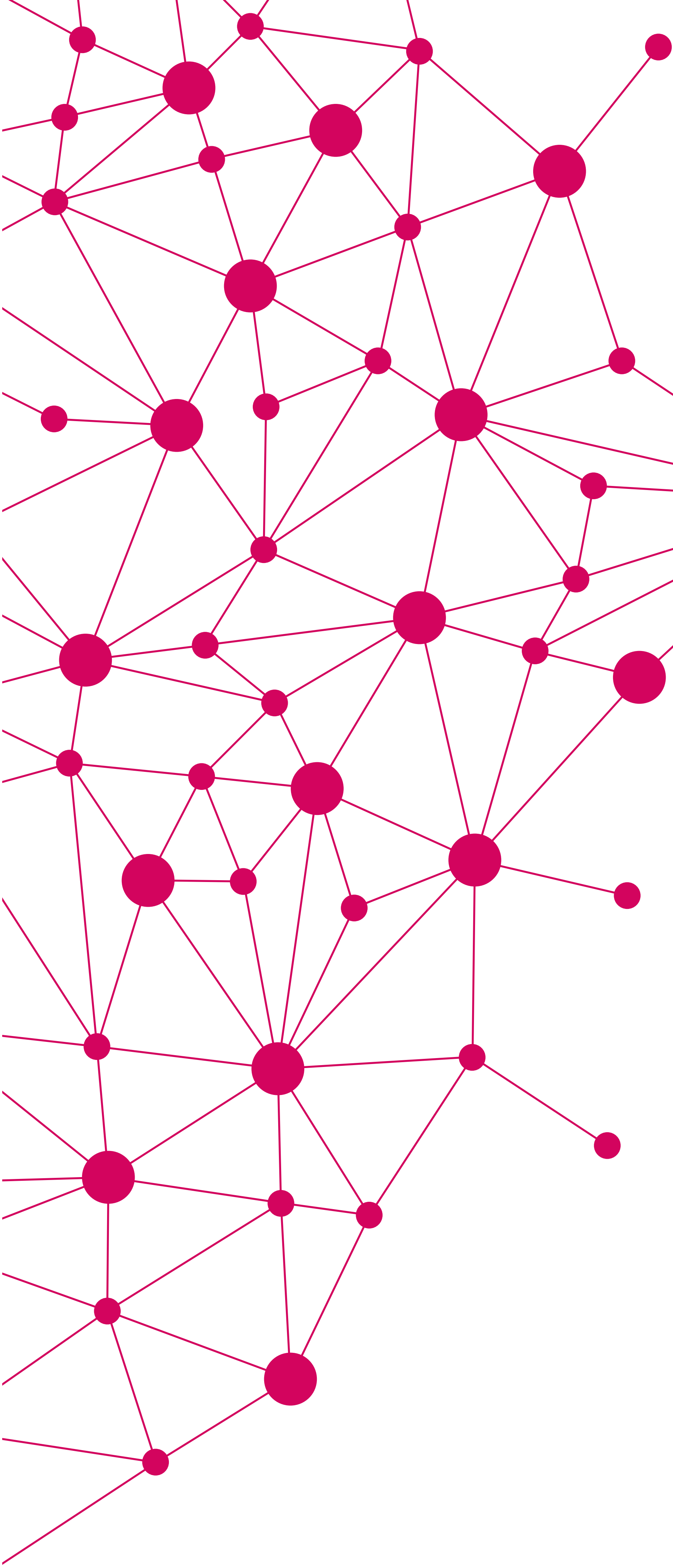

Transforming legal services through our people for our clients

DWF Group plc
Annual report and financial statements 2019

Contents

Financial highlights

Revenue

£272.4m +15%

Revenue per partner[1]

£857.6k +9%

Cost to income ratio ('Cost income ratio')[2]

43.1% -0.1ppts

Reported EBITDA

£19.8m -31%

Adjusted EBITDA[3]

£33.6m +9%

Reported PBT

£12.3m -42%

Adjusted PBT[4]

£26.1m +13%

Gross profit margin

53.4% +0.3ppts

Net debt

£35.3m -£19m

1. Revenue per partner is calculated by dividing revenue by total number of partners.
2. Cost to income ratio is defined on page 43.
3. Adjusted EBITDA is defined in note 2 of the financial statements.
4. Adjusted PBT is defined in note 2 of the financial statements.

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 that translate into an entirely new business model.

What we do:

Our three delivery platforms
Our three platforms – Complex-Managed-Connected – 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 take day-to-day law and manage it better: making it more predictable and consistent; smoothing and streamlining processes; and making 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 via our Connected Services division that allow 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.

Together they ensure we can create seamless legal solutions that meet today's business challenges.

Where we do it:

We have offices in 27 locations…
We operate in 13 countries…
We work across four continents…

- Belfast
- Berlin
- Birmingham
- Brisbane
- Bristol
- Brussels
- Chicago
- Cologne
- Doha
- Dubai
- Dublin
- Edinburgh
- Glasgow
- Leeds
- Liverpool
- London
- Manchester
- Melbourne
- Milan
- Munich
- Newcastle (UK)
- Newcastle (Australia)
- Paris
- Singapore
- Sydney
- Toronto
- Warsaw

We also work in association with eight other legal businesses around the world in the USA, Spain, Saudi Arabia, Argentina, Colombia and Panama.

Three primary business sectors
While our dynamic business model means we are highly adaptable and can provide a full range of services to any business, we derive over half of our business from three core sectors:

Insurance
Real Estate
Financial Services

We also have deep expertise within five other sectors:

Energy & Industrials
Public Sector
Retail, Food & Hospitality
Technology
Transport

Taking DWF to the next level – increasing demand globally and regionally

Following our successful IPO in March 2019, we have a unique platform among our peers which enables us to invest more in our people, more in our technology and managed services platform and more in building our international operations to support clients today and long into the future.

