumental in addressing the key issues identified through our Engagement Surveys, evolving the role of People Partners across the business, and achieving a positive uplift in Pulse Survey scores.

Employee Forum

The EPE is supported by our Employee Forum, to ensure we take into consideration the input of employees at all levels of the business. The primary role of this Forum is to improve the flow of communication from the Board to the ground floor and vice versa, acting as a way for employees to voice their ideas as well as their concerns. It also provides the opportunity for DWF to consult employees over business-related issues and gain their commitment to change. While still in its formative stage, it has started to constructively challenge workplace policies and practices, with a view to making improvements, streamlining processes and suggesting better ways of working, to make DWF a great place to work.

Listening to our employees

The Board understands that listening to our employees is key. We have put in a great deal of effort over the last few years to ensure engagement of our people gets the focus and time it needs, and in doing so, creates the impact we want. This effort includes a range of communications and engagement tools, such as Pulse Surveys, to involve staff and to share messages and information on staff engagement, highlighting that the Company is listening to and addressing their needs.

Pulse Surveys
In 2019, we moved away from traditional annual surveys to a more frequent digital platform that helps leaders and line managers create plans, focusing on the improvements that matter the most for our people.

Recognition
In response to feedback, and where we scored below the industry benchmark, we implemented a number of key engagement measures. We launched a new digital recognition platform, DWF Achievers to recognise and celebrate people who live our values and help shape our culture through their performance and the contributions they make to DWF.

We also launched our annual Rubie Awards in 2019. It was the first time we have celebrated together as a business to reward the hard work and dedication of our people. As DWF grows across the globe, it's more important than ever we recognise the individuals who are living the values and being true role models.

5 STAR Futures
We recognise that while talent is everywhere, opportunity is not, particularly in areas with low social mobility.

Our 5 STAR Futures programme is designed to enable young people to make the most of their potential – to be the best version of themselves. Working with young people, we help equip them with the business skills, confidence and resilience to aim higher and achieve more.

In response to COVID-19, we are adapting our offering to continue to support the education of young people. Moving to a virtual approach will not only meet an immediate need, but enable the impact of the programme to be experienced in more schools.

Investment in our people
One of the ways we attract talented people to our business is by providing them with a clear strategy for their personal and career development. People are at the heart of our business, so we try to understand their needs and objectives fully before providing solutions. Doing this enables us to provide the right solutions, support their progression and measure their success. Having a clear end point for us is key. Our main programmes are aligned with our DWF values and behaviour, and mapped to our career levels. We run this using our global platform, DWF Academy, providing opportunities for colleagues from all over the world to socialise and learn from each other. Our technology platform means social learning and sharing knowledge happens seamlessly across the business. Although our curriculum is mapped to career levels, we encourage high-potential individuals to attend sessions in the higher tiers, so they can build those skills early.

Our aim is to attract and retain the best new talent as early as possible in their careers. This may be at the apprentice or trainee stage, or when newly qualified. Our highest retention rate is for people in this category. Typically they grow with us and are great advocates for our values and behaviour.

Global Pulse Survey
Headline Results – June 2020

Overall company employee engagement score:

The Engagement Index score is a composite metric based on 3 questions:

1. I would recommend this as a great place to work
2. I rarely think about looking for a job elsewhere
3. I am enthusiastic about my job.

Engagement score
76

Response rate
67%

We care about the diversity of our candidates, and work with local colleges and universities to provide insight days. Our recruitment process is fair and inclusive, but the success of it depends on us having a large and diverse pool of talent to select from. The aim of the insight days is to demystify the legal profession and explain the wide range of roles available, therefore attracting people who may not have considered the legal profession before.

We have already reviewed and taken steps to ensure a more consistent representation of DWF to attract candidates at every entry point through social media channels, and removed unnecessary jargon or selection criteria, particularly for entry-level roles, to advance social mobility.

Wellbeing and benefits
Our approach is to improve the health and wellbeing of our people through a combination of preventative, protective and proactive interventions that address the cause as well as the effect of any health and wellbeing issues. As we continue to navigate this uncertain world, it's important we continue to focus on the human aspects of doing business, to increase the resilience of our business and ensure, as far as is possible, our people do not suffer stress as a result of their work.

Our collective health and wellbeing will be integral to the sustainability of our business as we emerge from the COVID-19 crisis. As a business, we are ensuring our people get the support they need to continue their work safely. We are issuing regular, consistent and co-ordinated communications to all employees, through multiple channels for maximum reach and engagement, so all individuals are fully informed during this time. We will continue to encourage open conversations about mental health and the support available when employees are struggling, to ensure they have a healthy work-life balance and opportunities for development.

To help everyone maintain a healthy mind we have partnered with Workplace Options, who provide a confidential helpline to support anyone through difficult times. It is available globally, 24 hours a day, seven days a week. In light of COVID-19, which started at the end of the financial year in the UK, we brought forward the launch of a new digital GP service, enabling colleagues to speak to a qualified doctor, any time of day or night, directly from their mobile, ensuring employees had access to medical support if they needed it.

Sustainability report continued

Our approach to benefits is to provide our employees with a total reward package in line with our position in the market, and we do this by constantly benchmarking ourselves against our peers. This financial year saw DWF's UK business move to a new flexible benefits platform which will be rolled out internationally throughout 2020/21, providing employees with a single platform to access all of their benefits, including shares and pensions and, where appropriate, the freedom to choose the benefits that suit their lifestyle.

In addition to the above, and in light of COVID-19, we have reviewed our global medical offering and strengthened it, by increasing claim limits, adding new categories, and making it easier to claim. This ensures it meets the needs of challenging times we will have throughout 2020, and that we provide the right level of cover for the continued health of our people.

Work/life balance

We have always wanted to create a high performance, flexible, family-friendly workplace.

We see flexible working as a way of improving our operational effectiveness, and we have moved to a culture that focuses on results and performance, not attendance or 'presenteeism'. As our work and non-working lives merge due to COVID-19, a focus on striking the right balance will perhaps never be more relevant than it is today.

The Top Employers for Working Families Benchmark allows us to measure our work-life policies and activities with current practice, and identify areas where we should target our future initiatives. The benchmark helps us build a comprehensive picture of the flexible and family-friendly environment within our business, and we are proud to have been awarded Top 10 Employer status again this year.

changing the way we live and work
working families
EMPLOYER MEMBER
workingfamilies.org.uk @workingfamUK

We also use our Pulse surveys every six months, to gain valuable feedback and help ensure our colleagues feel supported.

Pulse survey question	DWF	Benchmark*
I am able to balance work and personal life in a way that works for me	**76%**	71%
Are the expectations of me at work reasonable?	**76%**	76%
I am getting what I need from my manager	**78%**	70%

* Average scores of other businesses across a range of industry sectors

DWF featured in Legal Cheek as one of the best law firms for work/life balance in 2019.

Mindful business charter

In 2019, we became an early adopter of the Mindful Business Charter ('MBC'), a collaboration initially between the financial services and legal sectors to change the way we work by removing avoidable stress.

As a signatory, we pledge to promote a culture of openness about mental wellbeing, ensure we include responsible business as an area of assessment during significant procurement processes, and do what is necessary to change working practices in support of the principles of the Charter.

We are starting to see greater consideration to colleagues of the need to switch off and create boundaries between work and rest. We've also embraced 'smart' meetings and have been respectful of each other's time when planning meetings.

MB Mindful Business Charter

Responsible business – doing business the right way

Anti-bribery and corruption

DWF maintains an Anti-Bribery and Corruption policy which is supported with mandatory online training for all employees. Having policies like this, that encourage individuals to raise concerns, is central to our ethical and supportive business culture. We are committed to maintaining an open culture with the highest standards of honesty and accountability, a culture where colleagues can report any legitimate concerns in confidence.

As with all our procedures, we strive to ensure those to prevent bribery and corruption by anyone associated with the business are proportionate to the bribery and corruption risks DWF faces. DWF's risk and control culture is set at the top. Our Board, Risk and Audit Committees, along with our senior leaders, are committed to preventing bribery and corruption and are involved in the determination of bribery and corruption prevention procedures.

In 2020, we will launch a Global Code of Conduct and a Speak Up helpline. Their purpose is to help us do the right thing, to ask the right questions and make the right decisions every day. The code will cover areas such as respect for human rights, discrimination, conflicts of interest, information security, bribery and corruption, and whistleblowing.

For further information on the Board and Risk Committee's role in ensuring good governance of anti-bribery and corruption, please see pages 71 and 72 in our Corporate Governance report.

Human rights and modern slavery

Human Rights

A responsible and sustainable approach to doing business is central to our purpose, and in conducting our business activities, we respect these rights, and seek to uphold and promote them as part of the way we do business, working and collaborating with our people, communities, suppliers, charities and other appropriate stakeholders.

We support the principles of Human Rights set out in the Universal Declaration of Human Rights, the International Labour Organisation ('ILO') core labour standards and we are a signatory of the United Nations Global Compact. In addition, we support the UN's wider development agenda, including the UN Sustainable Development Goals.

As a global legal business, we have a responsibility to go beyond stating our commitment to respecting human rights. We must demonstrate what we do in practice to protect rights across our day-to-day business operations, simply because it is the right thing to do. This includes ensuring that if we identify any human rights violations, we endeavour to take appropriate action swiftly.

As a responsible business, we will build on the work done so far, and continue to affirm our values, raise awareness among our people, clients, communities and suppliers, and take action where necessary.

Modern Slavery

There is no place for modern slavery in our business or our supply chain. Our approach is to understand how and where modern slavery occurs, and to continuously review and improve the policies and processes we have in place to prevent it.

In addition to our Anti-Slavery Policy, which sets out our zero-tolerance approach, we have a number of policies and procedures in place that reflect the way we do business, and set out expectations to all our employees. These policies reflect our commitment to responsible business policies and practices that are fair, transparent and inclusive.

We make sure all our employees have the appropriate rights to work and are employed in accordance with local legislation. Policies make it clear that we will support and protect 'whistleblowers' and will not tolerate retaliation of any kind. In the last 12 months we had no reported incidents of slavery or trafficking in our operations.

All new joiners to our company are made aware of our Modern Slavery Statement, Anti-Slavery Policy and online training via our induction and on-boarding portal.

Working with suppliers

We expect all DWF suppliers to implement a zero-tolerance approach to slavery, forced labour and human trafficking, and to comply with all local and national laws and regulations. In addition to our Supplier Code of Conduct, we developed our Ethical Sourcing Questionnaire in 2019, as a self-assessment tool, covering a range of topics including modern slavery and forced labour.

We group expectations of our suppliers into six key areas:

- Human rights
- Health & safety
- Responsible supply-chain management
- Inclusion & diversity
- Business integrity
- Environmental management.

Our procedures are designed to identify and assess areas of potential risk, and over the past year we have developed a structured approach for any employee involved in purchasing goods and services on behalf of DWF, to reinforce the reality that modern slavery is a potential risk within supply chains and must be factored into the decision-making process.

In the last 12 months, we had no reported incidents of slavery or trafficking from our suppliers.

Tax transparency

Our approach to tax is published in our tax strategy. We recognise the important part that taxes play in generating revenue for governments across the globe to meet their economic and social objectives, and the important role that we, as a responsible business, play in contributing to society by paying and collecting taxes.

Areas of focus in 2019/20

- We have further developed our modern slavery awareness training and materials to engage our people
- 1,749 employees (54%) have already completed our new modern slavery training
- We have continued to engage with our suppliers and clients
- We participated in the UK Home Office Transparency in Supply Chains Consultation, through membership of the Greater Manchester Modern Slavery Business Network
- We have attended external conferences to keep informed of best practice, and take up relevant speaking opportunities to talk about what we do
- We continue to promote a 'speak-up' culture within our business, to promote openness and transparency, and encourage all of our employees or those working on our behalf to raise any concerns.

We comply with all statutory obligations and conduct our tax affairs in a clear, fair and transparent way. Our CFO is the Board member with executive responsibility for tax matters, and presides over an effective system of tax-risk management maintained by an in-house tax team staffed with appropriately qualified individuals. As a responsible business, we do not undertake aggressive tax planning, and seek to develop positive and open relationships with tax authorities.

Health and safety

Every business has health and safety responsibilities, and DWF is no exception. Managing the welfare of our people is key to our business. Businesses are under increasing scrutiny to demonstrate responsibility and commitment to health and safety management.

Sustainability report continued

We are committed to ensuring colleagues have a reasonable awareness of health and safety issues, and to publishing information on health and safety regularly through the various channels available. Health and safety information and updates are available on the Group's intranet and distributed via email, to ensure all colleagues have access to relevant information. We distribute specialist information and briefings internally as appropriate. We provide on-site contractors and other suppliers with relevant information relating to their role in fulfilling our health and safety policies, objectives and procedures.

For training, our approach aims to minimise the health and safety risks of our business activities and to the welfare of our people, and to also to minimise any associated costs in not negating such risks and reputational risks to DWF.

The Group's Health & Safety Manager reports to the Board quarterly, and presents a comprehensive annual report to the Board on all Environmental, Health and Safety matters.

Data Protection

As a multi-disciplinary global business, sharing data enables DWF to better serve our employees, and to perform shared services for mutual clients of multiple DWF group entities, including legal services and the wider connected services. DWF meets its legal and regulatory duties and responsibilities for protecting the personal data we have within our care, while maintaining the standards of confidentiality that the people whose data we process would expect from a fully compliant global organisation. Our policies and procedures are built on the world-recognised principles contained within the EU General Data Protection Regulation, that also complement and fortify local data protection legislation affecting each of our international jurisdictions.

Responsible business – community engagement

Social value

As a business, we understand we have the power to change the world around us. Helping people and communities thrive is good for everyone and good for business. Through our responsible business agenda, we aim to inspire, engage and challenge our people to tackle some of society's biggest issues.

We focus on education, employability, health and wellbeing, and homelessness, to foster inclusive growth, reduced inequality and strong and sustainable communities.

In 2017, we became the first legal business in the UK to launch a CSR portal, IMPACT, that creates a profile of community investment for everyone at DWF and enables us to log community benefits in real time. This bespoke social-value-reporting tool tracks and records the value of our social-value efforts. The process is completely automated and converts activity into meaningful social-value outcomes. From May 2019 to April 2020 – a total of 24,724 community investment hours were logged.

Globally, over 270 million young people are not in education, employment or training, so our priority is to develop a variety of opportunities for young people to increase their confidence and resilience, and to gain valuable employability skills to become work-ready.

Our priorities are to increase the numbers of young people from low income and diverse backgrounds who have improved their confidence, and build a strong and positive link between schools and the world of work. This demystifies the workplace, enabling them raise their aspirations.

Focus on advancing social mobility

DWF is a Board member of PRIME, an alliance of law firms across the UK, committed to improving access to the legal profession through work experience. Every firm involved in PRIME makes what we call the PRIME Commitment, to ensure we are offering meaningful work experience for children of school age. In 2019, we joined with other PRIME members to design and deliver Legal Insight workshops in a number of UK social mobility 'cold-spot' areas. We hosted a session in Leeds and other law firms hosted in Scotland, Manchester and Birmingham.

Supporting communities

Working with the Namene Solar Light Company, we were able to donate and distribute over 1,000 of their solar lamps in Zambia. The lamps provide basic lighting needs to low-income families living without access to electricity, or as a first-response light in the aftermath of humanitarian crisis. In Africa, the lamps will replace kerosene lamps and paraffin candles, which are costly, a fire hazard, and cause lasting health issues.

Combating homelessness

Colleagues from three DWF offices spent a night out in the cold as part of The Big World Sleep Out, to raise funds and awareness for those who are homeless or displaced.

The team raised £5,000 and featured on the mural at the UN summit on homelessness in New York.

DWF Foundation

The DWF Foundation is an independent charity, founded by DWF in 2015.

Our employees raise funds to enable the Foundation to provide grants to charities whose work supports people in locations where we have a presence, and offers the Foundation, and the charities it supports, access to skills-based volunteering. Employee volunteering, where our staff donate time and skills during work hours to tackle local social issues, is an effective and powerful way for us to continue to invest in our people and our local communities.

Since its launch, 159 charities have received

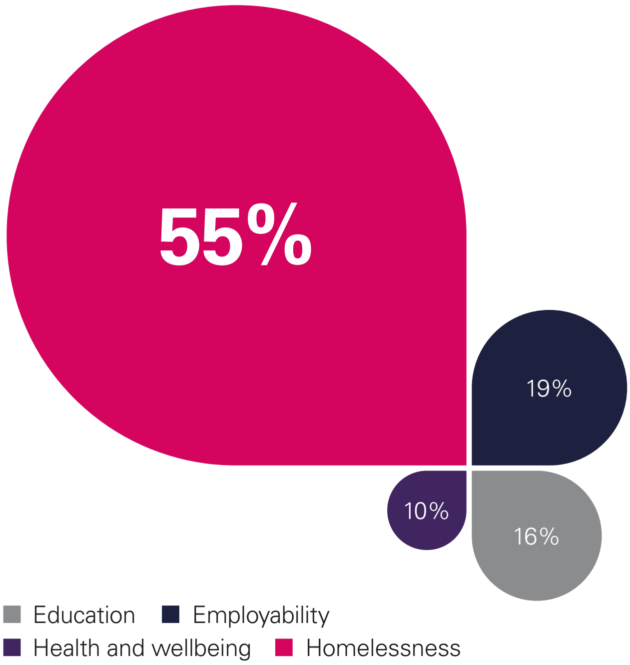
£374,612

The Foundation supports charities which demonstrate impact in one or more of the following focus areas:

- Education
- Employability
- Health and Wellbeing
- Homelessness

In the financial year ending 30 April 2020, grants awarded amounted to £126,164.

Grant Giving up to March 2020



Responsible business – respecting the environment

Environmental management

Climate change is our most pressing shared challenge and opportunity.

In supporting the principles of sustainable development, we have in place an environmental management system to identify and control the impacts of our business, and enhance current working practices.

As a global company, this means:

- we manage our carbon emissions
- we ensure efficient use of resources by following the 'Reduce, Reuse, Recycle' waste hierarchy
- we invest in technology to help further our sustainability agenda
- in the UK, we maintain ISO14001:2015 certification
- we develop, apply and promote environmental best practice to enhance our resilience to climate change.

Carbon emissions generated by the energy we use and the travel we undertake, affects our contribution to climate change. Our ambition remains to minimise our impact as a low-carbon and more-circular business.

Reducing carbon emissions

We have set a global target of remaining under three tonnes per person, per year ('TPPPY'). While there was a 13% increase of carbon emissions from FY18/19 to FY19/20, there was also an increase in headcount, which meant our TPPPY decreased at around 6%.

Further information on greenhouse gas emissions can be found on page 95 of the Directors' report.

Aside from travel and energy, and as part of the ISO 14001 Certification within the UK, we also commit to the following targets in an effort to help reduce our carbon emissions:

- We maintain a target of recycling at 85% per site. In the year ended 30 April 2020, we met this target, with an average of at least 90% recycling across the Group's UK operations.
- To re-use all suitable office furniture and equipment (e.g. chairs, desks, photocopiers) or donate to charity wherever possible.
- To continually seek to reduce energy use through proactive estate management, space-neutral expansion and agile working.
- To encourage the reduction of plastic bottles and single-use plastics – we have sourced DWF re-usable cups and bottles that we sell, with the money raised supporting our Charitable Foundation. We have also decreased the number of drinks sold in plastic bottles where we have bistros on site.

We intend to adopt these targets at all our international locations where possible.

Governance

The Group Health & Safety Manager reports quarterly to the Board, plus provides an annual comprehensive report for all Health, Safety and Environmental matters. In addition, a bi-annual report is presented the Board detailing information on all ISO Standards.

Training

We aim to minimise the environmental impacts of our business activities, and the associated costs and risks to DWF and the wider community. As part of our overall corporate responsibility, we believe we should, where practical, encourage our employees, suppliers, contractors and customers to improve their own environmental performance – whether this is at work, at home or within the wider community.

Priorities

Priorities over the next 12 month will include ensuring we remain under our 3 TPPPY CO_2 target, and retaining the ISO 14001:2015 certification. We will set new targets in December 2020.

As we are working in unprecedented times, we will continue to monitor and evolve the existing targets as appropriate. Due to COVID-19, there is currently a travel ban, which we see as an opportunity to reduce travel, so reducing our emissions. Likewise, office waste has also seen a significant drop. New ways of working have allowed us to use the technology available, so also bringing a reduction in paper use across the business.

These opportunities will bring a significant, though temporary, drop in our CO_2 emissions, and have given us the opportunity to consider new ways of working, which may produce a further longer-term reduction in our carbon emissions.

Non-financial information statement

Disclosures of non-financial information matters, including a description of policies, due diligence processes and outcomes, where applicable, are available as follows:

NFI matter	Further information incorporated into this statement by reference
Environmental	
Responsible business – respecting the environment	43
Annual greenhouse gas emissions	95
Company's employees	
Responsible business – supporting our people	37 to 40
Culture, Employee policies and Diversity and Inclusion	37 to 40 and 62 and 63
Social	
Responsible business – community engagement	42 and 43
Respect for human rights	
Responsible business – doing business the right way	41
Anti-corruption and anti-bribery	
Responsible business – doing business the right way	40 to 42
Business model	
Our business model	12 and 13
Principal risks and uncertainties	
Principal risks and uncertainties	46 and 47
Non-financial KPIs	
Strategy at a glance	18 and 19
Responsible business – supporting our people	39
Responsible business – respecting the environment	43

Risk management

How we manage risk at DWF

Risk management

Risk management is key to our operation. It helps us protect our business (including our people, our assets and importantly our reputation) and helps us create long-term shareholder value.

Risk appetite

The Group's Risk Appetite Statement articulates our philosophy and approach to the management of the Group's principal risks, defines specific parameters, guides decision making and ensures appropriate governance over taking risks. The Board is responsible for setting the Group's risk appetite, which it reviews and approves at least annually. The Risk Committee is responsible for overseeing the development, implementation and maintenance of the Group's overall risk management framework and risk appetite. It must ensure they are aligned with the Group's strategic objectives and emerging regulatory, corporate governance and industry practice.

Overall Risk Appetite Statement

The Group is a multi-jurisdictional legal services provider. The Group will only behave in ways that:

- Do not conflict with the Group's values and are aligned with its risk appetite and business strategy
- Do not expose the Group's capital position or the resilience of its services
- Are aligned with the needs of the Group's clients and ensure they are treated fairly
- Are always in accordance with local laws and regulations

The Group maintains an enterprise-wide risk management framework to manage all risk types, with rigorous policies and procedures designed to ensure it mitigates the risks the Group is exposed to.

Group risk management process

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management activities. These activities are designed to identify, assess, respond to, report on and monitor the risks that might threaten our ability to achieve the Group's objectives within its risk appetite.

Risk management and compliance is not just the role of our Risk team. We follow the Three Lines of Defence approach to risk management, where risks are owned and managed within the business.

Our business teams form the first line of defence by applying policies, procedures and controls.

Members of our leadership teams are responsible for routine verification and providing accurate and up-to-date information on key risk and control assessments.

The Risk team oversees this, supported where necessary by other control functions. This constitutes the second line of defence, and enables an aggregation of the risk profile for the Group. The regulatory team also conducts routine monitoring on areas of risk, such as financial crime compliance, unauthorised data access requests and conflicts of interest.

The third line of defence is Internal Audit and assurance, which undertakes independent and regular reviews of the effectiveness of policies, procedures and controls, including the risk management framework and risk and regulatory team itself.

Risk management continued

Group risk profile

The Board has developed a Risk Taxonomy to ensure we consider the full and evolving spectrum of risks the business faces. We categorise the principal risks by the six areas shown below:

Group Taxonomy

Principal Risks (Level 1)	Level 2
Business, commercial and strategy	Macroeconomic
	Legal and political
	Strategy
	Business model
	Commercial risk
Conduct and ethics	Client outcomes
	Ethical practices
	Regulatory compliance
	Other compliance: employment, HSE etc
People	People
Operational	Processes
	Systems
Finance and reporting	Financial management and controls
	Monetary
	Financial reporting
Financial crime	Fraud
	Money laundering
	Bribery and corruption
	Terrorist financing
	Market abuse

Principal risks

Informed by the work undertaken during the year on the Risk Taxonomy, described above, the table on the following page describes the principal risks (Level 1) the Group faces, with examples of the Group's approach to mitigating those risks. Mitigating actions are provided for illustrative purposes and should not be taken as the full list of associated mitigating actions for each identified risk. Some specific Level 2 risks which merit further comment are included.