Through the long-term relationships we build with clients, our ability to recruit talented individuals and our commitment to innovation, we provide legal and related services in one integrated, agile offering that reflects the way modern global companies work.

People

3,200

We employ more than 3,200 people across the Group

Our clients

23

We work with 23 of the FTSE 100 companies

10

We have 10-year or longer relationships with 62% of our clients

15.7%

15.7% of our revenue comes from our top five clients

66

Our client net promoter score ('NPS') is 66

Our three delivery platforms

Our three platforms – Complex-Managed-Connected – 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 take day-to-day law and manage it better: making it more predictable and consistent; smoothing and streamlining processes; and making it more cost- and time-efficient through logical process mapping and a technology-enabled platform.

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Together they ensure we can create seamless legal solutions that meet today's business challenges.

What we do:

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

Insurance Services
Providing a range of complex legal services and managed services predominantly to insurers and their insureds, our Insurance Services 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, each of which is made up of a number of practice areas.

International
Providing complex legal services and managed services outside of Great Britain, 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, Belgium, France, Germany, Ireland and Northern Ireland, Italy, the Middle East and Singapore.

Connected Services
Providing complementary products and services to 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.

Three primary business sectors
While our dynamic business model means we are highly adaptable and can provide a full range of services to any business, we derive over half of our business from three core sectors:

Insurance
Real Estate
Financial Services

We also have deep expertise within five other sectors:

Energy & Industrials
Public Sector
Retail, Food & Hospitality
Technology
Transport

Our values – transforming legal services through our people for our clients
Doing things differently has put us at the forefront of the drive to transform legal services. Our strategy and attitude are reflected in every aspect of our mind-set, culture and values. In 2019 we floated on the London Stock Exchange to become the largest listed full service legal business in the world[1], giving us the investment potential to become even more flexible. This has also helped us create an agile, diverse workspace for our people by levelling the playing field and giving everyone the chance to shine. Our values are at the heart of our inclusive culture, providing a clear foundation for our people, and are integral to the achievement of our strategy. They influence actions and behaviours, complement our strategic direction and support the integration of people that join our business.

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 that clients experience the very best of DWF.

1. By reference to market capitalisation at the date of this report.

Transforming legal services

Becoming a publicly-listed legal business supports a new way of working, one that helps us create what our clients need when they need it. We have broken free of the traditional partnership model and are building a global business that's genuinely doing things differently.

Sir Nigel Knowles
Chairman

Dear shareholder
I am delighted to welcome you to our first Annual Report as a publicly-listed company. We made history in March 2019, as DWF became the first legal business to list on the Main Market of the London Stock Exchange. This was achieved in difficult market conditions and was the result of many months of hard work. Huge thanks are due to everyone involved – in particular, our Group Chief Executive Officer Andrew Leaitherland for his vision, and the partners for their confidence and support for the new business model.

So, why break the mould of the traditional partnership model? As a PLC, we have access to resources that allow us to grow more quickly. We can react faster to the trends in our market and the markets our clients operate in, making us more responsive to our clients' needs. We are seeing an increasing trend towards clients wanting to pay for the output not the input – the value of the work, rather than an accumulation of billable hours. We have invested in the people, technology and systems that make this possible.

As a listed company we can incentivise all of our people through the use of shares. Alongside that, the Group now has a compensation model for its partners and fee earners that we believe is unique amongst our peers. We can provide equity incentives, and at the time of the IPO we issued 10% of the issued share capital into trust to provide for these purposes. This compensation model will support our efforts to retain and attract high-quality people at all levels to our business over the long term.

Building a global legal business that offers a larger breadth of services gives us a big competitive advantage, as multinational clients increasingly favour the use of one advisor that can cope with more of their legal work. This is becoming a real priority for General Counsel looking at multiple geographies who would like to have fewer contacts, or preferably just one contact, for all their complex and day-to-day legal work. Our Connected Services division gives our clients the opportunity to source services related to their legal work from their trusted legal advisor, and we believe this really sets us apart.

Our people believe in our purpose of transforming legal services through our people for our clients, and in where we are going as a business. However, when you are growing quickly – our recent acquisition in Poland is a good example – you have to make sure the DWF DNA is built into that business without delay and that the local teams really buy into it. We have a lot of experience in identifying the right businesses to improve our client offering before bringing them into the Group rapidly and making it work. We have also established some important exclusive associations with firms we believe are culturally aligned to give us a trusted capability in territories where we do not yet have a DWF presence.

Ultimately, we are here for our clients. In a competitive market, client care is essential and organic growth is an important metric for us. I believe we go the extra mile in understanding what a client wants and that makes us more relevant to what they need. We deepen relationships through constructive conversations, actively listening to our clients and, of course, acting on their feedback to improve the services we offer.

Like the values and purpose that drive our people, good corporate governance must also be a core feature of our culture. We had to demonstrate our governance credentials ahead of the IPO, but this has always been a high priority area for us, and we have consistently set out to attain the best standards. In an increasingly regulated environment, our aim is to lead the way in the legal services industry. With five outstanding independent non-executive directors in place, with decades of experience between them, I am confident that we will continue to achieve our goals, as good governance drives good performance.

Our Executive Board and main PLC Board members really understand what the business needs in this area and are committed to our strategy for growth. Our independent non-executive directors – Chris Sullivan, Tea Colaianni, Vin Murria, obe, Luke Savage and Samantha Tymms – all come to us with very strong CVs and significant achievements in their prior roles.

We are pleased with our financial performance in a truly extraordinary year – whilst the IPO took a tremendous effort on the part of the management team, it did not distract or detract from business as usual. The Directors have adopted a dividend policy that will not only retain sufficient capital to fund ongoing operating requirements and to invest in the Group's long-term growth, but that will also deliver a return to shareholders with a target pay-out ratio of up to 70% of profit after tax. Given the good performance during this financial year, and subject to approval by the Company's shareholders at our Annual General Meeting in September 2019, the Directors plan on paying a final dividend of £3.0m in respect of the financial year ended 30 April 2019.