COVID-19

The pandemic presents an unprecedented challenge and we, like many businesses, are experiencing a period of disruption and uncertainty. We are open for business in each of our locations, where our priority remains to ensure the health and wellbeing of our people and their families, while continuing to provide the service our clients expect.

The Risk team has facilitated ongoing, documented risk assessments to identify emerging risks to the business during this time, and continues to communicate these assessments to the Risk Committee and the Board.

DWF has a well-established business-continuity plan, triggered following the commencement of the pandemic. Teams from Risk, IT, HR, Finance, Facilities and Client Development quickly identified, and continue to update, the steps to take to prioritise the wellbeing of our people, clients and other stakeholders, while protecting our ability to support our clients.

We have followed the guidance provided by relevant Governments and healthcare authorities, which has resulted in restricted access to our offices, and in more agile working arrangements for a significant proportion of our people.

We have supported this agile working in the business for a number of years, and we are well placed to continue operating successfully in the current environment.
Our remote working capability has meant that more than 95% of our people are equipped to work from home.

Principal risks and uncertainties

Business, commercial, strategy

Business model

Movement in year: Stable

Details of risk

There are several risks to the Group arising from the way we do business and, in particular, our business model. Following a period of M&A, the risks faced by the Group include the failure to integrate the Group's policies, procedures and financial controls within newly acquired teams.

Mitigating actions

The Group operates a detailed integration programme to align all new offices and teams with the DWF ways of working.

Conduct and ethics

Regulatory compliance

Movement in year: Stable

Details of risk

The Group operates in an increasingly complex global environment. Many of its activities and services are subject to legal and regulatory conditions which are continually evolving.

Mitigating actions

The Group maintains strong relationships with all its key regulators, maintaining a dialogue to remain aware of impending regulatory and legal developments.

Client outcomes

Movement in year: Stable

Details of risk

The Group provides professional legal services including complex legal advice. As with all professional services, there exists the risk of liability from negligence, breach of client contract and other claims or complaints by clients.

Mitigating actions

The Group aims to ensure its colleagues are appropriately trained, supervised and incentivised to ensure their behaviour and activities do not inadvertently result in poor outcomes for clients.

Operational

Processes systems

Movement in year: Stable

Details of risk

Process risk relates to the design, execution and maintenance of key processes, including process governance, clarity of roles, process design and execution.

Mitigating actions

The Group maintains documented target operating models and enhanced training and development to help mitigate process risk.

Processes and controls are subject to independent audit and assurance.

Finance and reporting

Finance and reporting

Movement in year: Increased

Details of risk

COVID-19 implications for the business have seen an increased risk of liquidity constraints or reduced profitability that could result in a breach of bank covenants. In addition, in the face of client decisions on payment delays, we have had to spend more time to ensure the validity of our forecasting.

Mitigating actions

Regular reforecasts inform the introduction of measures to save costs, as well as regular discussions that take place with key stakeholders.

More frequent and focused discussions with clients are informing the more regular reforecasting processes.

Financial crime

Fraud and money laundering

Movement in year: Stable

Details of risk

Clients or counterparties may attempt to use the Group to commit fraud or to launder money.

Mitigating actions

The Group has designed its systems, controls and mandatory training programmes to mitigate the risks, and identify any suspicious activity.

Key: Stable Increased

Viability statement and going concern

In accordance with the Corporate Governance Code, the Directors have assessed the viability of the Group, 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 a three year period to 30 April 2023 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 dates, and back to 1.5 times EBITDA by April 21.
- An additional £15m contingency RCF facility was put in place, 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 going concern in the twice-yearly reporting cycle and 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.

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 annual results announcement being moved to 8th 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.

Long term viability has been considered over a three year period with reference to an income statement, cash flow and balance sheet model. This involves considering medium term business plans, funding and liquidity requirements as well as sensitivity analysis to account for a reasonable worst case scenario. As with going concern testing, 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 the long term viability of 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 viability:

- The ongoing profitability of the business in FY20, generating £21.5m of Adjusted EBITDA despite the severe Q4 COVID-19 impact.
- The annuity and resilient 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 to be viable and meet all its liabilities as they fall due over the next three years.

Approval of the Strategic report
By order of the Board

Jonathan Bloomer
Chairman
7 September 2020

Corporate Governance report – Chairman's introduction

Dear shareholder,

I am pleased to introduce our Corporate Governance report for 2020, our second since our IPO in March 2019. This report sets out how we have ensured corporate governance remains the foremost consideration for the Group, to satisfy both the high standards of listed company corporate governance and those specific to a regulated legal services business.

This has been a challenging year given the impact of COVID-19, and it was therefore vital that we used our governance framework to ensure effective decision making. In this way, we were able to respond quickly to the needs of our people and clients in a rapidly changing environment. I am proud of the way our people responded to the disruption to our usual way of working, and I want to thank them for their consistent hard work and dedication to providing an excellent level of service for our clients during these extraordinary times.

Culture and purpose

The Board understands that our people are vital to achieving our strategy. It also understands its role in ensuring that we establish our culture throughout the Group. DWF's values are at the heart of our culture, providing a clear foundation for our people and the way we work together. Our values define our organisation and how we operate. You can find more information about our strategy, values and culture on pages 18 to 19 and pages 37 to 40.

We have a collaborative and inclusive culture that underpins our decisions. Our Diversity & Inclusion and Dignity at Work policies make it clear that the Group takes a zero tolerance approach to discrimination, bullying and harassment. Our Diversity & Inclusion Leadership Group of 45 senior leaders from across the world defines and executes our global inclusion strategy. We have been following our current Diversity & Inclusion strategy for almost three years now, but this year was the first since we announced our targets for gender and BAME within our senior leadership. These aim for at least 30% female representation and 10% BAME representation in our senior leadership by 2022. This year saw the divisions within our global network create plans specific to their teams, people and areas of practice, and set out their commitments to play a role in achieving progress, appointing sponsors and champions to maximise communication, and to understanding and creating greater opportunities for mentoring and sponsorship across our business. Please see pages 56, 58, 62, 63 and 66 of this report for more information on the Board's commitment to Diversity & Inclusion and please see pages 37 and 38 of the Sustainability report for information on the external recognition of that commitment during the year.

COVID-19

COVID-19, and responses to it, affected the personal and professional lives of our stakeholders around the globe. We immediately recognised the need to adapt our ways of working, making sure the safety of our people, clients and suppliers remained our highest priority. Alongside invoking our Business Continuity Plan, our Executive Board, guided by our Risk team, introduced a number of additional measures to enable a swift and effective response. The Board ensured that it was able to dedicate the additional time needed to support the business and provide good governance in the rapidly evolving environment, meeting much more frequently from March until June. Please see pages 16, 17 and 46 for further information.

Board composition and changes

Since the end of FY2019/20, there have been a number of changes to the Board's composition. The Nomination Committee and Board discussed optimum Board composition and the skills required to take the business forward, resulting in those changes. I am confident we have a strong leadership team, to make the right decisions in a challenging economic environment.

Sir Nigel Knowles succeeded Andrew Leaitherland in May 2020 as Group Chief Executive Officer. The Board would like to take this opportunity to thank Andrew for over 20 years' service to the Group, recognising his tremendous influence on the business, which he helped grow from a two-office UK law firm to a global legal business with 33 offices and more than 4,000 people. He was also instrumental in achieving last year's IPO. We wish him all the best in his future endeavours.

Upon Sir Nigel becoming Group Chief Executive Officer, Chris Sullivan was appointed as Chair on an interim basis until the Board could select and appoint a new Chair. A committee of independent directors was immediately formed to run a selection process for a permanent Chair. I was delighted to be appointed Chairman with effect from 1 August 2020. On the same date, Chris Sullivan was appointed as Deputy Chairman, alongside his role as Senior Independent Director.

Also in May 2020, Matthew Doughty, a Partner Director on the Board, agreed to become our Chief Operating Officer, a new position on our Executive Board. With effect from 22 October 2020, Matthew's position on the Board will change from Partner Director to Executive Director to reflect his role as Group Chief Operating Officer.

Finally, we have selected two new Partner Directors, Seema Bains and Michele Cicchetti, who will take their place on the Board with effect from 22 October 2020. Please see page 65 of the Nomination Committee report for further information.

For details on the Board's processes for selection and appointment, please see the Nomination Committee report on pages 64 to 66. We continue to comply with the recommendation in the UK Corporate Governance Code 2018 that at least half of our Board members, excluding the Chairman, are Non-Executive Directors whom the Board considers to be independent.

Best practice requires us to ensure the Board and its committees have an appropriate balance of skill, experience, independence and knowledge of the Company. It is also important to address Board diversity and create a positive gender balance in line with the recommendation of the Hampton-Alexander review. The Company currently has three women on the Board (33%) (rising to four an appointment of Seema Bains to the Board on 22 October 2020 (36%)) and three women on the Executive Board (25%). For full details of the Board and Executive Board composition, please see pages 52 to 55 of this report.

I hope you find this report useful. Our AGM is scheduled to take place on 21 October 2020. We have considered how we will hold the AGM this year in light of the impact of COVID-19, and full details of the arrangements are set out in the Notice of AGM, available on dwfgroup/en/investors.

Jonathan Bloomer
Chairman

Corporate Governance at a glance – UK Corporate Governance Code

Statement of compliance with the UK Corporate Governance Code 2018 (the 'Code')
For the year ended 30 April 2020, DWF Group plc was subject to the Code (available from frc.gov.uk). The Board is pleased to confirm that DWF Group plc applied the principles, and complied with all the provisions of the Code throughout the year.

You can find further information on compliance with the Code as follows:

Documents available at dwfgroup.com/en/investors

DWF Group plc Articles of Association
Matters Reserved to the Board
Terms of Reference for Board Committees
Gender Pay Gap Report and Gender Pay Gap Action Plan

Board of Directors

Jonathan Bloomer
Chairman

Appointed to the Board
1 August 2020

Committee memberships
Nomination Committee (as Chair)
Remuneration Committee (both from 1 August 2020).

Jonathan has over 40 years of experience in financial services. He has previously held a number of board positions including Chairman of the JLT Employee Benefits Group, Senior Independent Director of Hargreaves Lansdowne plc, Non-Executive Director of Railtrack plc and director of Egg plc. From 2006 to 2012, Mr Bloomer was European Partner at Cerberus Capital. Between 2000 and 2005, he was Group Chief Executive Officer of Prudential Group plc, having previously served as Deputy Group Chief Executive Officer and Group Finance Director. Prior to his time at Prudential, Mr Bloomer held senior roles at Arthur Andersen. Jonathan is a Fellow of the Institute of Chartered Accountants in England and Wales.

Jonathan is currently Chairman of Morgan Stanley International, Arrow Global Group plc and SDL Group Limited.

Sir Nigel Knowles
Group Chief Executive Officer since 29 May 2020 (Chairman until 29 May 2020)

Appointed to the Board
November 2018

Appointed Group Chief Executive Officer
29 May 2020

Committee memberships held during the year ended 30 April 2020
Nomination Committee (as Chair),
Remuneration Committee.

Sir Nigel spent over 38 years at DLA Piper, a global law firm, where he was Global Co-Chairman and Senior Partner, and, previously, Global Co-CEO and Managing Partner from 1996 to 2015. During his tenure as leader of DLA Piper and its legacy firms, revenues of DLA Piper grew from £52m to in excess of £1.5bn.

He received a knighthood in 2009 in recognition of his services to the legal industry. In 2015, he was awarded the Legal Business 'Outstanding Individual Achievement Award' and in 2016 the Financial News 'Editor's Choice' award.

Sir Nigel holds an LLB degree from the University of Sheffield and a Postgraduate Diploma in Legal Practice from the College of Law, Chester. He received an Honorary Doctorate of Laws from the University of Sheffield and is a Fellow of Harris Manchester College Oxford.

He was admitted as a solicitor by the Solicitors Regulation Authority in 1980 and is a registered foreign lawyer with the Law Society of Scotland.

Sir Nigel is currently Senior Independent Director of Morses Club plc, as well as Chairman and Chair of the Remuneration Committee of Zeus Capital Limited. He is a Trustee of The Prince's Trust.

Samantha Tymms (also known as Samantha Duncan)
Non-Executive Director

Appointed to the Board
December 2018

Committee memberships held during the year ended 30 April 2020
Risk Committee (as Chair)
Audit Committee, Nomination Committee and Remuneration Committee.

Samantha (Sam) has more than 30 years of experience in the financial services sector, including extensive work in corporate governance and risk management. She has also undertaken a number of roles at the Financial Conduct Authority. Sam served as a Non-Executive Director on the board of IG Group plc from 2013, and from 2016 she chaired its risk committee. She left IG's board in 2019. Sam has also been a managing director at Promontory Financial Group (UK) Ltd since 2007.

Sam holds a bachelor's degree from the Roehampton Institute of Higher Education.

Chris Sullivan
Deputy Chairman (since 1 August 2020) and Senior Independent Director

Appointed to the Board
November 2018

Committee memberships held during the year ended 30 April 2020
Audit Committee, Nomination Committee,
Remuneration Committee and Risk Committee.

Chris retired from his role as Chief Executive of the Corporate and Investment Bank at Santander UK in October 2018. He was the Deputy Group Chief Executive at RBS Group plc ('RBS') from 2014 to 2015, the Chief Executive of the Corporate Banking Division at RBS from 2009 to 2014 and the Chief Executive of RBS Insurance (now Direct Line Group) from 2006 to 2009. Chris started his career at RBS in 1975. In recognition of his services to Scottish banking during his various roles at RBS, Chris earned a Fellowship of the Chartered Institute of Bankers Scotland.

In 2014, he received a Lifetime Achievement Award from the European Leasing Association for his contribution to the asset finance industry. In 2011, he was recognised as the European Diversity Champion of the Year.

Chris has been a member of the Westminster Abbey Investment Committee since 2014 and was appointed as Chairman in 2017. He serves as a Non-Executive Director of The Goodwood Estate Company Limited and is a Non-Executive Director of Alfa Financial Software Holdings PLC.

Chris Stefani
Chief Financial Officer

Appointed to the Board
September 2018

Chris joined the management team of DWF LLP in April 2016 and was appointed to the Board of DWF Group plc in September 2018. Chris has around 20 years of experience in the professional services sector.

He was previously the Finance Director of Ernst & Young's EMEIA Advisory business (2014 to 2016), the Global Service Line reporting lead of Ernst & Young London (2013 to 2014), a director in the UK Core Business Services Finance team of Ernst & Young London (2012 to 2013) and the CFO of Ernst & Young Republic of Ireland (2010 to 2011). Chris has extensive experience in advising executive boards on all aspects of financial management, control, and performance and profitability improvement, as well as a record of optimising businesses to improve profits or cost savings while supporting revenue growth.

Chris holds an LLB degree from the University of Strathclyde and was admitted to the Association of Chartered Certified Accountants in 2001.

Chris is a trustee and honorary treasurer of the UK-based charity KIDS, which provides services to support disabled children and their families.

Teresa Colaianni
Non-Executive Director

Appointed to the Board
November 2018

Committee memberships held during the year ended 30 April 2020
Remuneration Committee (as Chair)
Audit Committee, Nomination Committee and Risk Committee.

Teresa (Tea) has more than 20 years of experience in human resources management. She has previously served on the boards of Bounty Brands Holdings, Mothercare plc, Royal Bournemouth and Christchurch Hospitals, Poundland Group plc and Alexandra Palace Trading Company. Tea was Group Human Resources Director at Merlin Entertainments plc (2010 to 2016) and Vice President of Human Resources, Europe, of Hilton Hotels Corporation (2002 to 2009).

Tea holds a law degree from the University of Bari, Italy, and a master's degree in European community law, economics and politics from the University of Perugia, Italy. She was admitted to the Italian Bar in 1995. Tea also holds an advanced diploma in coaching and mentoring from Oxford Brookes University.

Tea serves on the boards of The Watches of Switzerland Group plc and SD Worx NV.

Matthew Doughty

Partner Director

Appointed to the Board
November 2018

Matthew was appointed to the Board of DWF Group plc in November 2018 as Partner Director and subsequently appointed to the new Executive Board role of Group Chief Operating Officer on 29 May 2020. With effect from 22 October 2020, Matthew will be an Executive Director on the Board in his capacity as Group Chief Operating Officer and will cease to be a Partner Director from that time. Matthew has been a partner at DWF since June 2016.

He was previously a corporate partner at Squire Patton Boggs (2013 to 2016), a corporate partner at Dorsey & Whitney (2009 to 2013) and a corporate partner of Addleshaw Goddard (2007 to 2009). Matthew holds an LLB degree from the University of Birmingham, and completed the Law Society Final Examination in 1993 from the College of Law, Chester. He was admitted as a solicitor by the Solicitors Regulation Authority in 1996 and is a registered foreign lawyer with the Law Society of Scotland.

Vinodka Murria, OBE

Non-Executive Director

Appointed to the Board
November 2018

Committee memberships held during the year ended 30 April 2020
Audit Committee, Nomination Committee,
Remuneration Committee and Risk Committee.

Vinodka (Vin) has more than 25 years of experience in the software sector. She was the founder and CEO of Advanced Computer Software Group plc and Computer Software Group plc. Both were acquired by private equity in 2007 and 2015 respectively.

She was previously a Non-Executive Director of Zoopla Property Group plc, Sophos plc and Chime plc. Vin was previously COO of Kewill Systems plc.

Vin has been an operating partner at HG Capital since 2016 and is a Non-Executive director of Bunzl plc and Softcat plc.

Vin holds a bachelor's degree in computer science, an MBA from the University of London and a Doctorate in Business Administration (Honorary) from Edinburgh Napier University. Vin became an Officer of the Most Excellent Order of the British Empire in 2018 for her services in empowering women in technology.

Luke Savage

Non-Executive Director

Appointed to the Board
November 2018

Committee memberships held during the year ended 30 April 2020
Audit Committee (as Chair)
Nomination Committee, Remuneration Committee and Risk Committees.
Luke is deemed to have recent and relevant financial expertise.

Luke has more than 35 years of experience in the financial and professional services sector, with experience in managing regulatory, analyst, investor and banking relationships for major institutions. He has previously served as a Non-Executive Director on the boards of HDFC Life Insurance Company Ltd, Standard Life Employee Services Ltd, Standard Life Finance Ltd and Standard Life Oversea Holding Ltd. He was Group CFO at Standard Life (2014 to 2017) and CFO of Lloyd's of London (2004 to 2014).

Luke holds a bachelor's degree in electrical and electronic engineering from Imperial College. He also holds an ACA qualification and is a member of the Institute of Chartered Accountants of England and Wales.

Luke has served on the board of Liverpool Victoria Friendly Society Ltd as a Non-Executive Director since January 2018 and chairs its audit committee. He is also on the board of Numis Securities plc, chairing both its risk and audit committees. Luke is Chairman of Chesnara PLC.

Mollie Stoker

Group General Counsel and Company Secretary

Appointed as Company Secretary
January 2019

Mollie is responsible for providing senior management with strategic legal advice, while overseeing legal compliance, corporate governance and limiting risk.

Mollie has more than 19 years of private practice and in-house legal experience. Previously, Mollie worked for the Suntory Beverage and Food Group, where she was the Director of Business Development at Suntory Beverage and Food Europe and the General Counsel and Company Secretary at Lucozade Ribena Suntory.

She also practised as a corporate/commercial lawyer at Orrick, Herrington & Sutcliffe LLP, K&L Gates LLP and Slaughter and May, where she trained and qualified.

Mollie holds a master's degree in Classics from Cambridge University, a postgraduate diploma in Law and a postgraduate diploma in Legal Practice from the College of Law, London. Mollie is a member of the Law Society of England.

Our leadership team – DWF's Executive Board

Sir Nigel Knowles
Group Chief Executive Officer

Full biography can be found on page 52

Chris Stefani
Chief Financial Officer

Full biography can be found on page 52

Matthew Doughty
Group Chief Operating Officer

Full biography can be found on page 53

Mollie Stoker
Group General Counsel and Company Secretary

Full biography can be found on page 53

Glyn Jones
CEO Insurance Division

Glyn joined the Group in 2007, following the DWF merger with Ricksons, where he was a partner since 2003. He became CEO of the Insurance Services division in May 2018. Glyn is responsible for executing the Group's Insurance Services division strategy, driving forward its activities and co-ordinating its practice groups. Glyn specialises in dealing with complex catastrophic injury claims, as well as other serious injury and fatal claims. He also advises on insurance policy issues. In 2018, Glyn was ranked by the legal directory Chambers and Partners Guide UK as a leader in his field for defendant work.

Previous experience
Previously, for six years Glyn was the Practice Group Partner for DWF's Catastrophic Personal Injury, Large Loss, Occupational Health and Casualty team. He holds a BA Law and Languages degree from Manchester Metropolitan University and passed the Solicitors Final Examination course in 1980. Glyn was admitted as a solicitor by the Solicitors Regulation Authority in 1983 and is a registered foreign lawyer with the Law Society of Scotland.

Stephen Miles
CEO Commercial Services Division

Stephen joined the Group in August 2014 as a partner and the CEO of the Commercial Services division. He is responsible for executing the Group's Commercial Services division strategy, driving forward its activities and co-ordinating its practice groups.

Previous experience
Previously, he was a partner at Pinsent Masons LLP, leading its financial services, banking and restructuring, and employment and pensions practices. Stephen holds an LLB degree from Reading University and a postgraduate diploma in Legal Practice from the College of Law, Guildford. He was admitted as a solicitor by the Solicitors Regulation Authority in 1991 and is a registered foreign lawyer with the Law Society of Scotland. Stephen has acted both for financial institutions and corporate borrowers, with particular expertise in private equity and leveraged finance transactions.

Stefan Paciorek
CEO International Division

Stefan joined the Group in January 2015 and became CEO of the International division in October 2017. He is responsible for the Group's international strategy and leading the development of its international business.

Previous experience
Previously, Stefan was a partner at Pinsent Masons LLP for 13 years. He holds an LLB degree from Buckingham University and a Postgraduate Diploma in Legal Practice from the College of Law, London. Stefan was admitted as a solicitor by the Solicitors Regulation Authority in 1992 and admitted as a solicitor in Northern Ireland. He is a member of the Chartered Institute of Arbitrators and is a registered foreign lawyer with the Law Society of Scotland. Stefan has more than 20 years' experience in international dispute resolution and project renegotiation, particularly within the technology and energy sectors. He has acted for major corporations, Governments and not-for-profit organisations, often in high-profile disputes, across jurisdictions.

Jason Ford
Head of Connected Services

Jason joined the Group in January 2017 as a partner, and became head of the Group's Connected Services division in July 2017. He is responsible for the Group's suite of Connected Services.

Previous experience
Previously, Jason was the Chief Operating Officer at Triton Global Ltd (2013 to 2017), a multi-disciplinary alternative business structure and one of the first businesses to be granted a licence following the implementation of the Legal Services Act. Prior to that, he worked as a partner at Robin Simon LLP. Jason holds an LLB degree from the University of Sheffield and a postgraduate diploma in Legal Practice from the College of Law, Chester. He was admitted as a solicitor by the Solicitors Regulation Authority in 1991 and is a registered foreign lawyer with the Law Society of Scotland.

Mark St John Qualter
CEO Managed Services

Mark joined the Group in June 2019 as the CEO of our Managed Services division. He leads our strategy to build a global Managed Services platform.

Previous experience
Prior to joining DWF, he was Head of Artificial Intelligence for RBS Group's Commercial and Private Banking business. Mark is also a governor and chairs the audit committee at the Manchester Metropolitan University. He was previously a Council Member of the CBI's Regional Council for Yorkshire and Humberside. Mark has an MBA from Manchester Business School and a BA (Hons) in Hindi and Sinhalese from the School of Oriental and African Studies, University of London. During 18 years within RBS Group plc, Mark held several strategy and business transformation roles.

Daniel Pollick
Chief Information Officer

Daniel joined the Group in August 2018 as the Group's Chief Information Officer. He oversees the strategic and operational application of the Group's IT infrastructure, as well as the development of the business's data strategy and the Group's business transformation function.

Previous experience
Previously, he served as DLA Piper LLP's Chief Information Officer, a position he held for more than two decades. Daniel has been a Non-Executive Director on the board of Thongsbridge Tennis Club Ltd since 2015 and holds a degree in Philosophy, Politics and Economics from the University of Oxford. He is currently studying for an MSc at the University of Manchester. Daniel has over 30 years of experience in the IT industry.

Helen Hill
Director of Human Resources

Helen joined the Group in November 2016 as the Group's Director of Human Resources. She focuses on developing the Group's HR team's business growth, performance and profitability by aligning the team's strategic and operational goals to the Group's business plans.

Previous experience
Helen has more than 20 years of experience in generalist HR positions across multiple sectors. Previously, she was the HR director at Princes Limited (2012 to 2016) and, before that, HR consultant at Townhouse Consulting Ltd (2006 to 2012). Helen holds a bachelor's degree in Business Administration with an HR Specialism from Teesside University and a Chartered Institute of Personnel and Development qualification from the Manchester Metropolitan University.

Zelinda Bennett
Marketing & Client Development Director

Zelinda joined the Group in January 2019 as Marketing and Client Development Director. She is responsible for shaping our global business development, client engagement, and marketing strategy, across the UK, Europe, Asia Pacific, the Middle East, and the USA.

Previous experience
Zelinda has more than 20 years' experience in law firm marketing and business development. Previously, she was the International Marketing Director at DLA Piper (2008 to 2018) and the Marketing Director of Eversheds Sutherland (2005 to 2007). Zelinda holds a bachelor's degree in French and German Languages and Literature from Manchester Metropolitan University, a diploma in Marketing from the Chartered Institute of Marketing and a postgraduate certificate in marketing management from Manchester Metropolitan University.

Executive Board sponsors – leading by example on Diversity & Inclusion

Our Executive Board leads by example when demonstrating our commitment to diversity across our workforce.

Age

Helen Hill
Glyn Jones

As lead sponsors, Helen and Glyn are passionate about this subject, and are considering how we can develop the confidence and ambitions for our people of all ages, ensure we are future-proofing our business to embrace the new generations coming through, and ensure a more exciting than daunting opportunity for those who have decided to leave work for a different way of life, by creating the right pre- and post-departure plans.

Flexible Working

Mark Qualter

Mark leads the initiative to create an environment in DWF where (a) people have the confidence to come forward, (b) the business can respond positively and flexibly and (c) all stakeholders get the right result. Mark sees this as encouraging people to work differently and more smartly. Mark believes this approach, when done right, results in a happier and more productive workforce and helps to attract and retain the best employees.

LGBT+

Stephen Miles

It is hugely important to us that everyone feels they can be themselves at DWF. It is an approach that inspires authenticity at work for all our people – including sexual orientation, gender identity and gender expression. As the Executive Sponsor for LGBT+, Stephen has supported our LGBT+ Network in ensuring our policies and processes are LGBT+ inclusive.

Over the past year, we have celebrated a number of LGBT+ awareness days and profiled LGBT+ role models in the business. It is important we create opportunities for our people to tell their stories. We will give continued focus to equipping colleagues to recognise and challenge LGBT+ discriminatory behaviour, both in and outside of the office.

Gender

Mollie Stoker
Stephen Miles

Achieving a gender balance at senior levels remains one of the biggest diversity challenges the legal sector faces. There is a lot of evidence that demonstrates the barriers, perceived and real, that prevent talented women from progressing and achieving their full potential.

DWF has made gender balance and equality a priority business issue and launched business-wide targets, including a target for women to hold at least 30% senior leadership positions by 2022.

As the Executive Sponsors, Mollie keeps gender equality at the forefront of the minds of our Board members, and Stephen is committed to championing equality of opportunity for our female colleagues when mapping our divisional pipeline of talent and succession planning.

Race & Ethnicity

Daniel Pollick
Zelinda Bennett

Our workforce is not currently as representative of the diversity of our clients, customers and global communities as we want it to be. Attracting and retaining ethnic minority talent at every level, and removing barriers, to build a sustainable talent pipeline, is a priority for the business.

Daniel and Zelinda sponsor the Race & Ethnicity strand, and continue to have regular and open conversations with our colleagues about race and culture. They have reinvigorated the Race & Ethnicity Network, led a reverse-mentoring project to increase understanding of the experiences of ethnic minority employees, and support development and progression.

Disability

Chris Stefani
Daniel Pollick

Chris and Daniel want to shift the conversation from accessibility, to focus on productivity – the social model of disability identifies that it isn't the disability holding the individual back, it's the environment where they operate.

DWF has achieved Disability Confident Leaders status, and Chris and Daniel have championed our ongoing commitment to recruiting from the widest talent pool, and enabling disabled talent thrive at work. Over the past few years, we have championed this initiative within our local and business community, supply chain and networks, to help them become Disability Confident too.

Mental Health

Jason Ford

Jason is committed to supporting the mental health and wellbeing of our people, and last year welcomed the opportunity to become a signatory of the Mindful Business Charter. Jason oversees the wellbeing strategy that will see further investment into learning and development on mental health and peer support.

Corporate Governance report

UK Corporate Governance Code

The UK Corporate Governance Code 2018 (the 'Code') is the guidance for our reporting on the financial year ended 30 April 2020. The Board considers that DWF fully complied with the relevant Code provisions. This Governance section of the Annual Report, which includes the Directors' Remuneration report on pages 73 to 91, the Nomination Committee report on pages 64 to 66, the Audit Committee report on pages 67 to 70, and the Risk Committee report on pages 71 and 72, together with the disclosures contained in the Risks section of the Strategic report on pages 45 to 47, provides details of how the Company applied the principles and complied with the provisions of the Code during the year ended 30 April 2020.

Company strategy and values

The Board establishes the Group's purpose, values and strategy, and satisfies itself that these and its culture are aligned. The Board recognises that the Group's business model and its governance is key to this.

Transforming legal services

We aim to achieve our strategy by building long-term relationships with clients, recruiting talented individuals, maintaining a high-service-level culture, and continually innovating in the provision of Complex legal services, as well as Managed and Connected Services that address client needs and help us increase our market share.

Our values

DWF's values are at the heart of our culture, providing a clear foundation for our people and the way we work together:

Always aim higher: By refusing to do only the minimum, and reaching further every time, we expand the realm of what's possible.

Be better together: By supporting each other and working as a team we can achieve more for our clients and ourselves.

Disrupt to progress: Just because there is an established way of doing things, it doesn't mean it is the best way.

Keep all promises: A promise is a promise, no matter how large or small. By keeping promises, we build trust, loyalty and commitment.

Attend to details: Paying attention to every last detail is the right way to ensure that clients experience the very best of DWF.

These values define our organisation. They guide the Board in selecting businesses to acquire, and facilitate the integration of businesses that will contribute to DWF's ability to achieve success. They are integral to achieving our strategy, as they promote a consistent corporate culture among existing and new employees across our offices. They influence the Board's actions and behaviour, complement DWF's strategic direction, and support the integration of people who join the business.

COVID-19

In response to COVID-19, our Executive Board invoked the existing firm-wide Business Continuity Plan along with the following:

- Developing a Gold/Silver/Bronze command structure, reflecting a strategic, tactical and operational approach, to provide governance to decision making and communications, and to identify lead personnel to manage the response
- Creating a new office response plan and project, to incorporate workstreams and activity reporting
- Creating a new global COVID-19 policy
- Frequent firm-wide communications, including the creating and revising of FAQs
- Daily Silver-team calls, and a daily media update to the Silver team
- Global location-heads meetings to help communicate the new governance response

You can find further information on the communication with our people and our clients in relation to COVID-19 on pages 16 to 17 and page 74.

The Board

Leadership and role

The Board provides strategic leadership and relevant oversight, and currently comprises the Chairman, two Executive Directors, two Partner Directors and five Independent Non-Executive Directors. The CEO currently acts as the interim second Partner Director. It is responsible for the culture of the business together with ethical standards and values which are intrinsic to a highly regulated business. The Board is committed to developing ever-higher standards of corporate governance, as the first legal business to be admitted to trading on the Main Market of the London Stock Exchange.

Each of our Executive and Non-Executive Directors brings relevant experience, independence of judgement and character to their role. The Independent Non-Executive Directors, in particular, bring a broad perspective to the deliberations of the Board, having been selected for their diverse commercial and sector expertise rather than a legal background.

The Company regards all the Non-Executive Directors (other than the Partner Directors) as 'independent' within the meaning of the Code, and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They support the development and strategic direction of the Group, providing critical and constructive questioning to the Executive Directors through their participation at the Board, and their knowledge in critical matters relating to the principal committees on matters of remuneration, governance, risk and compliance, as well as financial matters and financial control.

Corporate Governance report continued

Board diversity
The Company recognises the value diversity brings to the boardroom, and we believe the Board will perform better, and gain wider support for its overall objectives and strategy, if it includes the best people available, who also represent a wide range of backgrounds, skills, experience and views. The Company has aimed to appoint a diverse Board of highly talented individuals, including a mixture of gender, ethnicity and social backgrounds, such that the Board meets the recommendations of both the Hampton-Alexander and Parker Reviews.

The Nomination Committee recognises the need for development of a diverse pipeline for succession to senior management within the business itself. The chart below shows both the gender diversity of the Board, and the balance between Executive, Independent Non-Executive Directors and Partner Directors.

Selection
We believe the selection of Board members for a listed company should meet the best practice criteria of corporate governance. When selecting our new Chairman, we undertook a rigorous process, using Spencer Stuart as external advisors, to ensure we identified and recruited a Chair with the skills and expertise needed for a listed legal services business. Spencer Stuart has no other connection with the Company or individual directors.

Composition of the Board
The Code recommends that at least half the Board of Directors, excluding the Chairman, should comprise Independent Non-Executive Directors. Excluding the Chairman, of the eight remaining Board members in office on 30 April 2020, five were Independent Non-Executive Directors.

The Code further recommends that Directors should be subject to annual re-election. All the current Directors will offer themselves for re-election at this year's Annual General Meeting.

As at 30 April 2020

Gender	Male	67%
	Female	33%
Role	Chairman	11%
	Executives*	22%
	Non-Executives	56%
	Partner Directors (Non-independent)*	11%

* Andrew Leaitherland is considered to be an Executive Director and not included as a Partner Director for the purposes of this table.

With the exception of the new Chairman, all Non-Executive Directors have served on the Board of the Company for between one and two years, while Sir Nigel Knowles, Chris Stefani and Matthew Doughty have held senior positions within the business for more than two years.

In terms of meeting targets for gender balance and ethnicity, the Company has complied with the target recommendations of both the Hampton-Alexander Review and the Parker Review. Diversity targets below Board level, including targets advocated by the Hampton-Alexander Review, the Parker Review and the McGregor-Smith Review, are discussed in the Nomination Committee report on pages 64 to page 66.

Board evaluation
It is the Board's intention to undertake an external evaluation of its effectiveness at least every three years. An internal evaluation of the Board was undertaken during the year. The evaluation considered the Board as a whole, each Board Committee and each Director's own personal self-assessment. All Board members participated in the evaluation along with certain other key collaborators, including members of the Executive Board, the Group's Internal Audit and finance functions and the Company's Auditor and remuneration advisors. The participants' responses were provided to the Company Secretary, and reported on, anonymously.

The main findings of the Board and Committee evaluation process, together with related actions for the year ending 30 April 2021, are as follows:

Evaluation finding	Action for FY2020/21
Quality of Information	– Management to further improve the quality and timeliness of information provided to the Board and its Committees. – Annual cycle of business function presentations, covering the functions' risks, people and financials, will be added to the Board rolling agenda.
Director Training	– Further strengthening Director's knowledge of the risks the business faces, for example, through risk appetite training. – The Chair, with the support of the Company Secretary, will arrange for time to be set aside for both team and individual Board members' development. The Board should note the development plans and monitor progress.
Shareholder Engagement	– The Chair, alongside the SID, and Head of Communications, will build a comprehensive plan to engage shareholders regularly. The feedback will inform the Board in developing strategy which demonstrates commitment to our shareholders.

Regulation
To comply with certain local regulatory requirements, the majority of our Executive Board must be lawyers. Our Executive Board meets this requirement with seven of the twelve members being lawyers.

Division of responsibility

The following table sets out the policy on the division of responsibilities of the Board during the year ended 30 April 2020.

Role	Director	Responsibilities
Chairman	Sir Nigel Knowles*	(a) To chair and set the agenda of all meetings of the Board (b) To ensure the performance of the Board and management committees is evaluated regularly (c) To communicate with shareholders and other stakeholders Sir Nigel Knowles served as Chair of the Nomination Committee.
Group Chief Executive Officer	Andrew Leaitherland**	To manage the Group's operations, including the development of strategic plans.
Chief Financial Officer	Chris Stefani	To manage all aspects of the Group's financial affairs and to contribute to the management of the Group's operations.
Senior Independent Director	Chris Sullivan	(a) To act as a sounding board for the Chairman and to serve as an intermediary for the other directors (b) To ensure that the Chairman and Group Chief Executive Officer comply with the policy on division of responsibilities (c) To be available to shareholders if they have concerns that cannot be or have not been addressed, or are inappropriate to be addressed through the usual channels of the Chairman, the Group Chief Executive Officer or the Chief Financial Officer Chris Sullivan served on all Board committees.
Independent Non-Executive Directors	Tea Colaianni, Vin Murria, OBE, Luke Savage, Samantha Tymms	(a) To constructively challenge and contribute to the development of strategy (b) To scrutinise management performance against agreed goals and objectives (c) To ensure financial controls and risk management systems are strong and secure (d) To take into account the views of shareholders and other key stakeholders where appropriate All Independent Non-Executive Directors serve on all Board committees. Luke Savage served as Chair of the Audit Committee. Samantha Tymms served as Chair of the Risk Committee. Tea Colaianni served as Chair of the Remuneration Committee.
Partner Director (Non-Independent, Non-Executive Director)	Matthew Doughty***	(a) To constructively challenge and contribute to the development of strategy (b) To scrutinise management performance against agreed goals and objectives (c) To provide constructive challenge to executive decisions made by the Group Chief Executive Officer, the Chief Financial Officer and the senior management team (d) To take into account the views of shareholders and other stakeholders where appropriate (e) To devise and recommend proposals for the Board to have meaningful and regular dialogue with all of the Group's partners and employees

* Sir Nigel Knowles moved from the role of Chairman to Chief Executive Officer on 29 May 2020. He also acted as Interim Partner Director from that date and will continue to do so until two new Partner Directors are appointed to the Board on 22 October 2020.

** Andrew Leaitherland stepped down as Chief Executive Officer and left the Group on 29 May 2020. He acted as interim Partner Director from March 2020 until his departure.

*** Matthew Doughty's role on the Board will change from Partner Director to Executive Director with effect from 22 October 2020 and two new Partner Directors will be appointed to the Board with effect from the same date.

Corporate Governance report continued

Matters reserved to the Board

The Board has a formal schedule of matters specifically reserved for its decision and approval, which includes:

- approval of the strategic and annual profit plans;
- key announcements including financial statements;
- dividend declarations;
- Board appointments;
- the appointment or removal of the Company Secretary;
- major capital expenditure, acquisitions and disposals;
- material contracts; and
- Treasury policy and other Group policies.

Matters Reserved to the Board and the Board Committees' Terms of Reference are reviewed annually. You can find them on the Company's website dwfgroup/en/investors.

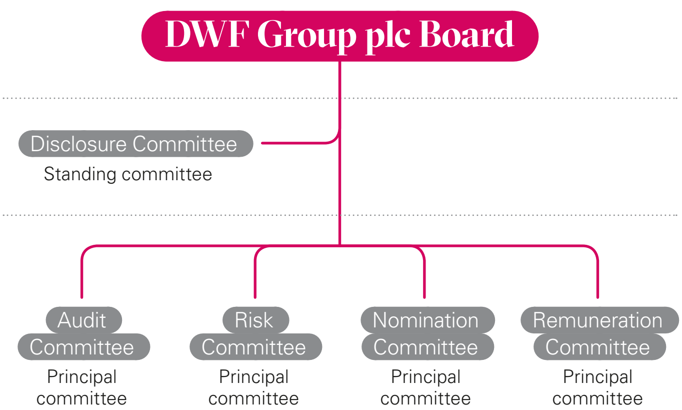
Our unique structure means we also have two Board positions for Partner Directors, each of whom would serve for an initial term of up to three years. The Partner Directors have a specific role which, while similar to that of a Non-Independent, Non-Executive Director, includes providing constructive challenge to executive decisions from a standpoint within the business. They are not entitled to receive a fee for undertaking their role as Partner Directors but are remunerated as other partners are from their membership of our Group entities. For the purpose of the Remuneration report they are treated as Non-Independent, Non-Executive Directors.

Board committees

The Board has established four principal committees and one standing committee. The four principal committees are Audit, Remuneration, Nomination and Risk, the membership of which is limited to Independent Non-Executive Directors, although the Chairman also chairs the Nomination Committee and sits on the Remuneration Committee. All Independent Non-Executive Directors sit on all four committees. This helps them to understand all of the information that flows into the committees, and the rationale for decisions taken by the committees.

Terms of Reference for each of the committees are reviewed annually. You can find the current Terms of Reference on the Company's website dwfgroup/en/investors.

Standing committee



The Board has also established a Disclosure Committee to address regulatory matters detailed in its Terms of Reference. All the Directors are members of this Committee. The quorum for a meeting of the Disclosure Committee is two members. The Committee meets on an ad-hoc basis to consider and make decisions on matters relating to inside information concerning the Company and the Group. The Disclosure Committee is responsible for ensuring the accurate and timely disclosure of information to the market, to meet the Company's obligations under the Market Abuse Regulation, and to monitor compliance with the Company's disclosure controls and procedures.

Operation of the Board

Attendance

The Board and its principal committees meet regularly according to a schedule of key events in the Company's corporate calendar. Ad-hoc meetings are also arranged to consider matters requiring review and decision outside of the normal schedule. Six Board meetings were held in the year ended 30 April 2020.

The Board calendar plans for six regular meetings in the year ending 30 April 2021, and there will be at least four meetings of each of the Remuneration, Audit and Risk Committee, and two meetings of the Nomination Committee, during this time. In addition to the scheduled Board meetings, the Chairman will meet the Independent Non-Executive Directors without the other directors present.

Board and Committee meeting attendance for the year ended 30 April 2020

Directors	Position	Board meetings	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee
Sir Nigel Knowles*	Chairman	6/6	–	3/3	3/4	–
Chris Sullivan	Senior Independent Director	6/6	4/4	3/3	4/4	4/4
Andrew Leaitherland**	Group Chief Executive Officer	6/6	–	–	–	–
Chris Stefani	Chief Financial Officer	6/6	–	–	–	–
Matthew Doughty	Partner Director	6/6	–	–	–	–
Tea Colaianni	Non-Executive Director	6/6	4/4	3/3	4/4	4/4
Vin Murria, OBE	Non-Executive Director	6/6	4/4	3/3	4/4	4/4
Luke Savage	Non-Executive Director	6/6	4/4	3/3	4/4	4/4
Samantha Tymms	Non-Executive Director	6/6	4/4	3/3	4/4	4/4

* Sir Nigel Knowles moved from the role of Chairman to Group Chief Executive Officer on 29 May 2020. Sir Nigel Knowles was unable to attend the Remuneration Committee meeting held on 29 July 2019 due to an unavoidable diary commitment.
** Andrew Leaitherland stepped down as Group Chief Executive Officer and left the Group on 29 May 2020.

All meetings are structured to allow open discussion. The minutes of the Board and committee meetings are circulated to all Directors after each meeting. Details of the Board's activities during the year are set out below. If a Director is unable to attend a meeting, they still receive related papers in advance of the scheduled meeting and any input they provide is considered fully.

Main topics discussed by the Board during the year

Regular updates
- Business performance
- CEO report
- CFO report
- Group General Counsel and Company Secretary's report
- HSE report

Financial matters
- Annual reporting
- Budgeting
- Dividends
- Group financing
- Operational performance

Governance and stakeholders
- Investor relations
- Review of Board and Committee effectiveness
- Stakeholder engagement

Regulatory
- EHS regulation and standards
- Listing Rules
- Market Abuse Regulation

Strategy
- Performance strategy
- M&A and integration
- People strategy
- Talent development and succession planning

Culture
- Engagement
- Diversity and inclusion
- Mentoring
- Pulse Survey results
- Training and development
- Values

Risk management
- Brexit risks
- Competition law risks
- COVID-19
- Cyber and information security risks
- Fraud and financial crime risk procedures
- Risk framework and taxonomy

Remuneration
- Appointment of remuneration advisors
- Gender pay gap reporting
- Executive remuneration
- Share plans and awards
- Decision-making relating to leaver status
- Workforce remuneration

Corporate Governance report continued

Board and committee support
The Company has systems to ensure the Board is supplied with appropriate and timely information that helps Board members discharge their duties. We have introduced a fully encrypted electronic Board portal to distribute Board and Committee papers, and this also enables the efficient distribution of business updates and other resources to the Board. Board members may request additional information or variations to regular reporting as required.

The Company Secretary is responsible to the Chairman for advising the Board on all governance matters. All directors also have access to the advice and services of the Group General Counsel and Company Secretary. A procedure exists for Board members to seek other independent professional advice in the furtherance of their duties, if required.

Board members are also provided with sufficient resources to undertake their duties in relation to Board committees. They have access to the Group General Counsel and Company Secretary (who acts as secretary to all Board committees) and all other partners and colleagues. They are also able to take independent legal and professional advice when they believe it is necessary to do so.

We have developed an induction process for new Directors, which will be available for all new members joining the Board.

The Company provides the necessary resources for developing and updating Directors' knowledge and capabilities. A combination of internal and external training, and tailored Board and committee sessions including briefing sessions, is available to help Directors continually update their skills, and the knowledge and familiarity with the Company they need to fulfil their role as Board and committee members.

Culture

The Board understands that listening to our employees is key. We have put in a great deal of effort over the last few years to ensure engagement of our people gets the focus and time it needs, and in doing so, creates the impact we want. This effort includes a range of communications and engagement tools, such as Pulse Surveys, to involve our people and to share messages and information on people engagement, highlighting that the Company is listening to and addressing their needs.

You can find more information on DWF's Engaging People Executive and Employee Forum in the Sustainability report on pages 37 to 40.

Pulse Surveys
In 2019, we moved away from traditional annual surveys to a more frequent digital platform that helps leaders and line managers create plans, focusing on the improvements that matter the most to our people.

Employee voice
Under the Code, boards are required to engage with the wider workforce to enhance the 'employee voice' in the boardroom. Our Senior Independent Director, Chris Sullivan, has worked with an advisory panel in the business to provide this voice. Chris attends Engaging People Executive meetings, has met with partners and employees across our international locations both formally and informally, engaged with the Diversity & Inclusion Leadership Group and meets with the business directly through briefings at key points during the year. The Board has also set workforce policies consistent with our values and our strategy for long-term sustainable success, with engagement a top priority. Two-way communication is filtered through management layers and we also hold 'town hall' meetings led by our Group Chief Executive Officer. In addition, the Partner Directors are appointed from among our partners, who as a group form part of our workforce. The Partner Directors therefore represent the views of our partners in the boardroom and consult with partners in the business on a regular basis. Further details on communication and engagement with employees and partners is disclosed on pages 37 to 40 and page 86.

Understanding the financial and economic environment
To ensure our people are aware of the financial and economic factors affecting the performance of the Company, the Board and Executive Board ensure they communicate messages on our trading and key financial metrics to all our people clearly and frequently. Our people receive training and mentoring on financial awareness and this is also part of our career management process and DWF's Behaviours Framework, which applies to all our partners and employees.

Our people as shareholders
We encourage employees who are eligible, to become involved in the Group's performance through participation in share schemes, further details of which you can find on page 85. All UK employees have the opportunity to buy shares in the Company, as part of our Buy-As-You-Earn ('BAYE') plan.

Employee policies
The Board values two-way communication between senior management and employees on all aspects of the Company's strategy, Company performance, management effectiveness and approach to wellbeing. We have developed an internal communications strategy that includes regular management roadshows, virtual strategy briefings, visits to operational units, responses to a regular employee opinion survey, and updates on performance. Our internal communications channels also include face-to-face events and a corporate intranet.

Throughout the Group, the principles of equal opportunities are recognised in the formulation and development of employment policies. We were the first legal business to be awarded and to maintain Disability Confident Leadership status for removing barriers to disabled talent in the workplace. It is the Company's policy to give full and fair consideration to applications from people with disabilities, having regard to their particular aptitudes and abilities. If an employee becomes disabled, the Company's objective is to continue to provide suitable employment in the same or an alternative position, with appropriate adjustments made if necessary. Employees with disabilities share equally in the opportunities for training, career development and promotion.