I firmly believe that we have laid the perfect foundations from which we can build a very special, global legal business. We are well positioned as a newly listed business and I am confident we have the right people and management to deliver for our shareholders – and I look forward to working with them in the coming year. Together we can achieve so much.

Sir Nigel Knowles
Chairman

Independent advice from a strong team

Nomination Committee
6 Committee members

Sir Nigel Knowles
Chair of the Nomination Committee

Find out more on pages 65 to 67.

Risk Committee
5 Committee members

Samantha Tymms
Chair of the Risk Committee

Find out more on pages 71 to 72.

Audit Committee
5 Committee members

Luke Savage
Chair of the Audit Committee

Find out more on pages 68 to 70.

Remuneration Committee
6 Committee members

Teresa Colaianni
Chair of the Remuneration Committee

Find out more on pages 73 to 94.

Strong performance in an extraordinary year

We have taken the next natural step in our evolution this year by breaking away from the traditional industry model. This was anticipated and understood by our people and our clients, and it puts us in a strong position to move forward. Our clients are looking to us for new solutions that drive greater efficiency across a range of complex, managed and connected legal services, and they are increasingly looking to procure these globally. Our unique combination of platforms allows us to do things differently and demonstrate the mind-set needed to meet their challenges.

Andrew Leaitherland
Group Chief Executive Officer

This has been a milestone year for DWF. In becoming the first legal business to list on the Main Market of the London Stock Exchange, we emphatically demonstrated our commitment to doing things differently, created access to capital that will allow us to accelerate the delivery of our strategy and we extended share awards in our business to more than 2,000 of our people.

We achieved another year of strong financial performance, with full year revenue growing by more than 15% to £272.4m (2018: £236.5m). This growth was primarily organic across the Group given the pause on our M&A programme required by the IPO process. Our adjusted EBITDA[1] increased by 9% to £33.6m (2018: £30.7m) while our adjusted PBT[2] increased 12.9% to £26.1m (2018: £23.1m). Statutory PBT decreased to £12.3m (2018: £21.2m) due to the non-underlying items of £12.6m that relate to the IPO.

A global legal business

All four of our divisions delivered strong organic growth in the period. In the UK, the Commercial Services and Insurance Services divisions, which still account for the majority of our revenue, delivered 6% and approximately 3% growth respectively. The UK remains a core market for us and as such, we made investments and key hires which we expect will drive further gains in market share in the future.

Our International business has shown particularly strong growth, increasing revenue by approximately 79%. We have continued to build our international capabilities through acquisition, associations and new partner hires.

Australia has seen significant expansion in this period. At the beginning of the last financial year we announced the opening of our fourth Australian office, in Newcastle, and the appointment of a new Chairman of DWF Asia Pacific together with a team of 24 people across our Sydney and Newcastle offices to commence our Commercial Services build across Australia. We have since completed the acquisition of FT Adjusting, further building our Connected Services offering in Australia, and we were joined in March by seven principal lawyers from the Melbourne-based firm WARD Lawyers. Australia is a growth opportunity for us, and we have doubled the number of people in that location to more than 150 since the beginning of FY19, significantly expanding our service offering and geographic footprint.

1. Adjusted EBITDA is defined in note 2 of the financial statements.
2. Adjusted PBT is defined in note 2 of the financial statements.

Already in FY20 we have added a further principal lawyer in Melbourne and a team of 15 fee earners, doubling our banking and finance team in Australia. We have also delivered on an opportunity highlighted in our prospectus, through the acquisition of the legal business of K&L Gates Jamka in Poland. This move establishes DWF in Poland itself, but also opens up markets across central, eastern and south-eastern Europe.

We continue to take a diversified approach to expanding our international reach. Last September we announced an exclusive association with Los Angeles-based Wood, Smith, Henning & Berman, helping us to support more of our clients in the world's largest market for legal and insurance services. More recently, we announced an exclusive association in Spain with Rousaud Costas Duran ('RCD'), a highly-regarded firm that is renowned in its market for innovation. RCD will also help DWF to support our clients in the broader Iberian peninsula and more extensively into Latin America.

Our international strategy is client-led. We enter new markets and build capability to serve clients where they need us, through acquisition targets or association partners with a strong sector alignment and cultural fit. We anticipate that the development of our existing international business and expansion into new markets will continue into FY20.

Building our Managed Services platform

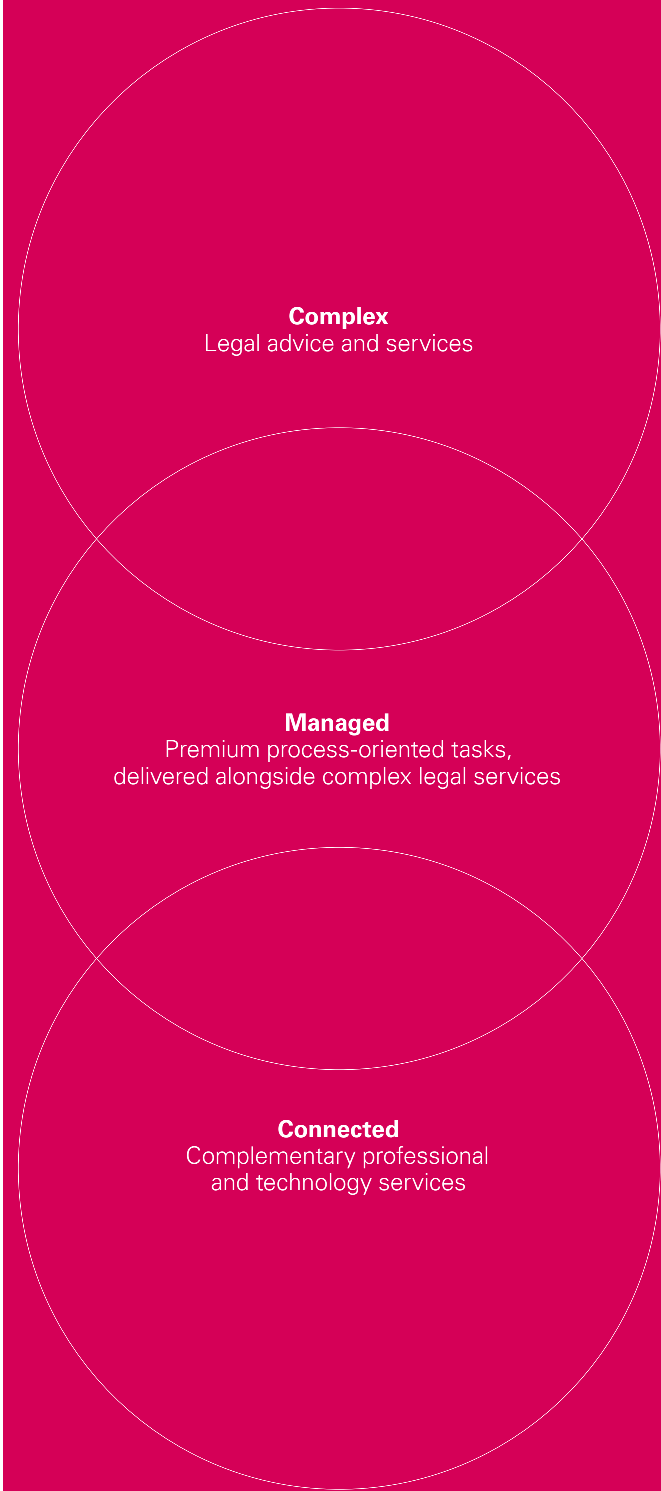
DWF is differentiated by our ability to provide clients with an integrated legal service through our three delivery platforms of Complex, Managed and Connected. In March, we stated that we would use a portion of the IPO proceeds to develop the Group's global Managed Services platform. We are still only a few months on from our IPO, but we have already taken a number of steps forward.

We have appointed a new CEO of Managed Services, Mark St John Qualter, who joined DWF in June from RBS Group plc, where he was Head of Artificial Intelligence for the bank's Commercial and Private Banking business. Mark will lead the development and delivery of our global Managed Services strategy.

Our clients are supporting us with the build, with our recent contract win with BT demonstrating how we intend to work in partnership with our clients to deliver legal services in a different way.

Our international expansion strategy has also been executed with our Managed Services build in mind. We anticipate Australia and the US becoming integral locations in our ambition to create a 24-hour Managed Services capability.

Our unique combination of platforms



Leadership at every level

This year's successes were made possible by the quality and dedication of our people and their commitment to our values. I am particularly pleased that in this period we have been able to further strengthen our Executive team. In addition to Mark St John Qualter, I would like to warmly welcome Daniel Pollick (Chief Information Officer), Mollie Stoker (Group General Counsel and Company Secretary) and Zelinda Bennett (Marketing and Client Development Director). Mollie joined DWF from Lucozade Ribena Suntory, while both Daniel and Zelinda joined the business from DLA Piper.

The quality of our team at Executive level is reflected across the business and evidenced by the recognition we have achieved throughout the year, both for client delivery and our HR & workplace initiatives. We are pleased that some of our initiatives have been recognised beyond the business, where over the year, we have won external recognition such as: one of the Top 30 employers for Working Families, a Top 100 Employer in the Stonewall Equality Index and *Insurance Post*'s Insurance Law Firm of the Year.

Our progress against strategy

Our ability to transform legal services through our people for our clients depends on the effective delivery of our strategy, which means understanding our clients, engaging our people and doing things differently.

Understanding our clients

Getting close to our clients and understanding their industry sector is crucial to the way we build relationships. During the year, we secured a series of important panel appointments, including those of the NFU Mutual and MS Amlin.

Engaging our people

Being able to recruit and retain the right people is critical to our success, which is why we saw the IPO as an opportunity to further strengthen our people's connection to our purpose and our strategy. I am delighted that more than 2,000 of our people now have an entitlement to shares in our business and I hope that even more of our people become shareholders through our Buy As You Earn scheme.

As well as awarding shares to our people through the IPO, we have continued to invest in their career development. This year we made 172 promotions across the business. This included 35 senior promotions, including 20 partners and 15 directors. Of our senior promotions, 12 are women (34%), including five partners and seven directors. We also made significant improvements to the DWF Pension Scheme with a new minimum combined contribution of 8% between employees and their employer.

Doing things differently

Our reputation as an innovator was recognised in the 2018 *Financial Times Innovative Lawyers* report, as DWF was ranked the 11th most innovative legal business in Europe.

Launched in September 2018, the Manchester Law & Technology Initiative saw us join forces with Freshfields Bruckhaus Deringer and The University of Manchester to look at the potential innovations and impacts of technology applications in the legal sector. It is one of the first research collaborations of its type in the UK to draw on business and academic expertise to develop research and teaching focused on the potential application and the impact of digital technology in legal services provision.

Outlook and current trading

The new financial year has started well, with continued growth in line with our expectations. International continues to grow strongly with the added benefits of our recent hires, strategic acquisitions and associations. We continue to see the benefits of our diversified business model with opportunities to build further market share. A substantial proportion of our business is focused on sectors which are less correlated with the performance of the underlying economy, and as such we see stronger near-term growth opportunities in these areas. As the impact of economic and Brexit uncertainty increases the incidence of contract disputes, insurance claims and fraud we are seeing the counter-cyclical benefits of our Litigation offering within our Commercial Services division, as well as across our Insurance Services division more broadly. Connected Services is trading strongly with increased visibility in the market as this business matures and our Managed Services offering is seeing growing momentum with a pipeline of further opportunities.