Diversity and inclusion

Diversity in leadership
The Board is committed to maintaining its current gender diversity, with no fewer than three women on the Board at the end of FY2019/20. We are targeting female representation on the Executive Board to be at least 33%, and for women to hold at least 30% of senior leadership positions by 2022.

The percentage of female representation within the business is shown below:

As at 30 April 2020

Gender		Male	Female
	Board	67%	33%
	Executive Board	75%	25%
	Senior leadership*	74%	26%
	All employees	**42%**	**58%**

* Senior leadership comprises partners and directors at Career Levels 1 to 3.

We have a target to achieve at least 10% BAME representation across senior leadership positions by 2022, and the Board plans to initiate BAME pay gap reporting by the end of 2020.

You can find more information on DWF's Diversity & Inclusion strategy, benchmarking and targets, together with information on its Global Diversity & Inclusion Leadership Group, in the Sustainability report on pages 37 to 40.

Black Lives Matter

The Group was also active in response to the Black Lives Matter movement by starting conversations on its internal social media platforms and having listening sessions at all of its locations. The CEO also made an external statement in expression of support, and to set out what the Group is doing in response. Such activity includes expansion of a successful reverse-mentoring scheme with senior management, set up during the year ending 30 April 2020, and also using succession planning and appointment processes in the scope of the Board's Nomination Committee.

Emerging and principal risks

The Board has completed a thorough assessment of the Company's emerging and principal risks. Please see pages 45 to 47 of the Strategic report.

Risk management and internal control assessment

The Board has ultimate responsibility for the Group's risk management and internal control. In accordance with Provision 29 of the Code, the Board is responsible for evaluating the effectiveness of risk-management and control systems, ensuring that:

- there is an ongoing systematic process for identifying, evaluating and managing the emerging and principal risks faced by the Company;
- this system has been in place for the current financial year;
- the Board reviews this system continually; and
- the system accords with the FRC guidance on risk management, internal control and related financial and business reporting.

The Board has directly, or through delegated authority to the Risk and Audit Committees, overseen and reviewed the development and performance of risk-management activities, practices and internal control systems in the Group. Further details are contained in the Risk and Audit Committee reports at pages 67 to 72.

Regulation in England and Wales

Unlike the majority of listed companies, that have to comply with the Code, as a legal business we also have to comply with the regulation of the Solicitors Regulation Authority ('SRA') in England and Wales and take account of regulations imposed by other relevant legal regulatory bodies in every country we work in. In particular, that regulatory framework has led to an unusual structure to our Executive Board and to the structure of the Group, as well as to certain restrictions on shareholding.

In addition to the standard requirements of good governance, the applicable regulatory regime imposes three major requirements on the business. The first is that the majority of executive management responsible for the day-to-day running of a legal business must be lawyers. Our business is managed by an Executive Board (see pages 54 and 55) and a majority of its members are lawyers.

The second requirement is a restriction on the holding of certain interests in an SRA-licensed entity, including holdings of 10% or more of the voting rights by a non-authorised person, unless such person has the prior approval of the SRA. If someone does acquire such a holding and is not authorised to do so, then the Company's Articles of Association entitle the Company to impose certain restrictions on all of that person's shareholding, which may include disenfranchisement or compulsory disposal of such shares. Further details are set out in the Directors' report on pages 94 and 95.

The third requirement is set out in the Company's Articles of Association and certain other Group constitutional documents. The Company and the Directors must ensure that appropriate systems are implemented and maintained to enable the provision of legal services by the Group and our people, in accordance with the professional duties of legal practitioners in each jurisdiction in which they practise. To the extent that there is any conflict, or potential conflict, between (i) the Company's and the Directors' statutory and other duties at law and under the Articles of Association of the Company to shareholders and (ii) the professional duties of our people and our Group entities, then those professional duties will prevail.

Relations with shareholders

The Board is committed to open and transparent dialogue with shareholders. The Chairman, Senior Independent Director and other Non-Executive Directors are available to meet with major shareholders on request. You can find further information in relation to our communications with shareholders on pages 16 and 74.

Our second Annual General Meeting as a public company will be held on 21 October 2020. This will be an opportunity for further shareholder engagement, and for the Chairman to explain the Company's progress and, with other members of the Board, to answer any questions.

All Directors will attend the AGM, unless illness or pressing commitments prevent them from doing so. Full details of our 2020 AGM are set out in the accompanying Notice of AGM (which is also available on dwfgroup.com/en/investors).

Nomination Committee report

Jonathan Bloomer
Chair, Nomination Committee

Dear shareholder,

During this first full year in operation, the Committee reviewed the appointment of the second Partner Director and the process to be used in relation to such an appointment. In addition, despite all the Independent Non-Executive Directors being relatively new appointments to the Board, as part of the IPO process, the Committee began a review of the approach to succession planning for both the Board and for senior management, recognising its importance. The Committee, together with the Board, also ensured it has oversight of diversity and inclusion, and appraised the Group's diversity-related commitments.

After the year end, in May 2020, Andrew Leaitherland stepped down from his position as CEO and Executive Director, and was replaced by Sir Nigel Knowles. Chris Sullivan stepped up as Interim Chair while this Committee undertook a formal and rigorous process to appoint a new Chair of the Board. On 1 August 2020, I was appointed Chairman of the Board to replace Sir Nigel Knowles in this role and as Chair of this Committee, and Chris Sullivan became Deputy Chair on the same date, alongside his existing role as Senior Independent Director. The Committee ensured we followed a formal, rigorous and transparent procedure for making these recommendations. The Committee also ran the process to recommend the appointment of two new Partner Directors, Seema Bains and Michele Cicchetti, who will take up their new positions on 22 October 2020, and at the same time recommended the change for Matthew Doughty in the position on the Board as Partner Director to Executive Director, to reflect his new role as Chief Operating Officer for the Group, also with effect from 22 October 2020.

The standard process the Committee uses for all Board appointments involves an external search firm identifying candidates outside the Group, and also considers internal candidates. For Partner Director positions, an external search firm is not used and only internal candidates are considered. We undertake detailed assessments of short-listed candidates, followed by interviews with Committee members and other Directors as required. The Committee also takes references before it makes any of its recommendations of appointments to the Board.

Jonathan Bloomer
Chair, Nomination Committee

Nomination Committee members

During FY2019/20, Sir Nigel Knowles chaired the Committee and was also the Chairman of the Board during that time. The Committee is made up of a minimum of three members, a majority of whom are Independent Non-Executive Directors, in accordance with the requirements of the Code. The members of the Committee are listed in the table below. The expertise and experience of each of the members is set out in their biographies on pages 52 and 53. Mollie Stoker is appointed as secretary to the Committee.

Other regular attendees are the CEO, CFO and the Partner Director, and other senior managers as appropriate, to ensure the Committee can better understand the views of the executive management when making its decisions and recommendations, especially on succession planning matters.

Nomination Committee meetings

The Committee meets as required, with a minimum of two meetings a year. The Committee met three times during FY2019/20 and the table below provides details of members' attendance at those meetings. In relation to the meeting scheduled for March 2020, papers were circulated to the Committee members and reviewed by them before the meeting. However, due to the impact of COVID-19 and the related lockdown, the Committee Members and Board made the decision to postpone the majority of the agenda from this meeting to other meetings scheduled during FY2020/21, to ensure the main focus of Board activities at that critical moment related to how the business should manage the impact of COVID-19 and the lockdown.

Following each Committee meeting, the Chair provides a summary of the Committee's activity to the next Board meeting.

Attendance at Nomination Committee meetings held during the period to 30 April 2020

Directors as at 30 April	Number of meetings eligible to attend	Number of meetings attended
Sir Nigel Knowles (Chair)	3	**3**
Samantha Tymms	3	**3**
Tea Colaianni	3	**3**
Vinodka Murria	3	**3**
Luke Savage	3	**3**
Chris Sullivan	3	**3**

The role of the Nomination Committee

The main duties of the Nomination Committee are to:

- regularly review the structure, size and composition of the Board of the Company and to make recommendations to the Board regarding any changes it considers necessary
- keep under review the leadership needs of the Company and make recommendations regarding the formulation of succession plans for appointments to the Board, to maintain an appropriate balance of skills, experience and independence, as well as diversity
- lead the process for Board appointments and make recommendations to the Board on such matters.

The Committee is also responsible for:

- assisting with any evaluation process to assess the overall and individual performance of the Board and its committees
- reviewing the Group's approach to diversity and inclusion, as aligned with its policies on diversity, and progress under the same
- monitoring the implementation of the Code within the Group, as well as reviewing changes to the corporate governance policies and practices within the Group.

Full details about the structure and role of the Committee are contained in its Terms of Reference, available on the Group's website at dwfgroup.com/en/investors.

Key activities during FY2019/20

The Committee discharged its responsibilities during FY2019/20 as follows:

Appointment of Partner Directors

Matthew Doughty has held the position of Partner Director since IPO. There is a requirement under the Articles of Association of the Company that for so long as the partners, in aggregate, hold at least 25% or more of the voting rights, the Board shall appoint two Partner Directors. Each must meet the selection criteria set by the Nomination Committee for a person to be eligible for recommendation as a Director by the Nomination Committee. The requirement, as set out in the Articles of Association of the Company, was to appoint someone who is both a member of DWF Law LLP and a shareholder of DWF Group plc on or before 10 March 2020, being within 12 months of the date of adoption of the Articles of Association.

The Nomination Committee discussed in depth the appointment of the second Partner Director at its meetings held during FY2019/20. The time limit in the Articles of Association was noted by the Committee, but the Committee also recognised that due to the acquisition activity the Group was undertaking during FY2019/20, the composition of the Group was changing considerably, especially in the International division. The Committee agreed it would be appropriate for the second Partner Director to reflect the increasingly global nature of the business and be appointed from a candidate pool made up of senior partners in the International division. However, it was also noted that it would be appropriate for this decision to be made at a later date, once certain acquisition activities were complete, or had been integrated.

Therefore, the Nomination Committee recommended, and the Board approved, that as Andrew Leaitherland was already a Director on the Board but also a member of DWF Law LLP and a shareholder, he could stand in as the interim second Partner Director until a time when it would be appropriate to commence a selection process to find a suitable international candidate. On Andrew's departure from the business in May 2020, the Nomination Committee recommended to the Board, and the Board approved, that Sir Nigel Knowles would take on this interim position as he was also a Director on the Board, a member of DWF Law LLP and a shareholder.

The process started in June, and as Matthew Doughty will be changing his position on the Board as Partner Director to Executive Director to reflect his new role as Chief Operating Officer for the Group, a process was also started in July to find a suitable replacement for him as Partner Director from our senior partners in the UK and Ireland. At the date of this report we have been successful in recruiting two new Partner Directors, Seema Bains and Michele Cicchetti, who will be appointed on 22 October 2020.

Board evaluation

The Committee supported an internally facilitated comprehensive Board evaluation led by the Chair, with support from the Company Secretary, which focused on the performance of the Board, its Committees and its individual Directors. More detail on the Board evaluation process is set out in the Corporate Governance section on page 58.

As part of the evaluation, the Committee noted that it had been decided for the initial period following the IPO that all Independent Non-Executive Directors should sit on all the Committees. It was acknowledged that this had enabled each of the Independent Non-Executive Directors to get a comprehensive view of the Group as a result. The evaluation carried out identified that the Audit Committee Chair should be on the Risk Committee and vice versa, that there should be ideally two, but at least one, other Independent Non-Executive Director on each Committee. It was agreed that further discussion about membership of each Committee should take place during FY2020/21.

The findings identified by the FY2019/20 internal evaluation include:

- Quality of Board papers – management should ensure that the Risk Committee receives adequate information on risks that might affect reputation or performance and that information presented is appropriately balanced between the provision of relevant analysis and not unnecessarily voluminous
- Board training – further training would be beneficial for each of the Committees, including in respect of risks the Group faces, for example risk appetite training
- Shareholder engagement – The Chair and the Senior Independent Director (and other Directors as appropriate) should maintain sufficient contact with shareholders to understand their concerns and ensure that the views of the shareholders are communicated to the Board as a whole.

Nomination Committee report continued

Diversity

The Board and the Committee reviewed the Group's current Diversity & Inclusion strategy, which sets out how to make diversity and inclusion part of the way DWF does business, and the transformational milestones achieved. The Committee is proud of the progress made.

Diversity was actively considered by the Committee in all discussions relating to appointments and succession-planning matters.

In July 2019, the Board approved the Group's diversity policy and the following agreed targets relating to diversity for the Board, Executive Board and senior leadership positions. The Committee and Board continue to monitor progress towards them:

1. The Board to maintain its current gender diversity with no fewer than three women on the Board.
2. Female representation on the Executive Board to be raised to at least 33% by 2022.
3. Women to hold at least 30% of senior leadership positions, with each operating division being able to set its own targets for gender diversity in its senior leadership positions.
4. Target to achieve at least 10% BAME representation across senior leadership positions by 2022.
5. The Board to initiate BAME pay gap reporting by the end of 2020.

For meeting targets for gender balance and ethnicity, for the year ended 30 April 2020, the Company has complied with the target recommendations of both the Hampton Alexander Review and the Parker Review, with three female directors out of nine on the Board, and has ethnically diverse directors. However, we recognise that diversity targets below the level of the Board, including those of the Hampton-Alexander review, the Parker review and the McGregor-Smith Review, are as important as the targets at Board level, if not more so. The Nomination Committee recognises the need for developing a diverse pipeline for the succession to senior management within the business itself.

The Nomination Committee and the Board have made a policy commitment that all appointments to the Board are made on merit, in the context of the skills, experience, independence and knowledge that the Board as a whole requires to be effective. However, there is a broad consensus that increasing diversity in the boardroom and in senior leadership encourages new and innovative thinking, maximises the use of talent, and leads to better business decisions and governance.

At DWF, we share an ambition, common with other progressive businesses, to improve diversity on our Board, Executive Board and across our wider senior leadership. Achieving our diversity goals will make a significant contribution to our inclusion agenda, help maintain a competitive advantage, and enable our people to operate in a way that maximises their contribution to our business. Please see pages 37 and 38 in the Strategic report for more information on the Group's Diversity & Inclusion strategy and actions during the year.

Succession planning

The Committee made a decision to begin a review of its approach to succession planning for both the Board and senior management, despite the Independent Non-Executive Directors being relatively new, having joined the Board as part of the IPO process.

A detailed paper was submitted to, and reviewed by, the Committee in late March 2020, although the Committee decided that the detailed discussion on its contents and proposed actions arising should take place during FY2020/21, particularly given the recent changes in Directors on the Board.

The Directors have also undertaken a skills assessment, and the results of this helped inform the appointment process for the new Chair and Partner Directors.

Corporate governance

The corporate governance framework for DWF was up to date at IPO and processes were in place to ensure compliance at that point. The Committee worked with the Internal Audit team to ensure a risk assessment of the corporate governance framework was taken during FY2019/20. As a result, it was agreed that while processes were in place, it was still a relatively new framework and would be reviewed more comprehensively during FY2020/21.

Nevertheless, recent corporate governance developments, their implications and associated actions, were picked up by the Board and the other committees throughout FY2019/20 and those actions were taken as a result. For example, on IPO DWF had introduced a post-cessation shareholding requirement for its Executive Directors of 50% of the pre-cessation holding requirement (or actual shareholding, if lower) for two years from their leaving date. However, during the year, and in order to respond to the latest Investment Association's Remuneration Guidelines, the Remuneration Committee agreed that it would approve the decision to go beyond the existing policy and would operate the extended requirement of 100% of the pre-cessation holding requirement (or actual shareholding if lower) for 2 years post-cessation.

Areas of focus for FY2020/21

During FY2020/21, the Committee has already, or will, focus on:

- the appointment and induction of the new Chair
- the appointment and induction of the Partner Directors
- continuing its ongoing assessment of the configuration of the Board, its committees and its succession planning, and the succession planning for senior management
- continuing its ongoing assessment of progress under the diversity and inclusion policy and towards the agreed diversity targets
- reviewing compliance with the Code.

Audit Committee report

Luke Savage
Chair, Audit Committee

Dear shareholder,

The Audit Committee has now been established for over a year since listing. Its role is to monitor the integrity of the Group's financial reporting, assess the effectiveness of internal control processes, oversee the work and quality of the Group's Internal Audit function, and monitor the quality of audit provided by the Auditor, Deloitte LLP, with particular regard to its effectiveness, objectivity and independence.

To assist with this, the Committee has worked throughout the year with management, including the Chief Financial Officer, Deputy Chief Financial Officer, Group Director of Risk and Head of Internal Audit, as well as with representatives of the Auditor. These individuals are invited to attend all Committee meetings to raise questions, and so the Committee can provide them with an independent perspective on relevant matters.

Committee meetings follow a rolling agenda, providing for effective management of matters, and focused discussions. The agenda covers a number of recurring items, including updates from the Head of Internal Audit, tax matters and evaluations of relevant Company policies, such as the whistleblowing and financial risk management policies. As well as these matters, during the year ended 30 April 2020, the Committee addressed a number of special matters. These included evaluating the operating model for finance and financial control across the Group's international divisions, assessing the first year of application of the new accounting standard IFRS 16 in respect of Leases, the development of a finance roadmap for the Group, taking into account the Solicitors Regulatory Authority accounting rules, and assessing the Group's revenue and work in progress in line with IFRS 15.

As chair of the Audit Committee, I am pleased to present this report for the year ended 30 April 2020. If you would like to ask any questions about our work during the year at the AGM, please see the notes to the notice of AGM which sets out the arrangements for this year.

Luke Savage
Chair, Audit Committee

Audit Committee members

The Committee is chaired by Luke Savage. The Committee is made up of a minimum of three members, each an Independent Non-Executive Director. The members during the year are listed in the table below. The Chair of the Board is not a member of the Committee but may attend its meeting by invitation. For the purposes of the Code, Luke Savage qualifies as a person with recent and relevant financial experience. Each members' expertise and experience is set out in their biography on pages 52 and 53. Mollie Stoker is appointed as Secretary to the Committee.

Audit Committee meetings

The Committee meets at least three times a year, to coincide with key dates in the financial reporting and audit cycle, and otherwise as the Chair requires. To enable it to carry out its responsibilities, the Committee has an annual rolling agenda maintained by the Company Secretary, and regularly reviewed in conjunction with management. The Company Secretary also maintains a tracker of actions arising from meetings. This ensures that the agenda for each meeting aligns with both the financial reporting and audit cycle, as well as particular matters arising throughout the year considered appropriate by the Committee for its scrutiny. At the next scheduled Board meeting, the Chair of the Committee reports formally to the Board on the proceedings of the Committee, including how it has discharged its responsibilities.

The Committee held four scheduled meetings during FY2019/20 and the table below provides details of members' attendance at those meetings. At the invitation of the Chair of the Committee, other regular attendees, who can withdraw as necessary, included at some or all of the meetings: representatives of the Auditor, the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Deputy CFO, the Group Risk Director, the Head of Internal Audit, the Partner Director and the Deputy Company Secretary. The Committee also meets privately with representatives of the Auditor, and the Head of Internal Audit.

Attendance at Committee meetings held during the period to 30 April 2020

Directors as at 30 April	Number of meetings eligible to attend	Number of meetings attended
Luke Savage (Chair)	4	**4**
Tea Colaianni	4	**4**
Vinodka Murria	4	**4**
Samantha Tymms	4	**4**
Chris Sullivan	4	**4**

Audit Committee report continued

The role of the Audit Committee

The Committee's main responsibilities include:

Financial reporting:
- reviewing the integrity of the financial statements, including annual reports and half-year reports
- reviewing and discussing judgements on accounting principles and disclosure rules with Company management
- advising whether the Annual Report is fair, balanced and understandable

Risk and control:
- evaluating the effectiveness of the Group's risk management and internal control processes
- overseeing compliance with applicable legal and regulatory requirements, including monitoring ethics and compliance risks

Internal audit:
- approving the annual internal audit plan, ensuring appropriate focus on DWF's internal control environment, strategic priorities and principal risks
- receiving regular reports on the result of the work of internal audit
- evaluating the Internal Auditor's effectiveness

External audit:
- monitoring the quality of audit provided by the Auditor
- reviewing the scope of the audit and non-audit work undertaken by the Auditor
- recommending the appointment or reappointment of the Auditor

Compliance:
- assessing the effectiveness of the Group's processes for compliance with laws and regulations

Full details about the structure and role of the Committee are contained in its Terms of Reference, which are available on the Group's website at dwfgroup.com/en/investors.

Key activities during FY2019/20

The Committee discharged its responsibilities during FY2019/20 through:

Financial reporting:
- assessing the first year of application of the new accounting standard IFRS 16 Leases
- assessing the Company's revenue and work in progress in line with IFRS 15
- assessing the cash controls
- recommending the payment of dividends
- assessing the acquisition accounting
- reviewing the Annual Report and Accounts to ensure they are fair, balanced and understandable
- considering the integrity of the half-yearly financial statements

Internal controls and risk management:
- reviewing the adequacy and effectiveness of internal controls, financial reporting and risk management, working with the Risk Committee to assess the scope and effectiveness of the systems established to identify, assess, manage and monitor financial and non-financial risks
- monitoring the integrity and effectiveness of the Company's internal financial controls by reference to:
  - summaries of business risks and mitigation controls
  - regular reports and presentations from the Group Risk Director and the Head of Internal Audit as well as the Auditor
- evaluating the operating model for finance and financial control across the Group's international divisions
- developing a finance roadmap for the Group taking into account the Solicitors Regulatory Authority's accounting rules

Internal audit:
- approving the Internal Audit plan
- reviewing the work of the Internal Audit function
- monitoring management's responsiveness to findings from internal audit work
- approving the appointment of the Head of Internal Audit
- reviewing the role, resources and effectiveness of the Internal Audit function including access to appropriate skills and expertise

External audit:
- reviewing the Auditor, its terms of engagement, the findings of its work and, at the end of the audit process, reviewing its effectiveness
- reviewing the quantity of non-audit services provided by the Auditor
- assessing the independence and objectivity of the Auditor

Compliance:
- reviewing and updating the Group Whistleblowing Policy
- reviewing and approving any necessary updates to the Non-Audit Services Policy
- discussing and monitoring compliance with applicable external legal and regulatory requirements.

Fair, balanced and understandable

We advised the Board that we supported the statement that this Annual Report and Accounts, 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.

External Auditor

The Company's Auditor, Deloitte LLP was appointed by the directors of DWF Group plc to act as reporting accountant and tax advisors in preparing the IPO and was subsequently reappointed to undertake the annual audit for the financial year ending 30 April 2019. Their involvement as Auditor to parts of the Group dates back more than 13 years (as Auditor to DWF LLP), and their original appointment came as a result of a competitive tender process. They were reappointed as our Auditor at the AGM held in September 2019, and the intention, as reported in last year's annual report and accounts, was that we would be undertaking a competitive tender process to appoint an Auditor during 2020, for the audit of the year ending April 2021.

Work was underway in relation to this tender process at the start of the calendar year, but the timing of COVID-19 affected our ability to run an effective tender process.

The Committee therefore recommended to the Board that, to ensure we undertake an effective audit tender process, this audit tender process be delayed for a year so it takes place before the audit for the year ending April 2022.

The Committee assesses the quality and effectiveness of the Auditor on an ongoing basis, having particular regard to:

- the value of the Auditor's understanding and insights into the Group's business
- its independence and objectivity
- how it approached key areas of judgement, the extent of challenge and the quality of reporting
- feedback from management based on their interaction with the Auditor.

The Committee is satisfied that the audit, as carried out by Deloitte, is effective and provides an appropriate, independent and objective challenge to management's thinking.

The Committee has also considered the Company's policy on the engagement of the Auditor for the provision of non-audit services. It sets out rigorous controls intended to ensure the independence of the Auditor is not impaired, and takes into account the changes required by the EU Audit Regulation and Directive (the 'Audit Regulation') and FRC's Ethical Standard. The policy stipulates:

1. the nature of non-audit services the Auditor is not permitted to perform;
2. levels of authority for the Executive to engage the Auditor for approved non-audit services; and
3. that any non-audit services to be provided by the Auditor must be approved in advance by the Committee. For a single permitted project where the fee is no more than £30,000 the non-audit services are considered trivial for the purposes of the Audit Regulation, and can instead be approved by the Chief Financial Officer (or Chief Executive Officer in his absence).