We are continuing to focus on cost control and working capital efficiencies and anticipate further improvements in 2020. Our strategy is to supplement our organic growth with value-add strategic acquisitions which increase both our capability and global reach. We have made a good start and are confident in the outlook for the full year.

Andrew Leaitherland
Group Chief Executive Officer

Delivering a strong performance

Chris Stefani
Chief Financial Officer

Financial overview

The Board is pleased with the financial performance in FY19, in what has been a significant year for the business.

We have grown revenues by 15.2%, and have seen positive margin expansion in all four of our divisions. The most significant progress has been in International and Connected Services, two areas that we believe set us apart from other listed legal businesses. The revenue growth is profitable, with gross profit increasing by 16% with a gross profit margin percentage uplift of 0.3ppts versus the prior year. In order to support this growth across our divisions the Company invested in its overhead primarily in international locations and also in a one-off increase in PLC-related costs. As we continue to grow revenue, we do not anticipate that we will need to increase administrative expenses at the same rate.

The revenue growth, margin improvement and controlled investment in additional overhead combine to give an adjusted EBITDA figure of £33.6m, a 9.2% increase on prior year. Adjusted PBT is £26.1m, a 12.9% increase on FY18.

Working capital

Working capital (measured using 'gross lock-up days') has remained a key area of focus and closing net debt was £35.3m at the year end which was in line with expectations and guidance.

Gross lock-up days comprise two elements, being work-in-progress ('WIP days') – the amount of time between starting work and invoicing clients – and debtor days which represent the length of time between invoicing and cash collection.

The Group is pleased by its debtor day performance which reduced by 12 days over the period as clients have, on average, paid invoices more swiftly. This significant improvement is as a result of process improvements in the Group's internal credit control function and fee earner behaviour improving customer adherence to payment terms. The Group remains confident that additional opportunities are available to improve this further.

The Group's WIP days increased by 15 as a result of a variety of factors including growth in the Motor practice group in Insurance Services which has a naturally longer WIP cycle, rate card increases in Commercial Services, and a normalisation of International WIP days as locations diversify into full service offerings. Some areas of the Group's business are subject to standardised billing cycles, such as in Insurance Services where a quarterly billing cycle is normally adopted; hence, while the Company is targeting improvements in this Group measure, the opportunity is not as significant as that for debtor days.

The Group will continue to focus on working capital requirements in FY20 and beyond and remains confident of at least achieving its medium-term targets. In the current financial year, the Group is focusing on global process standardisation for billing and collections, billing automation, and partner accountability to drive improved working capital performance.

Revenue
Revenue was £272.4m for the year compared to £236.5m in FY18, an increase of 15.2%. All four divisions of the business delivered growth in line with medium-term guidance with International and Connected Services underpinning the bulk of the Group's growth with increases of 79% and 23% respectively. With M&A activity largely on hold due to the IPO, the majority of the growth was organic (12.5% underlying organic revenue growth[1] vs. 2018) driven by 20 new partner hires and improvements in revenue per partner.

Direct costs
Direct costs, including partner remuneration, were £126.9m compared to £110.8m in the prior year, an increase of 14% year on year. This increase was driven by investment in 160 additional fee earners and 20 partners. In addition, it is worth noting that the partner compensation model changed at the time of IPO, such that former equity partners moved to 40% of their pre-IPO profit share while fixed share partners moved to 90% of their pre-IPO profit share. The impact of this was a reduction in partner-related direct costs for the period since IPO to the 30 April 2019. Whilst the accounts reflect 10.5 months of trading as a partnership and 1.5 months as a PLC, the accounting for partner costs means the income statement effectively reflects the equivalent of a full-year of the new compensation model.

Gross profit
Gross profit increased by 16% from £125.6m in FY18 to £145.5m in FY19. This reflects an increase in gross profit margin of 0.3ppts. All divisions have seen positive margin development through a combination of pricing and productivity increases, and the maturing of the Connected Services and International businesses which are transitioning out of the heavy investment phases of FY18 and prior years.

Divisional performance
Commercial Services

Measure £m	FY19	FY18	Variance
Revenue	**108.9**	102.8	6.0%
Direct cost	**(40.5)**	(39.1)	3.6%
Gross profit	**68.4**	63.7	7.4%
Gross profit margin %	**62.8%**	61.9%	

Commercial Services finished the FY19 financial year strongly. Revenue at £108.9m was 6% up on prior year. Gross profit at £68.4m was 7.4% up on prior year. The tight control of costs has driven gross margin improvement with a 0.9ppts increase on prior year to 62.8%. The strongest revenue growth came from the Litigation practice group with the strongest profit increase coming in Real Estate.

Revenue from the division's top 40 clients in FY19 grew at a slightly higher rate than overall revenue. This was a strong endorsement of the division's business plan objective to upgrade its client base and further institutionalise key client relationships.

The key business plan priorities for FY20 are to drive continued growth in revenue and increase productivity through the newer divisions of Connected Services and Managed Services by delivering some elements of work more efficiently through process and technology. There is also a greater focus on the importance of scoping and pricing.

The start of FY20 sees a general political and economic climate which is slightly tempering activity in transactionally focused teams in Corporate Services and Real Estate; however the division is involved in several high profile client tenders. The Litigation practice group remains very busy with high profile work for the likes of Morrisons and other large institutional clients. Litigation enjoys a degree of counter-cyclical demand which is expected to replace some of the transactional activity.

There is an increased focus on raising the division's profile in relation to securing corporate services work, as a catalyst for winning further work in Litigation and Real Estate. We are targeting low to mid single digit revenue growth for the current financial year.