As a result of this policy, and to avoid conflict with its role as Auditor, Deloitte LLP, does not act as Remuneration Advisors to the Company. The Committee also had regard to the Company policy in relation to the recruitment of people from the Auditor, again to manage any potential conflicts of interest.

The audit fees payable to Deloitte for the year ended 30 April 2020 were £448,850 and non-audit service fees incurred were £42,328, the latter being incurred for tax advisory work in Australia (relating to the year ended 30 April 2019).

This equates to a non-audit to audit fee ratio of 10%. We continue to take steps to ensure the level of non-audit fees is compliant with our 50% non-audit fee cap rule (noting that this cap excludes fees payable for non-audit work required to be carried out by Deloitte by law or regulation or arising from any assessment of the Group's compliance with the Solicitors Accounts Rules). The Group paid fees of £118,100 to Deloitte for such work for the year ended 30 April 2020.

Peter Saunders is the Statutory Auditor who signs the Independent Auditor's report to the members of DWF Group plc for and on behalf of Deloitte LLP. Peter has held this role for three years.

Audit Committee report continued

Internal Audit
The Group's Internal Audit function provides independent assurance over the management of the areas of greatest risk to the Group, and key aspects of DWF's internal control framework. The annual plan is approved by Audit Committee and is determined by a comprehensive risk assessment involving senior management.

The Committee receives reports on the outcomes of Internal Audit's work at each scheduled meeting, and the Committee closely monitors management's response to actions identified in the reports.

The Head of Internal Audit has direct access to, and has regular meetings with, the Audit Committee Chair, and attends the Committee meetings. In addition, the Internal Audit function has unrestricted access to employees and documentation across the Group, to enable it to perform its duties.

The Committee has approved Internal Audit's Terms of Reference and the scope of its work continues to evolve, taking into account changes within the Group's business, as well as emerging best practice. The Committee also reviewed the internal audit activity against good practice as set out in the recent Institute of Internal Audit's Code of Practice.

During the year, the Committee approved the appointment of the Group's first Head of Internal Audit, and the resourcing of the annual plan, including co-source arrangements to enable the function to commission the support of technical experts and additional support where required.

The Committee intends to conduct an assessment of the function during the year ending 30 April 2021, to consider its effectiveness.

Accounting and key areas of judgement
The main areas considered by the Committee in relation to the period to 30 April 2020 are set out below:

- Revenue recognition: valuation of unbilled revenue
- Adequacy of the provision for bad and doubtful debts on trade receivables
- Control environment regarding cash and cash equivalents
- Accounting for acquisitions

Consideration was given to management papers and reports, in conjunction with the external auditors report and work performed, in arriving at the outcome as recorded and disclosed in the financial statements.

Committee effectiveness
An evaluation of the Committee's effectiveness took place during the year, as part of the Board effectiveness review. Overall, the review concluded that it has continued to act in accordance with its Terms of Reference, management was held accountable for its areas of responsibility, and Deloitte provided an effective audit.

Audit Committee priorities for year ending 30 April 2021
Looking ahead to the year ending 30 April 2021, the Committee expects to:

- continue its ongoing assessment of the internal and external audit function
- undertake an audit tender process for a new auditor to be appointed for the audit for the year ending 30 April 2022
- continue to focus on the activities laid out in the financial roadmap for the Group
- continue to focus on effective integration of acquisitions into the Group's control environment
- review the outputs from the agreed internal audit focus areas.

Risk Committee report

Sam Tymms
Chair, Risk Committee

Dear shareholder,

As Chair of the Risk Committee, I am pleased to present this report, which provides insight into the Committee's activities during our first full financial year of operation following the Company's listing. The Committee supports the Board in fulfilling its obligations to ensure a framework of prudent and effective controls, which enable it to assess and manage risks, including those to the long-term success of the Group.

Throughout the year, the Committee has monitored the Group's procedures for managing risk, overseen the risk framework, and determined the nature and extent of the principal risks to the Group, as described further below. In all its deliberations, the Committee has sought to uphold the importance of an integrated approach to the risk taxonomy, risk register and risk assurance activity. The Committee has also focused on, among other things, the Group's cyber and information security risks and the Group's insurance arrangements.

Alongside all my Independent Non-Executive Director colleagues, I sit on each of the Committees of the Board. I particularly value the close and effective monitoring of risk management achieved by my membership of the Audit Committee, as well as the Chair of the Audit Committee's membership of this Committee.

In the very different circumstances the challenges of COVID-19 present, the Committee focuses on, and receives regular updates about, the Group's management of the risks this environment presents, and how we should manage these in the short, and longer, term. Alongside this, the nature of the assurance activity the Group undertakes must also evolve so the Committee can satisfy itself that we continue to consider, manage, measure and report the full range of risks we face, effectively.

Samantha Tymms
Chair, Risk Committee

Risk Committee members

The Committee is chaired by Samantha Tymms. It is made up of a minimum of three members, and each is an Independent Non-Executive Director. The members of the Committee during the year are listed in the table below. The Chair of the Board is not a member but may attend its meeting by invitation. Members of the Committee have experience of risk management issues and practices. Each members' expertise and experience is set out in their biography on pages 52 and 53. Mollie Stoker is appointed as Secretary to the Committee.

Risk Committee meetings

The Committee meets at least three times a year, to coincide with key dates in the financial reporting and audit cycle, and otherwise as the Chair or members require. To enable it to carry out its responsibilities, the Committee has an annual rolling agenda maintained by the Company Secretary, and regularly reviewed in conjunction with management. The Company Secretary also maintains a tracker of actions arising from meetings. This ensures the agenda for each meeting aligns with the financial reporting and audit cycles, as well as particular matters arising throughout the year considered appropriate by the Committee for its scrutiny. At the next scheduled Board meeting, the Chair of the Committee reports formally to the Board on the Committee's proceedings, including how it has discharged its responsibilities.

The Committee held four scheduled meetings during FY2019/20 and the table below provides details of members' attendance at those meetings. At the invitation of the Chair of the Committee, other regular attendees, who can withdraw as necessary, included at some or all of the meetings: the Chairman, the Chief Executive Officer, Matthew Doughty (in his capacity as Partner Director), the Group Risk Director, the Head of Internal Audit and the Deputy Company Secretary.

Attendance at Risk Committee meetings held during the period to 30 April 2020

Directors as at 30 April 2020	Number of meetings eligible to attend	Number of meetings attended
Samantha Tymms (Chair)	4	**4**
Tea Colaianni	4	**4**
Vinodka Murria	4	**4**
Luke Savage	4	**4**
Chris Sullivan	4	**4**

Risk Committee report continued

The role of the Risk Committee

The Committee's main responsibilities include:

- advising the Board on the Group's overall risk appetite, tolerance and strategy
- overseeing and advising the Board on the Group's current risk exposures and future risk strategy
- keeping under regular review the Group's overall risk assessment processes
- providing advice to the Board on the assessment of principal risks facing the Group
- approving the remit of the risk management and compliance functions
- considering the major findings of internal investigations and management's response.

There are full details of the Committee's structure and role in its Terms of Reference, available on the Group's website at dwfgroup.com/en/investors.

Risk management governance structure

Board

The Board establishes the risk appetite for the Group, so management can manage, measure and report on risk appropriately across the Group. The Board delegates oversight of risk management activities to the Risk Committee. You can find more detail about the Board's activities on page 61.

Audit Committee

The Audit Committee oversees the development and implementation of the Group's Internal Audit assurance framework and as part of this regularly reviews the effectiveness of the Group's risk management framework and internal control systems. You can find more detail about the Audit Committee's activities on pages 67 to 70.

Risk Committee

The Risk Committee characterises the Group's principal areas of risk through the Group Risk Taxonomy. This ensures oversight of the Group's approach to risk management and the development of management and mitigation approaches, to ensure risks remain, or are quickly brought within, the Group's risk appetite.

The Risk Committee also monitors and reviews the effectiveness of the Group's compliance function, as well as providing oversight and advice to the Board in relation to future risk strategy.

Executive Risk Committee ('ERC')

The Executive Risk Committee is a management committee chaired by the Chief Executive Officer. It comprises senior Group executives including members of the Executive Board and the Group Risk Director. The Committee oversees the operational management of the Group's risks by identifying, assessing, mitigating, and reporting risk.

Key activities during FY2019/20

The Committee discharged its responsibilities during FY2019/20 through:

- further developing the Group's risk framework and taxonomy to inform the Group's Risk Appetite Statement described on page 45, including monitoring the consistency of risk management principles and processes across the Group
- the ongoing assessment of principal risks, including their management and mitigation
- reviewing the second line internal assurance plan and receiving reports on results of assurance activities, including in relation to emerging risks and controls effectiveness
- reviewing the Group's procedures and systems for detecting fraud and financial crime, the prevention of bribery, corruption and money laundering, and compliance with the Market Abuse Regulations
- receiving reports on the plans for effective risk management of major commercial initiatives, including acquisitions, at initiative proposal stage as well as during or after integration
- considering cyber and information security risks facing the Group
- monitoring risks to the Group arising from Brexit uncertainty
- reviewing and advising the Board on the Group response to COVID-19.

Areas of focus for FY2020/21

During FY2020/21, the Committee expects to:

- continue its ongoing assessment and development of the Group Risk Taxonomy and principal risks
- review and develop the Group's overall risk appetite, tolerance and strategy, and advise the Board accordingly
- further establish risk management principles and processes consistently across the Group
- make further progress on strengthening the control framework and the application of strict risk management
- continue to receive reports on how risks affecting the Group are managed, including current and prospective macroeconomic and financial risks, and regularly monitor the Group's compliance with applicable legislation
- receive analysis and recommendations from management on the requirement for, plus scope and terms of, insurance coverage across the Group
- further review and advise the Board on the Group's response to COVID-19, including risks which may arise from the global response to, and management of, the pandemic.

Directors' Remuneration report

Tea Colaianni
Chair, Remuneration Committee

Dear shareholder,

I am pleased to present the Directors' Remuneration report for the year ended 30 April 2020. The Remuneration Committee (the 'Committee') had its first full annual cycle since the IPO in this financial year. The Company's first listed-company Annual General Meeting (the 'AGM') took place on 20 September 2019. The Remuneration Policy and Annual Report on Remuneration were approved at this AGM, receiving significant shareholder support (the Annual Report on Remuneration received 98.74% votes in favour and our Remuneration Policy received 98.99% votes in favour. You can find more detail on page 91).

As I write this letter, one of the key focuses of our business has necessarily been in responding to the disruption caused by COVID-19, particularly in the last two months of the financial year we are reporting on. The Remuneration Committee is very aware of its responsibilities in taking account of this in its considerations and decision making for FY2019/20, as well as the current year.

This Directors' Remuneration report sets out the context of, and insight into, our Director pay arrangements, how our remuneration framework is aligned with the rest of the workforce, and the decisions the Committee made as a result of business performance for this year. Where the Committee has exercised its judgement or discretion is documented clearly.

Group performance for the 2019/20 financial year

The implementation of our strategy (as outlined on page 78) for our first full year as a listed company has been measured against the KPIs set out below:

- Revenue growth +10.9% (FY2018/19: +15.2%)
- Underlying organic revenue growth +2.0% (FY2018/19: +12.5%)
- Gross profit margin 47.9% (FY2018/19: 53.5%)
- Cost to income ratio 42.6% (FY2018/19: 42.7%)
- Underlying adjusted EBITDA £21.8m (FY2018/19: £27.8m)
- Underlying adjusted PBT £13.8m (FY2018/19: £20.3m)
- Adjusted EPS 3.0p (FY2018/19: 7.2p)
- Net Partner Joiners 64 (FY2018/19: 20)
- Revenue per partner: £784.3k (FY2018/19: £855.7k)
- Gross lock-up days, debtors days and WIP days 206 days (125 debtor days and 81 WIP days) (FY2018/19: 203 days (122 debtor days and 81 WIP days))
- Free cash flow -£7.2m (FY2018/19: -£18.1m)
- Net debt £64.9m (FY2018/19: £35.3m)
- Employee engagement score 76 (Previous survey: 75)

Trading through the majority of FY20 was strong and the Group made significant investments to support its growth objectives. The sudden and far reaching impact of COVID-19 had a material effect on the final quarter with a resulting impact on profitability. Despite this, we delivered a solid performance with overall revenue growth of 10.9% and organic growth of 2.0%. While we achieved record Group revenue, with an organic growth rate that compares to other global law firms in FY20, it was lower than expected.

The Committee, together with the Board, considered whether the business should utilise the Coronavirus Job Retention Scheme offered by the UK Government. Having taken into account the interests of all of our stakeholders, and in particular our employees, we decided not to do so and continued to pay all our UK staff.

Changes to the Board

Since the year end we are reporting on, there have been a number of changes to our Board.

CEO

The Company announced on 29 May 2020 that Andrew Leaitherland had informed the Board of his intention to step down as Group Chief Executive Officer with immediate effect. Andrew Leaitherland also stepped down as Managing Partner of DWF Law LLP and DWF LLP.

In responding to the challenges created by COVID-19, the Board considered that strong and experienced leadership was essential. The Board believed that Sir Nigel Knowles, Chairman, would provide this leadership, and as a consequence, the Board asked him to assume the role of Group Chief Executive Officer with immediate effect. Chris Sullivan, Senior Independent Director, was appointed interim Chairman. A committee of independent directors was formed to run a selection process in an effective and timely manner for a permanent Chairperson.

Upon his departure, Andrew's unvested awards under the LTIP lapsed. Andrew held no other incentive awards. He is receiving 12 monthly payments including basic salary pension entitlements and other contractual benefits, in lieu of the 12-month contractual notice period in accordance with the provisions of his service agreement, although he is required to mitigate his loss during the notice period by seeking alternative employment or engagement. In relation to locked-up shares received at IPO in exchange for his ownership interest in the DWF business, these were to be released over a five-year period in five equal tranches. We agreed that Andrew would receive the first two tranches he was contractually entitled to, which will be released on the announcement of the preliminary results for the financial years ended 30 April 2020 and 2021.

Directors' Remuneration report continued

We determined that 50% of the remaining tranches be retained by Andrew in recognition of his contribution to the business during his tenure in office – and these will be released in accordance with the original schedule (in 2022, 2023 and 2024) – but that the remaining 50% be clawed back immediately. You can find more detail on Andrew's leaving arrangements on page 91 of this Report and on the Company's website at dwfgroup.com/en/investors.

The terms of Sir Nigel Knowles' appointment and his remuneration are identical in all respects to those received by Andrew Leaitherland as Group Chief Executive Officer and, as such, are in line with the Remuneration Policy. He receives a salary of £530,000 per annum. He has a maximum opportunity of 150% of salary as an annual bonus (with half of the bonus award to be paid out in cash, with the remainder deferred into shares subject to a three-year vesting period). He also has a maximum opportunity of up to 200% of salary in relation to LTIPs. Sir Nigel is required to hold 250% of salary in shares, with a post-cessation shareholding requirement of 100% of the pre-cessation shareholding requirement (or actual shareholding if lower) for two years following cessation of his employment. He is entitled to private medical insurance, private health insurance, life insurance and a pension contribution allowance of up to 7% of salary (aligned with the majority pension contribution applicable to the wider UK workforce).

Chairman and Deputy Chairman

The Company announced on 31 July 2020 that Jonathan Bloomer would join the Board as Chairman, with effect from 1 August 2020. In addition to being Chairman, Jonathan Bloomer chairs the Nomination Committee and is a member of the Remuneration Committee, from 1 August 2020. The Remuneration Committee determined that his total annual fee would be £170,000.

On the appointment of Jonathan Bloomer, Chris Sullivan took on the role of Deputy Chairman, also from 1 August 2020. He continues as Senior Independent Director of the Company and Non-Executive Director representing the employee voice on the Board, and acts as the bridge between the partners in the Group and the Board. Chris continues to be a member of the Nomination, Risk, Remuneration and Audit Committees. The Remuneration Committee determined that Chris would receive an annual fee of £20,000 for the additional roles. This is in addition to his existing fees of £75,000.

COO and Partner Directors

The Company will 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, Seema Bains and Michele Cicchetti 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.

FY2019/20 bonus

The Committee considered the financial performance of the Company when determining the bonus outcomes for the Executive Directors (being Andrew Leaitherland and Chris Stefani). The performance conditions were:

- 70% adjusted PBT; and
- 30% strategic and operational objectives (including improved gross lock-up).

Having noted that the Adjusted PBT and lock-up performance conditions were not achieved for FY2019/20, and following a review of business performance and the current economic situation in relation to COVID-19, the Committee exercised its discretion not to pay any bonus for the partial completion of the Executive Directors' strategic and operational objectives. You can find further details on those strategic and operational objectives on pages 89 to 90 of this report.

LTIP and other share incentives vesting

No Executive Directors' share incentives vested during the year.

LTIP awards for FY2019/20

The Company made its first grant of LTIP awards in August 2019 that will vest in August 2022. The awards were made with the following performance conditions to Andrew Leaitherland at 175% of salary and to Chris Stefani at 125% of salary:

- EPS (40% weighting)
- ROCE growth (40% weighting)
- Cash conversion (20% weighting)

You can find further details of these metrics, including targets and rationale, on page 82 of this report.

The Committee decided that Andrew's LTIPs would lapse on his departure from the business.

Salary review

The Remuneration Committee exercised its discretion to defer its review of annual pay for the Executive Directors and senior management, and fee review for the Non-Executive Directors, from May 2020 to December 2020, with rises (if any) to have effect from 1 January 2021. We made this decision in light of the outbreak of COVID-19 and its impact on the business, and to bring the review into line with the wider workforce salary review timetable.

Shareholder considerations

In FY2019/20, I met with some of our major shareholders and proxy advisors to discuss the Remuneration Policy we put forward at the 2019 AGM, and to obtain any specific areas of feedback. On behalf of the Remuneration Committee, I would like to thank the shareholders and proxy advisors who have provided us with feedback. We will continue to maintain transparent and open dialogue with our shareholders. No material issues or concerns were raised during these shareholder meetings.

The Investment Association did however note that in relation to post-cessation shareholding requirements, they expect that Executive Directors should be required to retain 100% rather than 50% of the shareholding requirement (or actual shareholding, if lower), for two years post-cessation of employment. As a result, the Remuneration Committee decided in January 2020 to increase its post-cessation shareholding

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requirements for the Company's Executive Directors from 50% to 100% of the shareholding requirement (or actual shareholding, if lower), for two years following cessation of employment.

Wider workforce considerations

When considering executive pay, the Committee takes into account the wider workforce remuneration and conditions.

We believe allowing all our employees to share in the success of the Company is a key performance driver. At IPO, eligible individuals received IPO shares under the Buy-As-You-Earn ('BAYE') scheme with a value of to up to 20% of their salary (with 2% of that being sold on their behalf and paid as a cash bonus). During FY2019/20, to further enable this, we also rolled out a BAYE matched-share scheme in the UK, which resulted in 15% of our employees taking part in the scheme. We intend to roll this out to other international jurisdictions during FY2020/21.

At pages 84 to 89 of this report, there are details of the pay conditions of our wider workforce, the Group-CEO-to-employee pay ratio, how we use incentives throughout the business, and our gender-pay statistics.

You can find further detail on the key matters covered by the Committee during the year on page 77.

Looking ahead

The Committee is mindful that like all businesses in our sector and beyond, we face the considerable challenge of navigating an unpredictable global economy that will continue to be affected by COVID-19 for the foreseeable future. COVID-19 had a significant impact on our business but we have taken, and will continue to take, a number of actions to ensure DWF has the strength and resilience to perform not only through this financial year, but for the long term. Despite the challenges FY2020/2021 will undoubtedly bring, we look forward with cautious optimism to the year ahead, and to capitalising on any opportunities that may emerge through our committed and talented workforce and through our differentiated range of services.

To support and enable strong performance, not only through this current financial year but for the long term, the Committee considers how decisions on incentives (bonuses and long-term incentive plans) link with the Group's strategy within the framework of our approved Remuneration Policy.

The Committee has decided that, as with last year, bonus arrangements for Executive Directors are in line with the Remuneration Policy, namely with a maximum opportunity of 150% of salary for the CEO and 100% of salary for the CFO. Performance conditions and weightings continue to be:

- 70% adjusted PBT; and
- 30% strategic and operational objectives (including improved gross lock-up). We will disclose these fully, retrospectively in next year's Remuneration Report.

The Committee also considered the impact on future long-term incentive awards. Having taken advice from its remuneration advisors, the Remuneration Committee:

- concluded that the same performance conditions would apply to long-term incentive awards made in FY2020/21, being:
  - EPS (40% weighting);
  - ROCE growth (40% weighting); and
  - Cash conversion (20% weighting)
- due to the impact on the global economy of COVID-19, the Committee resolved to avail itself of the Investment Association's recommendation to grant awards in the 42-day window after the Company announces its final results on 8 September 2020, but defer target-setting for six months from the date of grant; and
- will ensure that at the time of vesting it will exercise its discretion, where appropriate, in relation to any windfall gains and to adjust unintended outcomes due to these unusual COVID-19 circumstances.

Further detail of how our remuneration for Executive Directors aligns with our strategic priorities, is set out on page 78 of this report.

If you would like to discuss any aspect of this Directors' Remuneration Report, I would be happy to hear from you. You can contact me through the Company Secretary, Mollie Stoker. If you would like to ask any questions in respect of this Report at the AGM, please see the notes to the notice of AGM which sets out the arrangements for this year. I look forward to your support on the Annual Report on Remuneration at the upcoming AGM.

Tea Colaianni
Chair, Remuneration Committee

Included in this report

Directors' Remuneration report continued

The Remuneration Committee and its activities during the year

Remuneration Committee members

The Committee is chaired by Tea Colaianni. The Committee is made up of a minimum of three members, each an Independent Non-Executive Director. The members of the Committee during the year are listed in the table below. The Chair of the Board is a member of the Committee and was considered independent on appointment as Chair of the Board. Members of the Committee collectively have appropriate knowledge, expertise and professional experience concerning remuneration policies and practices. The expertise and experience of the members of the Committee is set out in each of their biographies on pages 52 and 53. Mollie Stoker is appointed as Secretary to the Committee.

Remuneration Committee meetings

The Committee meets at least four times a year and otherwise as the Chair requires. To enable the Committee to carry out its responsibilities, the Committee has an annual rolling agenda maintained by the Company Secretary, which is regularly reviewed in conjunction with management. The Company Secretary also maintains a tracker of actions arising out of meetings of the Committee. This ensures the agenda for each Committee meeting aligns with the remuneration strategy, as well as particular matters arising throughout the year considered appropriate by the Committee for its scrutiny. At the next scheduled Board meeting, the Chair of the Committee reports formally to the Board on the proceedings of the Committee, including how it has discharged its responsibilities.

The Committee held four scheduled meetings during FY2019/20, and the table below provides details of members' attendance at those meetings. At the invitation of the Chair of the Committee, other regular attendees, who can withdraw as necessary, included at some or all of the meetings: the Chief Executive Officer, the Chief Financial Officer, Matthew Doughty (in his capacity as Partner Director), the Human Resources Director, the Head of Reward and the Deputy Company Secretary. No Director or member of senior management was present for any discussions that related directly to their own remuneration.

Attendance at Remuneration Committee meetings held during the period to 30 April 2020

Directors as at 30 April 2020	Number of meetings eligible to attend	Number of meetings attended
Tea Colaianni (Chair)	4	**4**
Sir Nigel Knowles	4	**3**[1]
Chris Sullivan	4	**4**
Vinodka Murria, OBE	4	**4**
Luke Savage	4	**4**
Samantha Tymms	4	**4**

Note
1. Sir Nigel Knowles was unable to attend the meeting held on 29 July 2019 due to an unavoidable diary commitment.

None of the Committee members has any personal financial interest (other than as shareholders) in the decisions made by the Committee, conflicts of interest arising from cross-directorships or day-to-day involvement in running the business.

During the financial year, PwC advised the Remuneration Committee on all aspects of the Remuneration Policy for Executive Directors and members of the Executive Board. PwC also provided the Company with tax and share scheme support work during the year. The Remuneration Committee was satisfied that no conflict of interest exists or existed in the provision of these services. PwC was appointed by the Remuneration Committee, and the Committee is satisfied that the advice provided is independent. PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Fees of £81,725 were provided to PwC during the year in respect of remuneration advice received. Our adviser (PwC) attends meetings of the Committee by invitation. PwC does not have any other connection to the Company or its Directors.

The role of the Remuneration Committee

While giving full consideration to the matters set out in the UK Corporate Governance Code 2018 (the 'Code') and any other relevant laws and regulations in the jurisdictions the Group operates in, the Committee's main responsibilities include:

- making recommendations to the Board regarding the Group's framework or broad policy for the remuneration of the Chair of the Board, the Executive Directors and senior management;
- determining the entire individual remuneration packages for the same, including:
  - approving any severance compensation arrangements in accordance with the Remuneration Policy, which are fair, do not reward failure and fully recognise the individual's duty to mitigate any loss; and
  - considering how the pay and work conditions of the Group's wider workforce should be taken into account when determining remuneration;
- consistent with the approach applicable to the wider workforce, determining and administering the Group's share plans and equity incentive plans in respect of the Chair of the Board, the Executive Directors and senior management; and approving awards and performance conditions, including satisfaction of performance conditions and the exercise of any discretion by the Committee;
- regularly reviewing the ongoing appropriateness and relevance of the Remuneration Policy; and
- reviewing remuneration and related policies applicable to the Group's wider workforce.

Full details about the structure and role of the Committee are contained in its Terms of Reference, available on the Group's website at dwfgroup.com/en/investors.

Key activities during FY2019/20

The Committee discharged its responsibilities during FY2019/20 through:

- establishing the Executive Director bonus plan and the business-wide bonus plan for FY2019/20;
- examining the Executive Directors' half-year progress against objectives;
- determining Executive Directors' bonus outcomes for FY2019/20;
- enhancing post-cessation shareholding requirements for Executive Directors;
- setting annual bonus and long-term incentive plan targets and awards for FY2020/21 for Executive Directors, using demanding financial measures designed to align with strategic objectives and shareholder interests;
- considering the selection of remuneration advisors to the Committee and subsequently appointing PwC;
- reviewing remuneration arrangements for senior management;
- forming the Group's approach to good and bad leaver determination, pursuant to lock-up deeds relating to pre-IPO share allocations for certain partners and other individuals, as well as pursuant to the Group's share plans;
- establishing policies for the fair and consistent administration across the wider workforce of the Group's share plans and equity incentive plans;
- overseeing wider workforce remuneration arrangements, including receiving the Company's Gender Pay Gap Report and reports on the Group's employee (including partner) engagement mechanisms;
- approving grants to the wider workforce under the Group's share plans and equity incentive plans;
- receiving reports on engagement with proxy advisors and major shareholders from the Chair of the Committee, Matthew Doughty (as Partner Director) and the Company Secretary;
- receiving presentations from the Committee's remuneration advisors on developments in corporate governance and market trends, to inform the Committee's regular review of the Remuneration Policy, including a report on the potential circumstances in which it might exercise its discretion in the future; and
- considering the potential impact of COVID-19 on remuneration arrangements and decisions to be made by the Committee.

Areas of focus for FY2020/21

During FY2020/21, the Committee has already, or expects to:

- following his standing down as Group Chief Executive Officer, determine the remuneration payable to Andrew Leaitherland;
- determine Sir Nigel Knowles' remuneration on his appointment as Group CEO;
- determine the fees payable to Jonathan Bloomer as Chair and Chris Sullivan as Deputy Chair of the Board;
- determine the individual remuneration package for the COO;
- confirm that no fees are payable to Partner Directors;
- continue to review regularly the ongoing appropriateness and relevance of the Remuneration Policy;
- look to improve pay fairness and transparency by considering wider workforce policies, to ensure alignment with Executive Director and senior management remuneration arrangements;
- develop further the communication with prospective members of the wider workforce on the benefits of the equity element of the remuneration package offered by the Group;
- formulate principles for adjusting incentives for corporate activity such as M&A; and
- oversee the roll-out of the BAYE scheme internationally, where the relevant jurisdictions permit.

Directors' Remuneration report continued

Remuneration – At a glance

This section of the Directors' Remuneration Report provides an overview of:

- the business context and how our incentive performance measures align to our strategy;
- remuneration outcomes for FY2019/20; and
- Remuneration Policy operation in FY2019/20 and intended implementation in FY2020/21.

Business context and how our incentive performance measures align to our strategy

Business context

Trading through the majority of FY20 was strong and the Group made significant investments to support its growth objectives. The sudden and far reaching impact of COVID-19 had a material effect on the final quarter with a resulting impact on profitability. Despite this, we delivered a solid performance with overall revenue growth of 10.9% and organic growth of 2.0%. While we achieved record Group revenue, with an organic growth rate that compares to other global law firms in FY20, it was lower than expected.

The Committee is mindful that like all businesses in our sector and beyond, we face the considerable challenge of navigating an unpredictable global economy that will continue to be affected by COVID-19 for the foreseeable future. COVID-19 had a significant impact on our business, but we have done, and will continue to do, a number of things to ensure DWF has the strength and resilience to perform not only through this financial year, but for the long term. Despite the challenges FY2020/21 will undoubtedly bring, we look forward with cautious optimism to the year ahead and on capitalising on any opportunities that will emerge through our committed and talented workforce and through our differentiated range of services.

How our incentive performance measures align to our strategy

The implementation of our strategy (as outlined on pages 18 to 27) for FY2019/20 was measured against certain KPIs (set out in the table below).

The Committee continually considers the performance measures we use for our incentives, to ensure they support the delivery of our strategy.

Our strategic priorities

Understanding our clients

To provide the best possible service for our clients, we need to understand their needs. Knowing our clients means we can support them in the right way, either through top-quality legal and strategic advice through our Complex Services, Managed Services or any of our Connected Services.

Engaging our people

Our people engagement is built on shared values, clear set goals, behaviour and incentive structures, and we support our colleagues through a culture of innovation and inclusion. This enables us to recruit, retain and develop high-performing and high-quality talent which is vital in providing excellent service, and achieving results and lasting value.

Doing things differently

Innovation allows us to make a differentiated and competitive offering, and our Connected Services are key to this. Providing a greater service and product suite through internal research, development and through acquisition enables us to become our clients' chosen partner for outsourced legal and Connected Services.

Our key performance indicators

Revenue growth	Underlying organic revenue growth	Gross profit margin	Cost to income ratio	Underlying adjusted EBITDA	Underlying adjusted PBT	Adjusted EPS	Net Partner Joiners	Revenue per partner	Gross lock-up days, debtors days and WIP days	Free cash flow	Net debt	Employee Engagement Score

Annual bonus

PBT

Ensures focus on profitable growth.

Is a key measure of organic growth and is linked to shareholder value.

Strategic and personal (including improved lock-up)

Ensures focus on reducing the time it takes to invoice and collect revenue.

Personal objectives are designed to ensure the Executive Directors focus on operational efficiencies, manage risk effectively, remain client-focused, and are required to drive employee engagement.

Long term incentives

EPS

Links reward to 'in-year' underlying equity returns to shareholders.

ROCE

Promotes disciplined capital allocation by linking reward to investment return.

Supports the strategy of growth, both organic and through acquisitions.

Ensures focus on the efficiency by which earnings are generated.

Cash conversion

Supports focus on cash collection.

Remuneration outcomes for FY2019/20 – At a glance

Directors' Remuneration for the year ending 30 April 2020

Certain details set out on pages 79 to 91 of this Directors' Remuneration report have been audited by the Auditor.

Single total figure of remuneration (audited)

The table below sets out the single total figure of remuneration paid by the Company following its admission to listing on 15 March 2019 ('Admission') to each Executive Director. For FY2018/19, the table reflects the period from Admission to the end of the financial year on 30 April 2019. For FY2019/20, the table reflects the full financial year to 30 April 2020. Figures provided have been calculated in accordance with the UK disclosure requirements: the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Schedule 8 to the Regulations).

It is the Committee's view that it is important, when considering the remuneration paid in the year under the single figure, to take a holistic view of the Executive Directors' total remuneration linked to the performance of the Company. In the Committee's opinion, the impact on the total remuneration of the Executive Director is more important than the single figure in any one year. This approach encourages Executive Directors to take a long-term view of the sustainable performance of the Company. The ability for the Executive Directors to gain and lose, in alignment with shareholders, dependent on the share price performance of the Company at a level which is material to their total remuneration, is a key facet of the Remuneration Policy.

	Salary/fees £		Taxable benefits[3] £		Bonus[4] £		LTIP[5] £		Pension £		Other £		Total £		Total fixed £		Total variable £	
FY	19/20[2]	18/19[1]	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19
Executive Directors																		
Andrew Leaitherland (CEO)[7]	530,000	64,551	6,677	1,880	0	0	0	NA	37,100[6]	4,518	0	0	573,777	70,949	573,777	70,949	0	0
Chris Stefani (CFO)	320,000	38,974	5,368	1,104	0	0	0	NA	22,400[6]	2,728	0	0	347,768	42,806	347,768	42,806	0	0
Non-Executive Directors																		
Sir Nigel Knowles	200,000	24,359	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200,000	24,359	200,000	24,359	NA	NA
Luke Savage	72,500	8,830	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	72,500	8,830	72,500	8,830	NA	NA
Tea Colaianni	72,500	8,830	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	72,500	8,830	72,500	8,830	NA	NA
Vinodka Murria	65,000	8,830	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	65,000	8,830	65,000	8,830	NA	NA
Chris Sullivan	75,000	9,135	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	75,000	9,135	75,000	9,135	NA	NA
Samantha Tymms	72,500	8,830	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	72,500	8,830	72,500	8,830	NA	NA
Matthew Doughty[7]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Notes

1. For FY2018/19, the table reflects the period from Admission on 15 March 2019 to the end of the financial year on 30 April 2019.
2. For FY2019/20, the additional fees for Committee Chairs or the position of Senior Independent Director are included in the Salary/fees column. In FY2018/19 these fees were reported in the Other column on page 76 of the Annual Report and Financial Statements 2019 but they are now included in the FY2018/19 column for ease of comparison. You can find further details on page 83.
3. Taxable benefits for the CEO and CFO comprise private medical insurance for the Executive and their spouse or civil partner as well as any dependent children, private health insurance, and life assurance up to four times salary (up to £1m).
4. If awarded bonus is paid 50% in cash and 50% in shares.
5. LTIPs are made through the Executive Incentive Plan ('EIP'). You can find further details on page 82.
6. The pension paid to the CEO was as a cash allowance as he had lifetime allowance protection. Payments were in line with the employee pension scheme and are calculated as a percentage of basic salary. The cash allowance was equivalent to 7% of the CEO's salary. The pension paid to the CFO was partly paid directly into the company provided pension scheme (£5,000) with an additional amount paid as a cash allowance. Together these payments were equivalent to 7% of the CFO's salary.
7. Matthew Doughty and Andrew Leaitherland acted as Partner Directors during the year. You can find further details on page 65 of the Nomination Committee Report. 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. Partner Directors do not receive any fees for the position on the Board because remuneration is as a member of DWF Law LLP or DWF LLP (determined by his or her 'home office', and in some circumstances also by way of a limited salary as an employee of DWF Connected Services Holdings Limited.

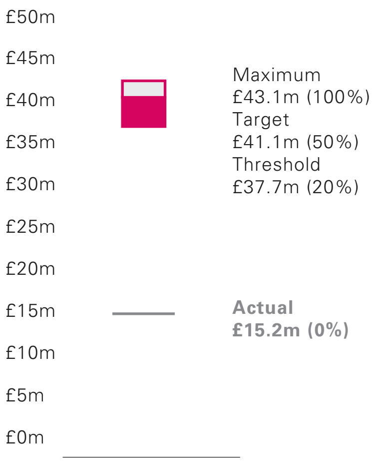
Directors' Remuneration report continued

Bonus for the financial year ended 30 April 2020 (audited)

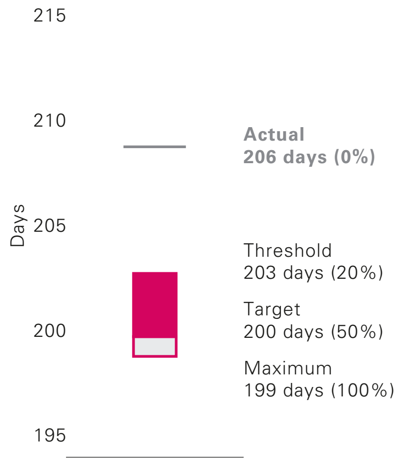
Performance condition	Weighting	Achievement percentage of performance maximum	Achievement percentage of maximum bonus opportunity[1]	Bonus earned as a percentage of salary[2]	Bonus outcome
Adjusted PBT	70%	0%	0%	0%	£0
Gross lock-up	10%	0%	0%	0%	£0
Strategic and operational objectives (see pages 89 and 90 for detailed breakdown)	20%	NA	NA	0%	£0
Total	100%	0%	0%	0%	£0

Notes
1. Maximum bonus opportunity for the CEO was 150% of salary and for the CFO was 100% of salary.
2. The Committee considered the financial performance of the Company when determining the bonus outcomes for the Executive Directors. Having noted that the adjusted PBT and lock-up performance conditions were not achieved for FY2019/20, and following a review of business performance and the current economic situation in relation to COVID-19, the Committee exercised its discretion not to pay any bonus for the partial completion of the strategic and operational objectives.

Adjusted PBT (70%)



Gross lock-up (10%)



Long-term incentive awards made in the financial year ending 30 April 2020 (audited)

The first LTIP awards, which are conditional share awards made through the EIP, were granted on 27 August 2019 and will vest on 27 August 2022.

Executive Director	Award date	% of salary[1]	Shares granted	Face value[2]
Andrew Leaitherland (CEO)[3]	27 August 2019	175%	779,411	£927,500
Chris Stefani (CFO)	27 August 2019	125%	336,134	£400,000

Notes
1. Maximum LTIP opportunity for the Executive Directors was 200% of salary.
2. Based on the share price of the Company of £1.19 as at 27 August 2019.
3. Awards made to Andrew under the Long-Term Incentive Plan granted in 2019 lapsed on his departure.

These LTIP awards have a three-year performance period and then following vesting are subject to a two-year holding period. During this holding period, dividends are payable on the vested shares.

The following table sets out the performance conditions and targets for FY2019/20 EIP grant:

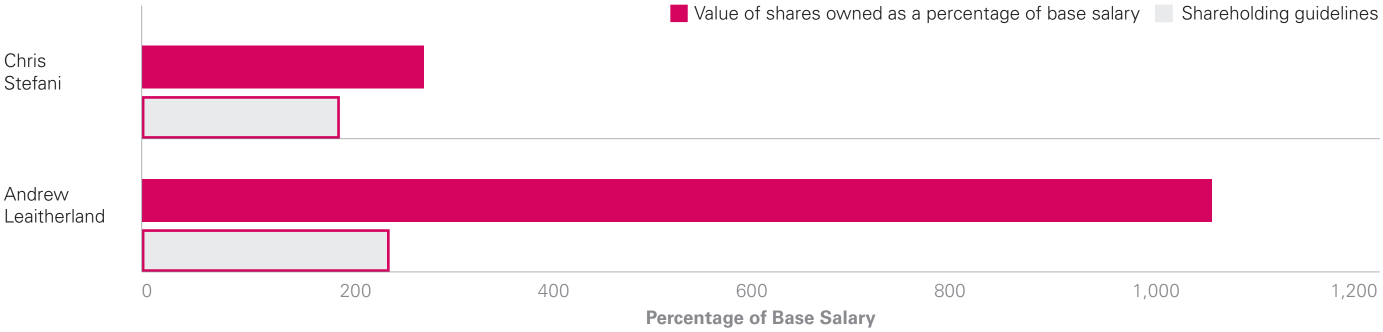
Performance condition and percentage of award opportunity	Threshold (20% vesting)	Target (50% vesting)	Maximum (100% vesting)
Cumulative Three-Year EPS (40% weighting)	38.1 pence	42.2 pence	46.4 pence
Average Annual ROCE (40% weighting)	29.5%	32.8%	36.1%
Average Cash Conversion (20% weighting)	78%	87%	96%

*Straight-line vesting applies between these points.

No other awards were made to Executive Directors during the year.

Achievement of shareholding guidelines as at 30 April 2020

The following chart illustrates the achievement of the shareholding guidelines by the Executive Directors as at 30 April 2020, against the minimum shareholding requirement under the Remuneration Policy (see page 83 for a detailed breakdown). The chart is designed to illustrate the value of their shareholding as a percentage of base salary. Their shareholding for these purposes does not include unvested LTIP awards. For full information on all Directors' interests in shares see table on page 90.



		Achievement of Shareholding Guidelines beginning of FY2019/20		Achievement of Shareholding Guidelines end of FY2019/20		
Executive Director	Base salary	Number	Value[1]	Number	Value[2]	Change[4]
Andrew Leaitherland (CEO)	£530,000	7,067,628	£8,537,694	7,067,628	£5,724,779	-32.9%
Chris Stefani (CFO)	£320,000	1,114,009[3]	£1,345,723	1,125,051	£911,267	-32.3%

Notes
1. Based on share price of the Company as at 1 May 2019 of £1.21.
2. Based on share price of the Company as at 30 April 2020 of £0.81.
3. The one-off award made to Chris Stefani at the time of the IPO as described on page 77 of the Annual Report and Financial Statements 2019 is included here. The one-off IPO award was granted to him to create an equity interest at IPO equivalent to what he would have received at IPO if he had been capable of being a member of DWF LLP under the regulations applicable to DWF LLP.
4. The percentage change is related to the share price and not a reduction in shares held.

Directors' Remuneration report continued

Remuneration Policy – At a glance

Key features of the Remuneration Policy, operation in FY2019/20 and intended implementation in FY2020/21

Full details of the Remuneration Policy are set out in the 2019 Directors' Remuneration Report on pages 81 to 93, which you can find at dwfgroup.com/en/investors/reports-and-presentations.

The below outlines the key features of our Remuneration Policy as voted on by shareholders at the 2019 AGM. The Policy is intended to remain in place in its current format for at least three years, with its operation in FY2019/20 and intended implementation for FY2020/21 summarised below.

Element		Operation in FY2019/20	Intended operation in FY2020/21
Fixed pay	**Base salary**	– CEO £530,000 – CFO £320,000 Executive Directors received a rise of 0%. Average employee (includes partners) rise 3.5%.	– CEO £530,000 – CFO £320,000 The Company has deferred its annual pay review to December 2020 with any pay rises to have effect from 1 January 2021.
	Benefits	In line with policy	No change
	Pension	In line with policy: – CEO 7% of salary – CFO 7% of salary	No change
Variable pay	**Annual Bonus**	In line with policy Maximum opportunity: – CEO: 150% of salary – CFO: 100% of salary Performance conditions and weightings: – 70% adjusted PBT – 30% strategic and operational objectives See page 80 for details of the performance targets, their level of achievement and the corresponding bonus earned by the Executive Directors.	In line with policy Maximum opportunity: – CEO: 150% of salary – CFO: 100% of salary Performance conditions and weightings: – 70% adjusted PBT – 30% strategic and operational objectives – Weightings and targets of performance conditions are reviewed annually, as well as personal objectives. The actual performance targets set will not be disclosed at the start of the financial year, as they are considered to be commercially sensitive. These will be reported and disclosed retrospectively at the end of the year in order for shareholders to assess the basis for any bonus outcomes.
	LTIPs (made through the EIP)	Maximum opportunity: – CEO: 175% of salary – CFO: 125% of salary Measures and weightings: **Cumulative three-year EPS (40% weighting):** EPS was considered to be an appropriate performance condition to use for the LTIP given the investment case made at IPO on earnings growth, and is simple and well understood by investors. **Average annual ROCE (40% weighting):** ROCE was considered to be an appropriate performance condition to use to support the strategy of growth, both organic and through acquisitions, and to focus on the efficiency by which earnings are generated. **Average cash conversion (20% weighting):** Cash conversion was considered to be an appropriate performance condition as improving cash conversion was a key focus of the strategy set out in the prospectus. See table at page 80 for details of the performance conditions and targets.	No change The Committee considered the impact on the global economy of COVID-19, and having taken advice from PwC, its remuneration advisors, the Committee resolved to avail itself of the Investment Association's recommendation to grant awards in the 42-day window after it announces its final results on 8 September 2020, but defer target-setting for six months from the grant date.

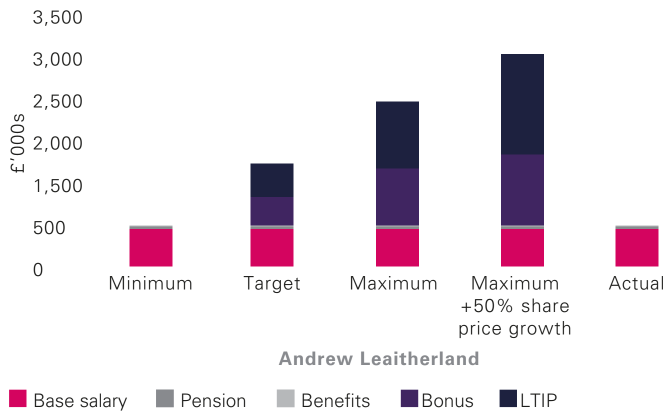
Element		Operation in FY2019/20	Intended operation in FY2020/21
Variable pay	**Shareholding requirements**	In line with policy	Strengthened to require Executive Directors to hold 100% of their pre-cessation shareholding requirement (or actual shareholding, if lower) for two years following their cessation of employment.
	Chair and Non-Executive Director fees[2]	– Chairman: £200,000 pa – NED base: £65,000 pa – Senior Independent Director (additional): £10,000 pa – Committee Chair (additional): £7,500 pa – Partner Director[1]: £0pa	– Chairman: £170,000 pa – NED base: £65,000 pa – Deputy Chairman (additional): £20,000 pa – Senior Independent Director (additional): £10,000 pa – Committee Chair (additional): £7,500 pa – Partner Director[1]: £0 pa The Company has deferred its annual fee review to December 2020 with any fee rises to have effect from 1 January 2021.

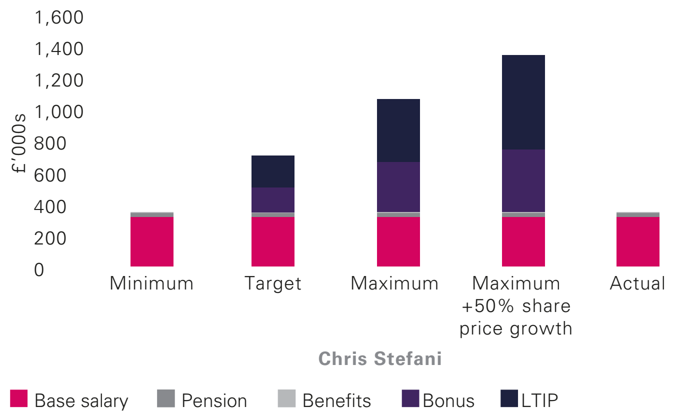
Notes

1. 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. Partner Directors do not receive any fees for the position on the Board because remuneration is as a member of DWF Law LLP or DWF LLP (determined by his or her 'home office', and in some circumstances also by way of a limited salary as an employee of DWF Connected Services Holdings Limited.
2. In accordance with the Articles of Association of the Company fees paid to Directors shall not exceed in aggregate £2,000,000 per annum.

Illustrations of application of the Remuneration Policy

The graphs below demonstrate Executive Director pay opportunities under the Remuneration Policy approved by shareholders at the 2019 AGM, and compare them to the single figure for FY2019/20 year on page 79. The single figure includes any actual bonus payments made during the period. As the first LTIP award was granted in the year, with a three-year performance period, there was no LTIP vesting during the year, and therefore there is no LTIP element contained in the single figure provided on page 79.





Assumptions for the scenario charts

Element	Minimum	On-target	Maximum	Maximum (plus 50% share price growth)
Fixed pay	– Base salary of £530,000 for CEO and £320,000 for CFO. – Pension of 7% of salary for CEO and CFO.			
Annual bonus[1]	None	50% of maximum award	100% of maximum award	100% of maximum award
LTIPs (made through the EIP)[2]	None	50% of maximum award	100% of maximum award	100% of maximum award

Notes

1. Maximum annual bonus for the CEO is 150% of salary and for the CFO is 100% of salary.
2. Maximum LTIP award for the CEO is 175% of salary and for the CFO is 125% of salary.