1. Underlying organic revenue growth is defined on page 42.

Insurance Services

Measure £m	FY19	FY18	Variance
Revenue	**91.1**	88.6	2.8%
Direct cost	**(44.5)**	(43.1)	3.3%
Gross profit	**46.5**	45.5	2.3%
Gross profit margin %	**51.1%**	51.3%	

Insurance Services experienced a year of consolidation whilst also delivering a good revenue result of £91.1m, a healthy 2.8% up on prior year, which was purely organic growth. Investments in partner hires and their teams, who are still to attain full productivity, meant that the overall gross profit margin remained relatively flat despite healthy improvements in certain practice areas. The strongest revenue growth and gross profit margin improvement was in the Motor and Fraud practice group, in part, as a result of the initial deployment of Managed Services techniques and also through forensic cost control.

The latter half of the year was marked by contract wins, most notably from NFU Mutual in January 2019, as well as panel reappointments, with extended lines of business for clients such as MS Amlin. There has been an investment in resource to gear the insurance business for the expected growth this next financial year.

The key business plan priorities for FY20 are to embed new contractual wins across the Insurance Services business and integrate lateral hires to maximise these revenue streams. The division will continue to drive strong organic growth whilst maintaining tight control of the expense base to deliver margin improvement. Continuing deployment of Managed Services techniques will help to enable this productivity increase by delivering elements of work via process and focused performance management alongside minimisation of non-chargeable activity. We will continue to search out new client opportunities and lateral hires who will add value to the business.

In many ways an uncertain political climate leads to increased insurance claims activity and additional value; however this could very well be tempered as the UK insurance sector awaits the full outcome of the Civil Liability Act. These so-called 'Whiplash Reforms' will eventually impact lower value work in the Motor Volume Practice Areas although this will not be implemented until April 2020. The division's award winning proposition for innovation in the area of predictive analytics will continue to produce significant indemnity spend savings for insurers and should mean that the division is ideally placed to gain increased market share. This, alongside planned internal efficiencies, should offset any reduction in work as a result of the reforms.

The higher margin Catastrophic Injury, Professional Indemnity and Commercial Insurance practice areas continue to handle insurers' most complex and highest value claims with expansion expected as a consequence of increased instructions from existing clients and the new client wins and panel reappointments referenced previously. The division will build upon new service line expertise such as in Political and Trade risk whilst further extending its offering in the specialist Lloyd's and London market. The division will continue to search out new business opportunities from insurers, intermediaries and large non-insurer corporate nominations looking for opportunities to provide a broader range of service to its clients. This will involve partnering with the Commercial Services division and DWF Connected Services companies such as Ventures, Claims and DWF 360. In summary Insurance Services expects high single digit organic revenue growth and further margin improvements in the current financial year.

Connected Services

Measure £m	FY19	FY18	Variance
Revenue	**18.5**	15.0	23.3%
Direct cost	**(11.6)**	(10.2)	13.4%
Gross profit	**6.9**	4.8	44.3%
Gross profit margin %	**37.4%**	32.0%	

Connected Services, the newest division in DWF, continued to increase both revenue and margin in FY19 as it grows from a small base to become a more fully developed proposition across the breadth of the offering. Revenue has grown by 23.3% to £18.5m, with Claims, Adjusting, Advocacy and Forensic all posting double digit growth ranging from 14% for the larger claims business, to 80% in the fledgling Advocacy business. Ongoing investments have been made in various connected businesses during the year but despite this gross margin percentage is on an upward trajectory with a 5.4ppts improvement in profitability and a 44.3% increase in gross profit. Awareness of the Connected Services division's capabilities is growing across the two principal new business channels, being direct marketing to clients and internal referrals from other areas of DWF.

The division has continued to innovate and invest, with £0.8m spent on DWF Ventures in order to develop new products, collaborations and alliances which will allow us to bring new ideas to our clients and generate new revenue streams. A particularly notable initiative was our collaboration with The University of Manchester to look at the potential innovations and impacts of technology applications in the legal sector. The Manchester Law & Technology Initiative was launched in September 2018; it is the first research collaboration of its type in the UK to draw on business and academic expertise to develop research and teaching focused on the potential application and the impact of digital technology in legal services. The division also completed the only M&A transaction for the Group in FY19, with the acquisition of FT Adjusting, further building our Connected Services offering in Australia.

FY20 is expected to continue the momentum that has been building in FY19. We expect DWF 360 (our software business), Claims, Adjusting, Advocacy and Forensics to be the key growth drivers. For all of these businesses, there is significant opportunity for internal referrals and revenue capture as we educate our clients and fee earners about the ability to shrink panels and supplier lists to move towards single-source procurement. We believe this is in the best interests of our clients, is what the market requires, and is what our Connected Services are designed to enable.

With clients seeking to reduce the number of service provider relationships they have to manage, they wish to engage with fewer providers who can deliver consistent services on a common technology platform across their international footprint. The ability to provide clients with consistent management information is also a key requirement and market trend which we are able to provide through our proprietary software developed by DWF 360. This demand for services across multiple locations and jurisdictions is driving our investments in Connected Services throughout our international network.

International

Measure £m	FY19	FY18	Variance
Revenue	**54.0**	30.2	78.7%
Direct cost	**(30.3)**	(18.5)	64.1%
Gross profit	**23.7**	11.7	101.6%
Gross profit margin %	**43.9%**	38.9%	

The International division grew by almost 79% in FY19, delivering revenues of £54.0m compared to £30.2m in the previous year. Every location showed growth year on year, but Australia, Dubai and Qatar showed some of the most significant growth whilst in Europe, previous investments in France, Belgium and Italy have started to generate revenues.

This revenue growth has been driven by prior year partner hires coming up to full productivity, an increase in demand from global clients and cross-selling between territories as our international presence matures. Direct costs also grew as locations continued to invest in partner hires and fee earners, but despite this investment, gross profit margin improved by 5ppts to just under 44%. This is part of the expected normalising of International margins as the heavy investment in 2018 and earlier starts to deliver revenues.

Europe continues to present opportunities. In France we recruited in banking and financial services which gave us a sector presence we did not have before. We launched a business in Poland with the acquisition of the legal business of K&L Gates Jamka Warsaw office giving us a highly rated business to service the CEE region. Finally, and most recently, we entered into an exclusive association with top 20 Spanish law firm RCD.

We have had a strong year in the Middle East where the Dubai office has had a year of consolidation and increased its profile in the Dubai legal market. Our office in Doha, Qatar finished its first full year completing a major international arbitration case relating to the Doha airport.

Finally in Australia, now our largest overseas location, we were joined in March by seven principal lawyers from the Melbourne-based firm WARD Lawyers. We have since recruited a financial services and banking team in Melbourne, giving us a strong presence there in conjunction with the existing banking team in Sydney. The Australian legal market continues to offer consolidation opportunities as well as the ability to leverage our Connected and Managed Services delivery platform model.

As highlighted at the time of the 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 Poland, Spain, the USA, Canada, Hong Kong and the Netherlands all being locations where we will continue to look for opportunities.

Administrative expenses

Administrative expenses increased from £103.1m in FY18 to £131.0m in FY19. This increase of 27.0% was as a result of £12.6m of non-underlying items (which were IPO-related expenses) and share based payment expense of £1.2m in FY19 compared to £1.9m and £nil, respectively, in FY18. Non-underlying items and share based payment expense are separately disclosed to provide more information about our cost base. The underlying increase in administrative expenses of £16.0m or 16%, primarily reflects the full year impact of Australia, support costs for the substantial growth of the International business and an increase in PLC specific head office costs.

Net finance expense

Net finance expenses were £2.1m in FY19 compared to £1.3m in FY18, an increase of 65%. Included within this increase is £0.2m related to the write-off of bank charges for the 2018 refinancing. This was a three-year facility which was subsequently replaced on IPO, so the charges in relation to this were fully expensed in FY19. Interest on borrowings was broadly flat compared to 2018.

Profit before tax

Statutory PBT was £12.3m compared to £21.2m in FY18, a reduction of £8.9m or 42% in the year. This statutory position is impacted by the inclusion of non-underlying items and share based payments expense totalling £13.8m in FY19 compared to £1.9m in the prior year. The increase of £11.9m increase is entirely related to the costs of the IPO process and the new shared based payment expense. Much of this cost was driven by the complexity of the project, including the detailed regulatory work required in each jurisdiction in which we operate. Considerable restructuring work was undertaken immediately prior to the IPO to ensure the Group structure was robust and further work was needed to transition our financial reporting, systems and controls away from an LLP model to a corporate one.

Adjusted PBT reflects the combination of double digit underlying organic growth and control of direct and operating costs, such that FY19 adjusted PBT is £26.1m compared to 2018 adjusted PBT of £23.1m – a 12.9% increase.

Taxation

The majority of the Group operated as a partnership until the point of IPO so all of the profits earned by the LLPs were attributable to Members as individuals. The overall tax charge is £0.1m, comprising a current tax expense of £0.4m and a deferred tax credit of £0.3m. FY20 will see a full year of tax charge as our first full year as a corporate entity.

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 Group will, from FY20, target a dividend payout ratio of up to 70% of DWF Group plc's profit after tax.

For FY19, where the Group was only listed for six weeks of the financial year, the directors are pleased to announce a final dividend of £3.0m in relation to the period. This equates to 1.0p per share, and is subject to approval at the AGM on 20 September 2019 and, if approved, will become payable on 27 September 2019.

Balance sheet

Group net assets increased to £41.8m in 2019 compared to £5.3m in 2018. The increase is due to:

- an increase in gross lock-up of £21.5m which has broadly grown in line with net revenue growth, increasing by 16.5%;
- £18.8m reduction in net debt; and
- £18.4m net repayments to members, primarily being the partner capital repayment on IPO.

With the exception of the working capital movement, the changes above have largely been driven by the impact and use of proceeds attached to the IPO.

Capex

The Group has not been capital intensive historically, and FY19 was no exception. With the Group focusing necessarily on the preparations for IPO, capex was primarily spent on business as usual requirements including IT replenishment and essential office maintenance and refurbishment activity. Total capex is broadly in line with the annual depreciation charge.

Conclusion

The Group has delivered profitable, mainly organic, growth and an improved level of profitability in a year where considerable resources were allocated to preparations for the IPO. We have continued to invest in partners and fee earners and have a platform that is unique amongst our peers from which to drive future revenues. Working capital and net debt is being, and will continue to be, tightly managed with more opportunity to self-fund as gross lock-up days are driven down. It was a quieter year for M&A due to the focus required on IPO, although this has brought us into FY20 with a strong pipeline of opportunities that we were unable to progress during the IPO. Looking forward we will continue to carefully consider inorganic growth opportunities and apply the same level of discipline as we have in the past, while looking for opportunities that are culturally and sector aligned, have client overlap, and complement our existing capabilities and offerings.

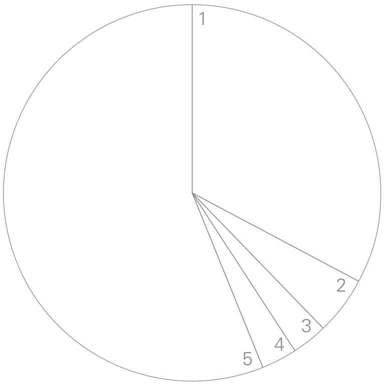
Chris Stefani
Chief Financial Officer

Market analysis

Global legal market

£778bn

Largest legal services markets by country



Estimated market value in 2017

1. USA 33%: £218bn[2]
2. UK 5%: £33bn[3]
3. Germany 3%: £20bn[4]
4. France 3%: £20bn[4]
5. Other

1. Source: Statista based on BRC estimates 2013 to 2021, market size quoted in USD, converted to GBP using an exchange rate of 1 GBP: 1.3 USD.
2. Source: Statista based on data from US Census Bureau.
3. Source: UK's Office for National Statistics.
4. Source: Statista based on Eurostat data.