Directors' Remuneration report continued

Wider workforce remuneration

This section of the Directors' Remuneration Report provides an overview of remuneration principles and wider workforce remuneration across the Group including:

- CEO-to-worker pay ratio; and
- UK gender and ethnicity pay-gap reporting.

Remuneration principles and wider workforce remuneration across the Group

Annually, the Committee receives a report on the remuneration principles and wider workforce remuneration across the Group to enable it to take into account wider workforce pay and practices, and the alignment of incentives and reward with culture, when setting Executive Director remuneration.

Key areas of the report considered by the Committee include:

- Group remuneration principles;
- grading structure;
- basic pay;
- bonus;
- share plans;
- pension;
- benefits; and
- termination policies.

Group remuneration principles

The table below sets out the Group's remuneration principles:

Principle	Detail
Competitive and fair	– Salaries set around market median – Benefits reflect best practice and workforce needs – Flexibility in share plans to attract and retain key talent
Rewarding (the right) high performance	– We are a high-performing business and when we conduct our end of year reviews, we recognise high performers – We operate an annual performance-review process to ensure we have good performance discussions – We can recognise those who make outstanding contributions through EIP Exceptional Contributor share awards
Simple to understand	– We try to avoid unnecessary complexity – We provide accessible and relevant information
Supports DWF values and culture	– Incentives, performance-management and recognition approaches support DWF values and culture – Benefits support our inclusive culture

Grading structure

DWF has a centralised approach to grading, with all colleagues (Executive Directors, partners and employees) graded from Career Level 1 to 8. Following acquisitions during the year, a small number of employees and partners are not part of the formal grading structure. We intend to assimilate them.

Overview of findings

The Group's workforce has a unique structure, comprising both employees and members of partnerships. The partners, who represent the principal generators of income for the Group, remain subject to partnership remuneration and benefit arrangements.

Salary

Average salary increases for employees and partners across the Group are being applied on an equitable and objective basis. It is our policy to increase the salaries of the Executive Directors generally by the same percentage increase as employees and partners whose roles have not changed during the year.

Bonus

The majority of our employees and partners can share in the success of the Company through incentive compensation. In line with market practice, the level of incentive compensation and whether it is paid solely in cash or in a mixture of cash and deferred shares, depends on the level of seniority of employee and partners. The incentive approach applied to the Executive Directors aligns with the wider Group policy on incentives, which is to have a higher percentage of at-risk performance pay with seniority of the role, and to increase the amount of incentive deferred, provided in equity or measured over the longer term for roles with greater seniority.

Below Board level, for the year ended 30 April 2020 there were two annual bonus plans in place: a Group-wide bonus structure and a partner bonus:

- **Group-wide bonus:** Non-partners below Board level were eligible to participate in a Group-wide bonus plan which followed a similar structure to the Executive Director bonus plan. Performance measures were broadly aligned with those set for Executive Directors, adjusted appropriately for the individual/team.
- **Partner bonus:** Partners were eligible to participate in a discretionary bonus plan which was equivalent of up to 5% of annual PBT, provided in the form of a discretionary bonus plan. Performance measures were broadly aligned with those set for Executive Directors.

No bonuses were paid to employees or partners under these bonus plans for the year ended 30 April 2020.

For FY2020/21, we have implemented a single bonus plan for everyone below Board level including partners which is structured on a percentage of salary (employees)/total remuneration (partners).

Share plans

Equity participation is offered to all UK employees and partners of the Group through the BAYE scheme, and to senior management and Executive Directors through the LTIP and Deferred Bonus Plans, each of which involves the award of shares. It is the Group's policy to allow employees and partners to share in success by means of equity participation. The Company intends to start to extend BAYE participation internationally during FY2020/21, where the jurisdictions permit. Executive Directors are required to adhere to minimum shareholding guidelines.

The IPO gave DWF the opportunity to offer shares to the wider employee group, thus further aligning an element of remuneration with Company performance, Executive Director remuneration, and the shareholder experience.

On the Company's Admission to listing, all employees who had been rated 'fully achieving' at 31 October 2018 and who were employed for 12 months at the date of Admission and not serving notice (known as qualifying colleagues), were awarded IPO awards under DWF's BAYE scheme. Each IPO allocation was valued (at Admission) at up to 18% of salary. Qualifying colleagues were also awarded a cash bonus on Admission, with a value of up to 2% of salary. The IPO allocations were made as allocations of free shares that vest in two equal tranches on the preliminary announcements of the Group's financial results for the financial years ending 30 April 2020 and 30 April 2021, subject to the participant remaining in employment (unless the participant is deemed a 'good leaver').

The BAYE continues to operate on an annual basis. All qualifying colleagues are invited to participate in the BAYE scheme by acquiring ordinary shares out of deductions from salary, and awarded matching shares in respect of ordinary shares acquired. Each year, all qualifying colleagues will be invited to sign up to buy shares over a 12-month investment period. Matching shares are received on a one-for-two basis, so for every two shares purchased over the 12-month investment period, participants receive one matching share three years from the start of the relevant 12-month investment period subject to certain conditions.

The EIP is in operation for partners and senior employees and offers a number of awards such as promotion awards, lateral hire awards and exceptional contributor awards. These plans are based on a 5-year vesting schedule and are designed to enable the business to attract and retain the right talent for the future sustainability of the Group.

The Group has a Deferred Bonus Plan although there have been no awards made through that plan to date.

Pensions

All UK employees are eligible for enrolment in a Company defined-contribution pension arrangement. The current employee contribution is 3-5% of salary and employer contribution is 5-7% of salary. The contribution for Executive Directors is 7% of salary, in line with the pension contributions applicable to the wider UK workforce. Outside of the UK, pension arrangements for employees are in line with local legal requirements.

Benefits

UK employees and partners are offered a range of benefits including life assurance and health insurance, and flexible benefits by way of salary sacrifice. Elsewhere in the Group, benefits are in line with local market practice.

Termination

An employee or partner must be in employment and not serving notice to be eligible for any bonus payment. The treatment of leavers is governed by the respective share plan rules, agreed leaver status delegated authorities and operating guidelines.

Directors' Remuneration report continued

The following table shows the cascade of incentives throughout the Group:

Career Level	Average annual increase in base salary	Maximum bonus opportunity	Participation in LTIP (made through the EIP)	Participation in other plans under the EIP	Participation in all employee equity plans (BAYE) – UK only
Executive Directors	0%	CEO: 150% of salary CFO: 100% of salary	CEO: 175% of salary CFO: 125% of salary	NA	Yes
CL1 (excluding Executive Directors)	3%	15%	Executive Board Members	Yes	Yes
CL2	2.92%	10%	Executive Board Members	Qualifying Colleagues	Yes
CL3	2.66%	7.5%	NA	Qualifying Colleagues	Yes
CL4	3.01%	5%	NA	NA	Yes
CL5	4.91%	3%	NA	Qualifying Colleagues	Yes
CL6	2.38%				
CL7	3.13%				
CL8	2.22%				

In summary, the Committee is satisfied that the approach to remuneration across the Company is consistent with the Group's principles of remuneration. In the Committee's opinion, the approach to Executive Director remuneration aligns with the wider Group remuneration principles, and there are no anomalies specific to the Executive Directors.

Communication and engagement with employees and partners

The Board is committed to ensuring there is an open dialogue with our employees and partners over various decisions. This year, Chris Sullivan has been the designated Non-Executive Director with oversight of employee engagement. Chris, along with other Board members, has attended various formal and informal people-related events, and meets the business directly through briefings at key points during the year. At these briefings, employees and partners can ask questions about the Group and our People Strategy. The Partner Director is a representative of the partners, a constituent part of our workforce, responsible for reflecting the views of partners to the Board and for consulting partners on important matters, which he has done through both formal and informal channels during the year. The business is kept informed of the Group activities and performance through communications and the circulation of corporate announcements. This is supplemented by updates on Rubix, our intranet, to which all Non-Executive Directors have access.

There are two main committees for employee and partner engagement:

- The Engaging People Executive ('EPE'), created to ensure employee engagement. It is chaired by a member of the Executive Board of DWF Law LLP or DWF LLP, and made up of partners and senior employees across the business.
- The Employee Forum, chaired by the Head of HR Shared Services, and made up of employees at different career levels to those on the EPE, to provide alternative opportunities to obtain the employee voice and showcase employee initiatives and communications.

Additionally, we have created sub-committees chaired by members of the Executive Board of DWF Law LLP or DWF LLP, whose membership comprises employees and partners looking at specific areas such as CSR and our Diversity & Inclusion agenda (further details are set out on page 56).

This section of the Remuneration Committee report is presented to these committees for employee and partner engagement. Members are given an opportunity to ask the Chair of the Remuneration Committee questions on it.

The business engages with every career level to recognise key contributors through our Achievers platform, which also supports our employee and partner engagement Pulse Survey, which occurs every six months. This process includes prompts for line managers to improve points raised in the surveys.

To ensure all employees and partners are well informed about company matters, a weekly newsletter is sent to all employees and partners, as well as Group news and updates shared on Rubix, our intranet.

CEO to worker pay ratio

CEO-to-worker pay ratio as at 30 April 2020

DWF is committed to fairness and equality across the Group, and takes the CEO pay ratio, alongside a number of other factors, into consideration when reviewing pay levels across the Group.

To calculate the CEO pay ratio, DWF used prescribed methodology A to calculate the pay and benefits of all UK employees (including partners) on a full-time equivalent ('FTE') basis for the financial year, to identify the quartiles. The pay and benefits for all UK employees and partners for the relevant financial year is calculated and ranked from lowest to highest, to identify the employees and partners at P25, P50 and P75. We chose methodology A as we felt it comprehensively reflects the pay levels of our employees (including partners).

The salary and total remuneration of UK FTE employees (including partners) at the 25th, 50th and 75th percentile, and the ratios between the CEO and these employees (including partners) are shown in the table below.

		Salary			Total remuneration		
Year	Methodology	P25	P50	P75	P25	P50	P75
2019 amount	A	£23,000	£36,445	£59,400	£24,383	£39,088	£64,487
2019 ratio	A	23:1	15:1	9:1	24:1	15:1	9:1

Explanatory notes
1. As the business is in its second year since IPO, no LTIPs have vested and the figures above therefore use like-for-like calculations.
2. No CEO pay ratio is provided for 2018, as the pay ratio regulations which came into force on 1 January 2019 require annual disclosures to be made from the end of 2019 onwards. We have not included a comparison to 2018/19 as the business only listed in the last two months of that financial year, and the business model in place prior to the listing was a private-limited-liability partnership, so remuneration is not comparable.

The Company believes the median pay ratio for FY2019/20 is consistent with the pay, reward and progression policies for the Company's UK employees (and partners). We complete a rigorous pay and benchmarking exercise annually on all roles, and adjust appropriately based on performance and affordability, to ensure employees (and partners) are remunerated fairly and in line with the Company's pay philosophy.

In assessing our pay ratio versus likely ratios from industry peers, we believe we are towards the lower end of the range but note that annual and long-term incentive payments have varied considerably amongst this group. In our case, the CEO single figure comprises fixed pay, taxable benefits, and pension benefits, given that no bonus was paid and no long-term incentive vested in respect of performance in FY2019/20. We also recognise that ratios will be influenced by levels of employee (and partner) pay, which may vary from other sectors.

Over time, we expect there may be significant volatility in this ratio, and believe this will be caused by the following:

– Our CEO pay is made up of a higher proportion of incentive pay than that of our employees (and partners), in line with the expectations of our shareholders. This introduces a higher degree of variability in CEO pay each year, which affects the ratio.

– The value of long-term incentives is disclosed in the year of vesting (after three years), which increases the CEO pay in that year, again affecting the ratio for that year.

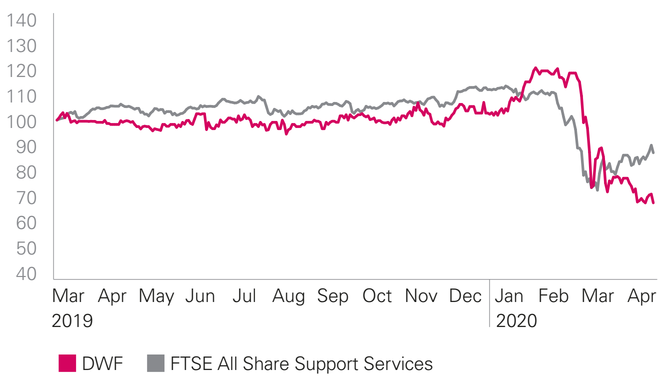
– Long-term incentives are provided in shares, and therefore an increase in share price over the three years magnifies the impact of a long-term incentive award vesting in a year.

– We recognise that the ratio is affected by the different structure of the pay of our CEO to that of our employees (and partners), as well as the make-up of our workforce. This ratio varies between businesses even in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the CEO and wider workforce. Where the structure of remuneration is similar, as for the Executive Board and the CEO, the ratio is likely to be much more stable over time.

Performance against Total Shareholder Return ('TSR')

The following chart illustrates the Company's TSR performance (share price growth plus dividends paid) from the date of Admission against the performance of the FTSE All Share Support Services, a broad-based index the Company has been a constituent member of since Admission.

Performance against Total Shareholder Return ('TSR')



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Directors' Remuneration report continued

Historic CEO remuneration

Element	FY2018/19[1]	FY2019/20
Total remuneration	£70,949	£530,000
Annual Bonus as a % opportunity	0%	0%
LTIP as a % opportunity	NA	NA

Note

1. For FY2018/19, the table reflects the period from Admission on 15 March 2019 to the end of the financial year on 30 April 2019. We have not included an annualised comparison figure for FY2018/19 as the business only listed in the last two months of that financial year, and the business model in place prior to the listing was a private-limited-liability partnership, so remuneration is not comparable.

Percentage change in remuneration of the Directors and all employees and partners

	£ Salary/fees			£ Taxable benefits[2]			£ Bonus[4]		
FY	2019/20[3]	2018/19[1]	change	2019/20	2018/19	change	2019/20	2018/19	change
Executive Directors									
Andrew Leaitherland (CEO)	530,000	530,000	0%	6,677	14,917	-55%	0	0	0%
Chris Stefani (CFO)	320,000	320,000	0%	5,368	8,760	-39%	0	0	0%
Non-Executive Director									
Sir Nigel Knowles	200,000	200,000	0%	0	0	0%	0	0	0%
Luke Savage	72,500	72,500	0%	0	0	0%	0	0	0%
Tea Colaianni	72,500	72,500	0%	0	0	0%	0	0	0%
Vinodka Murria	65,000	65,000	0%	0	0	0%	0	0	0%
Chris Sullivan	75,000	75,000	0%	0	0	0%	0	0	0%
Samantha Tymms	72,500	72,500	0%	0	0	0%	0	0	0%
Matthew Doughty[5]	0	0	0%	0	0	0%	0	0	0%
Average employee (includes partners)	50,330	48,626	3.5%	732	732	0%	358	868	-58%

Notes

1. For FY2018/19, for the purposes of calculating the percentage change in remuneration we have annualised the Salary/fees received during the period from Admission on 15 March 2019 to the end of the financial year on 30 April 2019.
2. The reduction in taxable benefit costs from FY2018/19 to FY2019/20 is due to changes agreed to partner and executive benefits, specifically permanent health insurance which was reduced from 75% to 50% of earnings and Life Insurance from flat £1m to 4 x Salary or a maximum £1m cap. These changes significantly reduced the cost of our insurance in the Group and this is shown in the table above.
3. For FY2019/20, the additional fees for Committee Chairs or the position of Senior Independent Director are included in the Salary/Fees column of the table on page 79. In FY2018/19, these fees were included in the 'Other' column. You can find further details on page 83.
4. In FY2018/19, a bonus was paid at IPO to all employees with eligible service. This was equivalent to 2% of salary. This is the reason for the percentage change in the average employee (includes partners) bonus.
5. 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. Partner Directors do not receive any fees for the position on the Board because remuneration is as a member of DWF Law LLP or DWF LLP (determined by his or her 'home office', and in some circumstances also by way of a limited salary as an employee of DWF Connected Services Holdings Limited.

The Committee uses this information to satisfy itself that there is not an increasing gap between the level of fixed pay for the Director and for employees (including partners). Based on the above analysis, the Committee is satisfied that this is the case.

UK gender and ethnicity pay-gap reporting

We reported on our UK gender pay gap for 2019 in April of this year.

The Group's UK gender pay gap

Pay gap[1]	2017	2018	2019
Mean hourly pay gap	50%	48%	39%
Median hourly pay gap	36%	32%	33%
Mean bonus pay gap	51%	45%	37%
Median bonus pay gap	32%	23%	35%

Note

1. The figures above are combined figures for both employees and self-employed partners. For both hourly pay rates have been used.

The full 2019 Gender Pay Gap Report is available on our website at dwfgroup.com.

While we are working hard to speed up the pace of change in our business, there is a gender pay gap due to the fact that we have more men at senior levels in higher-paid roles. We are taking targeted and sustained action where there is currently under-representation, and we are making positive progress. We know that changing decades of imbalance in our business and sector is going to take time, but we are committed to addressing it.

Our latest plan sets out our immediate priorities and you can find more details on this on pages 37 and 38. This sustained focus on meaningful actions will result in a more diverse workforce, supported and empowered through our inclusive culture and values.

Ethnicity pay-gap reporting

As part of our wider inclusion approach, we have worked hard over the past year to build a more accurate picture of our Black, Asian and Minority Ethnic ('BAME') population. However, the current proportion of colleagues who have disclosed their ethnicity remains low at 60% and, as yet, does not allow for meaningful comparison as part of our 2019 Pay Gap Report.

As described on pages 62 and 63, we have a number of strategies to ensure we are as transparent as possible. In particular, our Board has sent a strong signal about the value of diverse talent and inclusion by setting diversity targets at senior levels, and BAME targets in addition to our gender targets, which include a deadline to initiate BAME pay-gap reporting by the end of 2020.

Annual Report on Remuneration

The following table sets out where in the Remuneration Report the information can be found or where it is not relevant a statement to that effect:

Information	Page
Single figure of remuneration for each Executive Director	79
Share interests awarded during FY2019/20	80
Payment to past Directors	91
Statement of Directors' shareholding and share interests	90
Percentage change in remuneration of Directors and all employees (including partners)	88
Pay ratio information in relation to the total remuneration of the Director undertaking the role of the CEO	86 and 87
Statement of the Implementation of the Remuneration Policy in FY2020/21	82 and 83
Consideration of matters relating to Directors' remuneration	76 and 77
Statement of voting at General Meeting	91

Relative importance of spend on pay

The table below shows the percentage change in total salary costs and shareholder distributions (i.e. dividends) from the financial year ended 30 April 2019 to the financial year ended 30 April 2020.

	FY2018/19 £m	FY2019/20 £m	change
Shareholder distributions paid in the year	nil	9.8	NA
Total remuneration cost[1]	126.4	212.2	68%

Notes

1. Total remuneration cost is defined in note 28 of the financial statements. The large increase year on year reflects the change in compensations model that came into effect in March 2019.

Details of 2019 LTIP Grant

Details of the performance conditions and targets of the 2019 LTIP Grant are set out on page 80 in the Remuneration Outcomes at a Glance section of this report.

No Executive Directors' share incentives vested during the year and therefore the Committee did not consider whether any adjustment should be made in respect of share price performance or otherwise.

Details of strategic and operational objectives for FY2019/20

During the year, the Committee approved performance conditions for Executive Directors in relation to their bonuses for FY19/20 as follows:

– 70% Adjusted PBT

– 30% Strategic and operational objectives (including improved gross lock-up).

For more detail on these performance conditions, see page 80 in Remuneration Outcomes for FY2019/20 – At a Glance.

The strategic and operational objectives are made up of a lock-up objective and a number of personal weighted objectives for specific matters to be achieved during the financial year to safeguard the business and contribute to, or form, the essential financial and strategic priorities and outcomes. We outline the key major themes of the objectives and their corresponding performance on page 90.

The Committee noted that these had been partially achieved, as described below. The Committee decided that as the Adjusted PBT and lock-up performance conditions had not been met, it would not be appropriate to make any payment.

Directors' Remuneration report continued

Executive Directors	Market expansion (33% weighting)	People (33% weighting)	Business growth (33% weighting)
CEO Andrew Leaitherland	Development and monitoring of various market performance measures such as Net Promoter Score progressed. Revenues from key clients have grown.	There was a net partner headcount increase of 19%. People-performance initiatives in FY2019/20 have brought a marked improvement in performance planning and assessments, and our engagement score is up.	Positive outcomes have been achieved with significant M&A activities, in particular the acquisition of Mindcrest in the USA and India, and RCD in Spain.
CEO attainment	NA[1]	NA[1]	NA[1]
CFO Chris Stefani	Significant developments have been made through improved technology and management Information.	The Finance function has continued to develop its integrated service to the business. This has enabled improved partner engagement and focus on financial fundamentals. Cost to income ratio has reduced by 0.1 ppts from 42.7% to 42.6%. The focus on improving lock-up has been underpinned by the roll out of 3e.	Finance cost reduction and budget were achieved. Managed Services established as a separate business unit and enhanced with the acquisition of Mindcrest.
CFO attainment	Partially achieved	Partially achieved	Partially achieved

Notes
1. As announced on 29 May 2020, when Andrew Leaitherland stepped down as Group Chief Executive Officer, the Remuneration Committee determined he would receive no bonus for the financial year 2020.

Directors' share interests (audited)

The Directors' interests in shares as at 30 April 2020 are provided below.

	Number of shares beneficially owned[3]	Value of shares beneficially owned as a % salary/fees[1]	Shareholding guidelines	Deferred shares	Shares subject to performance conditions	Total interest in shares
Executive Directors						
Andrew Leaitherland (CEO)	7,067,628	1,080%	250%	0	779,411	7,847,039
Chris Stefani (CFO)	1,125,051[2]	370%	200%	0	336,134	1,461,185
Non-Executive Directors						
Sir Nigel Knowles	2,662,211	NA	NA	NA	NA	2,662,211
Luke Savage	32,693	NA	NA	NA	NA	32,693
Tea Colaianni	49,180	NA	NA	NA	NA	49,180
Vinodka Murria	1,586,306	NA	NA	NA	NA	1,586,306
Chris Sullivan	409,836	NA	NA	NA	NA	409,836
Samantha Tymms	0	NA	NA	NA	NA	0
Matthew Doughty	2,654,421	NA[4]	NA[4]	NA[4]	NA[4]	2,654,421

Notes
1. Calculated using the share price of £0.81 on 30 April 2020.
2. The one-off award made to Chris Stefani at the time of the IPO as described on page 77 of the annual report and financial statements 2019 is included here. The one-off IPO award was granted to him to create an equity interest at IPO equivalent to what he would have received at IPO if he had been capable of being a member of DWF LLP under the regulations applicable to DWF LLP.
3. On 9 July 2020, Chris Stefani, Sir Nigel Knowles and Matthew Doughty acquired a further 15,000 shares each.
4. Matthew Doughty is a Partner Director. 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. Partner Directors do not receive any fees for the position on the Board because remuneration is as a member of DWF Law LLP or DWF LLP (determined by his or her 'home office', and in some circumstances also by way of a limited salary as an employee of DWF Connected Services Holdings Limited.

Service contracts or letters of appointment

The table on the next page provides details of the service contracts or letters of appointment for the Directors. All service contracts and letters of appointment are available for viewing at the Company's registered office. In line with best practice, all Directors are subject to annual re-election at the Company's AGM. The Chairman and the Independent Non-Executive Directors are appointed subject to re-appointment at the AGM for an initial term of three years commencing on the admission of the shares to trading on the London Stock Exchange. The initial period of three years is renewable by one additional period of three years and renewable thereafter at the discretion of the Company. Partner Director letters of appointment provide that their duties as a Director are subject to their professional duties as solicitors authorised by the SRA or equivalent regulatory authority.

	Date appointed	Expiry date	Notice period by Company or Director
Executive Directors			
Andrew Leaitherland	10 September 2018	Rolling service-contract with no fixed expiry date. For his role as Partner Director during part of the year, there was no entitlement to receive a fee for undertaking the role.	12 months
Chris Stefani	10 September 2018	Rolling service-contract with no fixed expiry date	12 months
Non-Executive Directors			
Sir Nigel Knowles	1 November 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	3 months
Chris Sullivan	1 November 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month
Tea Colaianni	1 November 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month
Vinodka Murria, OBE	1 November 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month
Luke Savage	1 November 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month
Samantha Tymms	1 December 2018	Rolling letter of appointment for an initial term of three years with no fixed expiry date	1 month
Matthew Doughty	1 December 2018	Rolling letter of appointment for role as Partner Director on Admission, for an initial term of three years. The Partner Director is not entitled to receive a fee for undertaking the role.	1 month

Payments to past Directors/payments for loss of office (audited)

There were no payments to past Directors or payments for loss of office during the financial year. However, the Company agreed terms with Andrew Leaitherland on his cessation of employment on 29 May 2020.

The full details of those terms are set out in the announcement which is available on the Company's website (dwfgroup.com/en/investors/reports-and-presentations) but is summarised below:

1. Andrew is receiving 12 monthly payments including basic salary, pension entitlements and other contractual benefits, in lieu of the 12-month contractual notice period in accordance with the provisions of his service agreement. Andrew is required to mitigate his loss during the notice period by seeking alternative employment or engagement.
2. Andrew will not receive any bonus for the financial year ended 30 April 2020.
3. Awards made to Andrew under the Long-Term Incentive Plan granted in 2019 lapsed on his departure. Andrew held no other incentive awards and no further incentive awards will be made.
4. Following the Company's IPO in April 2019, Andrew Leaitherland (together with his wife and family trust) held a total of 7,067,628 ordinary shares in the Company, which represented Andrew's pre-IPO ownership interest in the DWF business. These shares are subject to a five-year lock-up period (which is considerably longer than a typical post-IPO lock-up period of 12 months). These shares would normally have been released in equal tranches on the announcement of the preliminary results for the financial years ended 30 April 2020, 2021, 2022, 2023 and 2024 under the terms of a lock-up agreement entered into between the Company and Andrew Leaitherland at the time of IPO. Pursuant to this lock-up agreement, the first tranche of shares (20%) is released on announcement of the preliminary results for the financial year ended 30 April 2020, and the second tranche (20%) is due to be released during Andrew's 12-month notice period. The Board determined that 50% of the remaining tranches be retained by Andrew in recognition of his contribution to the business during his tenure in office and these will be released in accordance with the original schedule (in 2022, 2023 and 2024). The Board determined that the other 50% be clawed back immediately into the Company's Employee Benefit Trust in accordance with the terms of the lock-up agreement. The release of each tranche of the retained Shares is also subject to malus provisions.

Shareholder voting at the 2019 AGM

	Votes for	% for	Votes against	% against	Total votes validly cast	Votes withheld
To approve the Directors' Remuneration Policy	106,935,200	98.99	1,091,112	1.01	108,026,312	0
To approve the Directors' Remuneration report	106,665,782	98.74	1,360,530	1.26	108,026,312	0

We appreciate shareholders' overwhelming support for both our Remuneration Policy and Remuneration report, and are keen to take on board any additional feedback raised. Following the publication of our 2019 Directors' Remuneration report, we have increased the post-cessation shareholding required to 100% of an Executive's minimum shareholding requirement (or the actual shareholding at the cessation of employment, if lower) for the two years following cessation of employment, in line with the Investment Association's Principles of Remuneration.

Approved by the Board on 7 September 2020

Tea Colaianni
Chair, Remuneration Committee

Directors' report

The Directors' report, together with the Strategic report on pages 1 to 49, form the Management Report for the purposes of the Disclosure, Guidance and Transparency Rule 4.1.5R.

Statutory or regulatory information contained elsewhere in the Annual Report

Information required to be disclosed in the Directors' report may be found below and in the following sections of the Annual Report:

Information	Section	Page
Directors' details (including changes made during the year)	Corporate Governance report	52 to 63
Directors' interests and that of their families	Directors' Remuneration report	90
Likely future developments in the business	Strategic report	8 and 9
Risk factors and principal risks; going concern and viability statements	Strategic report	45 to 49
Governance arrangements; human rights and anti-corruption and bribery matters	Strategic report	36 to 43
Financial instruments: information on the Group's financial instruments and risk management objectives and policies, including our policy on hedging	Consolidated financial statements	142 and 143
Sustainability	Strategic report	36 to 43
Corporate social responsibility	Strategic report	36 to 43
Financial risk management	Consolidated financial statements	142 and 143
Employee engagement	Strategic report	38 to 40
	Corporate Governance report	62
	Directors' Remuneration report	86
Energy consumption, energy efficiency and Greenhouse Gas emissions	Strategic report	43
	Directors' report	95
Engagement with suppliers, customers and others	Strategic report	16, 17 and 41
Section 172(1) statement	Strategic report	14

Disclosure table pursuant to Listing Rule 9.4.8C

The following table provides references to where the information required by Listing Rule 9.4.8C is disclosed:

Listing Rule	Listing Rule requirement	Page
9.8.4(1)	Interest capitalised by the Group and any related tax relief	Not applicable
9.8.4(2)	Unaudited financial information (LR 9.2.18R)	Not applicable
9.8.4(4)	Long-term incentive schemes	Directors' Remuneration report, 73 to 91
9.8.4(5)	Directors' waiver of emoluments	Not applicable
9.8.4(6)	Directors' waiver of future emoluments	Not applicable
9.8.4(7)	Non pre-emptive issues of equity for cash	Not applicable
9.8.4(8)	Non pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking	Not applicable
9.8.4(9)	Parent Company participation in a placing by a listed subsidiary	Not applicable
9.8.4(10)	Contract of significance in which a Director is or was materially interested	Not applicable
9.8.4(11)	Contract of significance between the Company (or one of its subsidiaries) and a controlling shareholder	Not applicable
9.8.4(12)	Waiver of dividends by a shareholder	Directors' report page 93
9.8.4(13)	Waiver of future dividend by a shareholder	Directors' report page 93
9.8.4(14)	Board statement in respect of a relationship with the controlling shareholder	Not applicable

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Directors' indemnities and insurance

At the date of this Annual Report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Articles of Association, in respect of any liability arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries.

The Company also maintains directors' and officers' liability insurance as provided for in the Articles. The Directors may also obtain, at the Company's expense, external legal or professional advice necessary to enable them to carry out their duties.

Dividends

The Board has declared the following dividends:

- an interim dividend of 1.25 pence per ordinary share, paid on 20 December 2019
- an interim dividend of 1.25 pence per ordinary share, paid on 21 February 2020
- a final dividend of 0.75 pence per ordinary share, subject to shareholder approval at this year's AGM, which will be paid on 5 November 2020 to all shareholders on the register of members at the close of business on 25 September 2020.

There are no guarantees that the Company will pay dividends, or the level of any such dividends in the future.

Waiver of dividends – Listing Rule 9.8.4

The Estera Trust (Jersey) Limited, which recently merged with Ocorian Limited, is trustee of the DWF Group plc Employee Benefit Trust and the DWF Group plc Reward Share Trust. The Employee Benefit Trust and the Reward Share Trust are used in connection with the DWF Group plc Equity Incentive Plan, the DWF Group plc Deferred Bonus Plan, the DWF Group plc Buy As You Earn Plan, both in the UK and for international locations, the DWF LLP Sub Group Equity Incentive Plan, the DWF LLP sub Group Deferred Bonus Plan, and the DWF LLP Sub Group Buy As You Earn Plan. The Estera Trust has agreed to waive dividend on shares in the trust not allocated to plan members.

A shareholder who is a member of DWF Law LLP and DWF LLP has agreed to waive dividends attaching to shares which were erroneously transferred to them.

Substantial shareholdings

At 20 April 2020, the last practicable date prior to the end of FY2019/20, the Company had been notified in accordance with Rule 5 of the Disclosure, Guidance and Transparency Rules or was otherwise aware, of the following interests in the Company's voting rights:

Holder	Number of ordinary shares	% of issued capital
Estera Trust (Jersey) Limited as trustee of the DWF Group plc Employee Benefit Trust	26,765,635	8.25
Premier Miton Group	23,481,692	7.24
Standard Life Aberdeen	14,612,788	4.50
Sand Grove Capital Management	13,770,793	4.24

The percentage of voting rights detailed above was calculated as at 20 April 2020, in accordance with Rule 5 of the Disclosure, Guidance and Transparency Rules.

At 27 August 2020, the latest practicable date prior to publication of this Annual Report, the Company had been notified in accordance with Rule 5 of the Disclosure, Guidance and Transparency Rules or was otherwise aware, of the following interests in the Company's voting rights:

Holder	Number of ordinary shares	% of issued capital
Estera Trust (Jersey) Limited as trustee of the DWF Group plc Employee Benefit Trust	34,287,799	10.56
Premier Miton Investors	22,161,660	6.83
Aberdeen Standard Investments	14,612,788	4.50
Sand Grove Capital Management	13,770,793	4.24

The percentage of voting rights detailed above was calculated as at 27 August 2020, in accordance with Rule 5 of the Disclosure, Guidance and Transparency Rules.

Share capital structure and share rights

Further details of the share capital are shown in note 23 to the consolidated financial statements, which forms part of this Directors' report. Rights attributable to the Company's ordinary shares are as set out in the Company's Articles of Association (which are available on our website at dwfgroup.com/en/investors) and in applicable company law. Holders of the Company's ordinary shares have the right to attend, speak and vote (either in person or by proxy) at a general meeting of the Company, and the right to benefit in any distribution of the Company, which includes, but is not limited to, dividends. No shareholder owns shares with special rights as to control.

The Company operates a number of employee share plans, which are detailed both in the Directors' Remuneration report on page 85 and in note 25 to the consolidated financial statements. The voting rights of shares held in trust for the share plan participants, as beneficial holders, are exercised at the direction of the participant. In respect to any voting rights of shares held in trust that are not allocated to share plan participants, Estera Trust (Jersey) Limited will abstain from voting these shares, unless directed otherwise by the Company, and then only in accordance with Estera Trust (Jersey) Limited's discretion.

Authority to allot and purchase own shares

The Company was authorised by shareholders at the AGM held in September 2019 to purchase its own ordinary shares in the market, up to a maximum of 30,000,000. During the year, no ordinary shares were repurchased.

At the same AGM, the Directors were also granted authority (for the purposes of section 551 of the Companies Act 2006) to allot relevant securities (i) up to an aggregate nominal amount of £1,000,000; and (ii) comprising equity securities (as defined in the Companies Act 2006) up to an aggregate nominal amount of £2,000,000 (after deducting from such limit any relevant securities issued under (i) in connection with a rights issue). These amounts will apply until the conclusion of the AGM to be held on 21 October 2020.

Directors' report continued

The Directors confirm their intention to renew these authorities at the forthcoming AGM, ensuring adherence to the provisions of the Pre-Emption Group's ('PEG') revised Statement of Principles. Further details are set out in the Notice of Annual General Meeting, which you can find on dwfgroup.com/en/investors.

The Directors also confirm their intention to continue to adhere to the PEG Statement of Principles and only allot shares representing more than 5% of the issued share capital of the Company (excluding treasury shares) for cash, where that allotment is in connection with an acquisition or a specified capital investment. Such an acquisition or investment would be announced at the same time as the allotment, or having taken place in the preceding six months and being referred to in the announcement of the issue.

Change of control – significant agreements

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, including following a takeover bid, such as supplier and service provider agreements and property lease arrangements. The legal risk arising out of such change of control is closely managed by the Company as part of its contractual governance processes.

The Company has an unsecured £80.0m multicurrency revolving loan facility agreement with HSBC UK Bank plc, National Westminster Bank plc and Lloyds Bank plc for general corporate and working capital purposes. If there is a change of control of the Company, any lender, by not less than 30 days' notice to the Company, may cancel its commitment under the facility and declare the outstanding utilisation of that lender's commitment (together with accrued interest) immediately due and payable.

The Company has a secondary unsecured £15.0m multicurrency revolving loan facility with HSBC UK Bank plc and National Westminster Bank plc. The secondary facility operates under the same terms as the unsecured multicurrency revolving loan facility as referred to above.

Australian subsidiaries of the Company are funded by a revolving facility of $3,000,000 (Australian dollars), and associated capital facilities, from Westpac Banking Corporation. Under the terms of that agreement, where there is, in the lender's opinion, a substantial change (direct or indirect) in management, ownership or control, it may constitute an event of default under that agreement, requiring amounts outstanding and interest to become payable immediately.

The Company's subsidiary, Rousaud Costas Duran SLP, has unsecured multicurrency revolving loan facilities agreements with several local banks for general corporate and working capital purposes. The total value of all such facilities is €12.3m. If there is a change of control of the Company, any lender may cancel its commitment under the facility and declare the outstanding utilisation of that lender's commitment (together with accrued interest) immediately due and payable.

In the event of a change of control, the facilities referred to above would either require repayment or renegotiation. Further details on banking facilities are set out in note 19 to the consolidated financial statements on page 141.

The Directors are not aware of any agreements between the Company and its Directors or employees which would pay compensation in the event of a change of control. The rules of the Company's share plans generally provide for accelerated vesting or release of the share awards in the event of a change of control of the Company.

Restrictions on transfer

As part of the Group, DWF Law LLP, is regulated by the Solicitors Regulation Authority ('SRA'), the Company and shareholders are subject to statutory ownership restrictions pursuant to the Legal Services Act 2007.

It is a cardinal principle of the Company that a 'Non-authorised Person' shall not hold, nor take steps to acquire, any 'Restricted Interest' in the Company other than in compliance with the Legal Services Act 2007 and the arrangements, rules and regulations of any 'Relevant Licensing Authority', which includes the SRA and, where applicable, other designated regulators of the legal professions in England and Wales.

A Non-authorised Person includes any person who is not approved to carry on legal activities by the SRA or another Relevant Licensing Authority.

A Restricted Interest in the Company exists where a person (alone or with their associates):

a) holds at least 10% of the shares in the Company

b) is able to exercise significant influence over the management of the Company by virtue of their shareholding in the Company

c) is entitled to exercise, or control the exercise, voting power in the Company which, if it consists of voting rights, constitutes at least 10% of the voting rights in the Company

d) is able to exercise significant influence over the management of the Company by virtue of the person's entitlement to exercise, or control the exercise of, voting rights in the Company.

If a member (or prospective member) who is a Non-authorised Person proposes to acquire a Restricted Interest in the Company, that member (or prospective member) shall not take any steps to acquire such Restricted Interest until after it has:

a) notified the Company and the Relevant Licensing Authority in advance of its proposal to acquire such Restricted Interest

b) received the necessary approvals from the Relevant Licensing Authority, as may be required under the Legal Services Act 2007 and Regulatory Arrangements.

It is a criminal offence under the Legal Services Act 2007 for a Non-authorised Person to fail to comply with these obligations.

If the Company believes the Divestiture Condition may be satisfied in relation to a Non-authorised Person (a 'Defaulting Person'), the Company may give notice to the Defaulting Person that all of the restrictions referred to below shall apply to all of that Non-authorised Person's shares in the Company (the 'Relevant Shares'):

a) subject to a compulsory disposal provision set out below, a transfer of or agreement to transfer the Relevant Shares, or in the case of unissued shares, the transfer of (or agreement to transfer) the right to be issued with them, is void

b) no voting rights are to be exercisable in respect of the Relevant Shares

c) no further shares are to be issued in right of the Relevant Shares or in pursuance of any offer made to their holder

d) except in liquidation, no payment is to be made of any sums due from the Company on the Relevant Shares whether in respect of capital or otherwise

e) any restriction the SRA or Relevant Licensing Authority may impose in respect of the Relevant Shares in accordance with the Legal Services Act 2007.

A Divestiture Condition includes where a Non-authorised Person holds a Restricted Interest in the Company by virtue of holding shares in the Company in any of the following circumstances:

a) as a result of the person taking a step in circumstances that constitutes an offence under paragraph 24(1) of Schedule 13 to the Legal Services Act 2007 (whether or not the person is charged with, or convicted of, an offence under that paragraph)

b) in breach of conditions imposed under paragraph 17, 28, or 33 of Schedule 13 to the Legal Services Act 2007

c) in contravention of an objection by the Relevant Licensing Authority under paragraph 31 or 36 of Schedule 13 to the Legal Services Act 2007.

For so long as the restrictions set out above apply to a Defaulting Person, the Company may (in its absolute discretion) notify the Defaulting Person that, within seven days of the date of service of the notice, they must dispose of such number of their shares representing the Relevant Shares in the Company that will result in the Defaulting Person no longer holding a Restricted Interest in the Company (the 'Disposal Shares').

If the Defaulting Person does not dispose of the Disposal Shares, the Company shall arrange to sell the Disposal Shares as soon as is reasonably practicable. The Company shall not be liable to the Defaulting Person for any alleged deficiency in the amount of sale proceeds in respect of, or any other matter relating to, the Disposal Shares. The Company may make any arrangements it deems necessary or desirable to sell the Disposal Shares. The Defaulting Person will receive the net proceeds from the sale of the Disposal Shares.

Other than as set out above, where imposed by law or regulation, or where the Listing Rules require certain persons to obtain clearance before dealing, there are no restrictions regarding the transfer of shares in the Company. The Company is not aware of any agreement which would result in a restriction on the transfer of shares or voting rights.

Annual greenhouse gas emissions (include SECR)

The release of greenhouse gases ('GHG'), notably carbon dioxide ('CO_2') generated by burning fossil fuels, has an impact on climate change that, either directly or indirectly, represents considerable risks both to the business and the planet. The Group will monitor and, where practicably possible, reduce its GHG emissions.

The data below has been created using the following scopes:

Scope 1:
All direct emissions from the activities of an organisation or under their control, including fuel combustion on site, such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2:
Indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy eventually used by the organisation.

Scope 3:
All other indirect emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

	FY 2018/19 (tonnes)	FY 2019/20 (tonnes)	YoY Increase (tonnes)	YoY Increase %
Biomass	0	0	0	0
Scope 1	215	229	13.59	6.32%
Scope 2	1,390	1,457	67.14	4.83%
Scope 3	2,169	2,593	424.06	19.55%
Total	**3,774**	**4,279**	**504.79**	**13.38%**
Based on an average headcount of:	**3,050**	**3,647**		
Tonnes per person per year	**1.24**	**1.17**		

Some of the data for March and April 2020 are based on assumptions, as it has not been possible to obtain final data from some utility companies due to COVID-19.

In order to record and calculate this information, DWF utilises a third party system (Accuvio) in which a record of energy, travel etc. is recorded on a monthly basis. Invoices are received from the utility supplier, preferred travel partner and the expenses system from which the data is then recorded. The third party system then breaks down this data into the correct scopes for reporting purposes. Data records travel and energy usage globally with the exception of some international offices which are serviced offices. The analysis uses an operational control approach which means that where there are serviced agreements for utilities, the data is not included in the report. Scope 3 has been included on a voluntary basis.

Directors' report continued

Political donations

The Group did not make any political donations or incur any political expenditure during the year.

It is the Company's policy not to make what are commonly regarded as donations to political parties, and it is not intending to change that policy. The Companies Act 2006 includes very broad definitions of political donations and expenditure which may have the effect of covering a number of normal business activities that would not be commonly thought to be donations to political parties. These could include support for bodies engaged in law reform or Government policy review, involvement in seminars and functions that may be attended by politicians, and job exchanges between industry and Government.

At the Annual General Meeting to be held on 21 October 2020, and to avoid an inadvertent breach of the Companies Act 2006, the Company will seek authority for itself and its subsidiaries and subsidiary undertakings to make political donations not exceeding £100,000 in total.

Research and development

DWF Ventures is DWF's research and development arm, serving as a vehicle to invest in and nurture new service lines that don't easily fit into the conventional and regulated practice group-based business model. Ventures was launched in October 2017 as an arms-length limited company within Connected Services, and provides services to internal teams as well as clients, with a focus on generating ideas, delivering R&D requirements and nurturing early-growth services.

Rules on appointment and replacement of Directors

A Director may be appointed by ordinary resolution of the shareholders in a general meeting following nomination by the Board or a member (or members) entitled to vote at such a meeting. In addition, the Directors may appoint a Director to fill a vacancy or as an additional Director, provided that the individual retires at the next AGM. A Director may be removed by the Company in certain circumstances set out in the Company's Articles of Association or by an ordinary resolution of the Company. All Directors will seek re-election at the AGM in October 2020 in accordance with the Company's Articles of Association and the recommendations of the Code.

Articles of association

The Company's Articles of Association may be amended only by passing a special resolution of the shareholders of the Company. The Articles of Association are available on our website at dwfgroup.com/en/investors.

Annual General Meeting

This year's Annual General Meeting will be held at DWF Group plc, 20 Fenchurch Street, London, EC3M 3AG on 21 October 2020 at 2.00pm. The Notice of Annual General Meeting is available on our website dwfgroup.com/en/investors.

Important events affecting the Group since the end of FY2019/20

Please see pages 73 and 74 in respect of the departure of Andrew Leaitherland as Chief Executive Officer with effect from 29 May 2020. Sir Nigel Knowles was appointed as Chief Executive Offer on 29 May 2020 and Chris Sullivan was appointed as Interim Chair on the same date. On 1 August 2020, Jonathan Bloomer was appointed as Chair and on the same date, Chris Sullivan was appointed as Deputy Chair alongside his role as Senior Independent Director. Please see pages 64 to 66 of the Corporate Governance report for further information in respect of Board changes since the end of FY19/20.

Please see page 30 in respect of the discontinued operations in our International division.

Please also see Note 31 Events after the reporting period in the notes to the consolidated financial statements on page 152.

Disclosure of information to the Auditor

Having made the requisite enquiries, so far as each of the Directors is aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's Auditor is unaware, and the Directors have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information, and to ensure the Company's Auditor is aware of that information.

Going concern

Having assessed the financial forecasts of the business, the principal risks and other matters discussed in connection with the viability statement on pages 48 and 49, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements, as the Company will generate sufficient cash to meet its ongoing obligations for at least 12 months from the date of signing the financial statements.

The Directors' report was approved by the Board and has been signed on its behalf by the Group General Counsel and Company Secretary.

By order of the Board

Mollie Stoker
Group General Counsel and Company Secretary
7 September 2020

Directors' responsibility statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 7 September 2020 and is signed on its behalf by:

Sir Nigel Knowles
Chief Executive Officer
7 September 2020

Chris Stefani
Chief Financial Officer
7 September 2020

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.

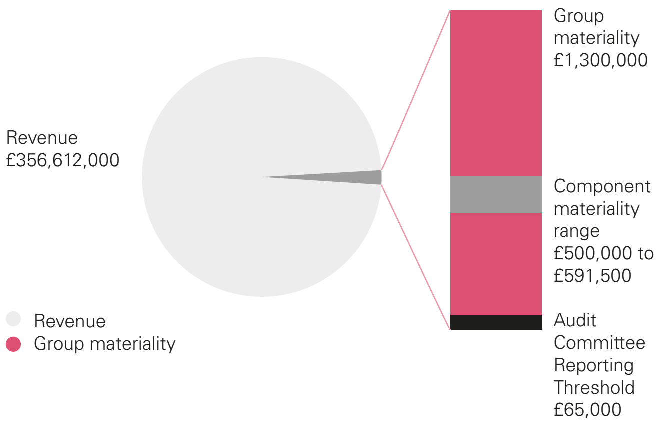
6. Our application of materiality

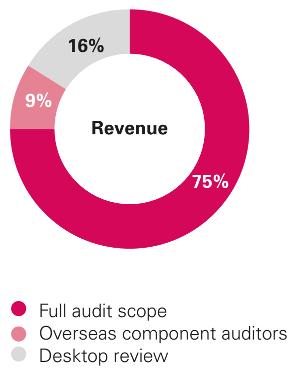
6.1. Materiality

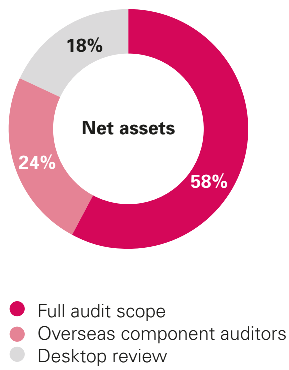
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our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

Strategic report
Governance
Financial statements
Other information

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.

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

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	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.

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- 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.

Corporate information

Company name
DWF Group plc

Registered number
England 11561594

Secretary and registered office
Mollie Stoker
DWF Group plc
20 Fenchurch Street
London
EC3M 3AG
United Kingdom

companysecretary@dwf.law
dwfgroup.com

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA
United Kingdom

UK Telephone:* 0371 384 2030
Overseas telephone: +44 (0)121 415 7047

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

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