The global legal services sector is becoming increasingly complex as traditional law firms, alternative legal service providers ('ALSPs') and technology firms compete and collaborate to win new business.

Technology is increasingly viewed as a strategic enabler to proactively offer client-centric solutions.

The majority of the top 25 UK-headquartered law firms identified technology as the key challenge facing the legal sector in the period from 2018 to 2020 and more than 50% of the top 100 UK-headquartered law firms have now adopted mobile apps, client collaboration tools, or automated/semi-automated document production tools[1]. Three of the largest increases in corporate legal technology expenditures by law departments in the US between 2015 and 2019 were in knowledge management, legal project management and contract management[2].

This ongoing evolution is a response to changes in client-led demand and the increasing disaggregation of service delivery across the spectrum of legal services providers. Legal businesses are increasingly investing in IT capabilities and new technology to provide as part of their service offering to clients. The use of technology is a key development in the market with technological solutions increasingly being used for a number of traditional in-house legal tasks.

In addition, investment by law firms in their own internal IT capabilities enables them to provide legal services in a more efficient and cost-effective manner, which can help improve the efficient use of fee earners, and support or enhance profit margins.

International growth potential

Demand for legal services is always affected by general macroeconomic factors, but there are important long-term growth drivers in the global market, including:

- the international expansion of corporates;
- continuous regulatory change; and
- the trend towards outsourcing certain in-house legal services to third-party providers.

While DWF is a top 25 legal business in the UK, in most of the other markets in which we operate, we are building our business from an initial low market share. In a growing market, with lots of consolidation and demand for a differentiated offering, we have an enormous global opportunity.

1. Source: PwC Law Firms Survey 2018 – Resilience through Change.
2. Source: Statista estimates: Spend by law departments on technology in the US, 2015 – 2019, by software type.

Key market trend

Client consolidation of suppliers

Background
The legal services market is highly competitive and, while some larger corporates have legal panels of preselected law firms to provide various services, most clients in the primary sectors we service tend to purchase services from a large number of suppliers.

Trend
Many clients are seeking to consolidate their supply chains and streamline their processes by purchasing professional advice from fewer sources. For larger corporate clients, this can mean reducing the size of their legal panels to make their day-to-day procurement processes more efficient and competitive.

Impact
The combination of our scale, global reach, sector expertise and complementary connected services mean that supplier consolidation should present a significant growth opportunity.

Key market trend

Alternative to traditional law firm model

Background
There have been many new entrants to the legal services marketplace from ALSPs, looking to challenge the longstanding service model whereby clients look to law firms to provide a full range of legal and non-legal services.

Trend
These ALSPs are increasingly providing both legal and non-legal connected services to corporates. Accounting firms also have a significant amount of revenue in legal services, particularly in the UK, which is complementary to their core offering.

Impact
Through Connected Services, we are building products and services similar to those being brought to market by ALSPs. We also collaborate with ALSPs to find the right solutions for clients. However, we offer these services alongside complex legal and managed services, making DWF different to the competition.

Market analysis continued

Key market trend

Technology

Background
Client-led demand and the break-up of service delivery across a spectrum of legal services providers has seen an increasing appetite for technological solutions in the marketplace.

Trend
Technology is increasingly viewed as a strategic enabler to suppliers wishing to offer client-centric solutions. This is leading to greater investment by legal businesses in their internal IT capabilities to improve their efficient use of fee earners and enhance profit margins.

Impact
We have been investing in technology for a number of years in response to client demand and market changes. Our ‘doing things differently’ ethos embraces such change and disruption as an opportunity to provide greater service to clients and deliver further growth for the business.

Key market trend

Law firm consolidation

Background
Recent years have seen consolidation within the legal services market with several significant mergers and acquisitions completed, both at a national and cross-border level.

Trend
This trend for consolidation is expected to continue. Legal businesses can benefit significantly from greater scale and furthering their international reach. This enables operational efficiencies and enhances their ability to service ever-evolving client demands.

Impact
We will continue to look for opportunities to merge with or buy culturally aligned businesses if there is a client, sector and expertise fit. This has been our longstanding strategy – it was an important part of our growth story prior to the IPO and continues to be so.

The Legal Services Act 2007 and non-lawyer ownership

The Legal Services Act 2007, as amended, (the 'LSA') liberalised and reformed the way in which legal services are regulated in England and Wales – de-regulating the ownership and management of all types of legal services firms.

Where a company converts to an alternative business structure ('ABS'), as DWF has done, the LSA means that non-lawyers are able to take ownership and management positions in legal services businesses. In a similar way, Australia permits non-lawyers to own and manage legal firms, though across Europe there are few similar regulations in place.

The introduction of the ABS has acted as a market disruptor, creating a new environment for the provision of legal services in England and Wales. In particular, it has produced an increase in competition for those firms with a retail rather than a commercially focused business. This has led to a greater focus on the needs of the end-user of legal services and will ultimately re-shape the commercial market as the demands of clients in that market create a need for an ever more relevant and value-based service offering by the markets served by the mid-tier and top 100 firms.

Several UK law firms have been admitted to trading on the AIM market of the London Stock Exchange since the introduction of the LSA, including Gateley Holdings plc, Gordon Dadds Group plc, Knights Group Holdings plc, Keystone Law Group plc and Rosenblatt Group plc. DWF became the first legal business to be admitted to trading on the Main Market of the London Stock Exchange, in March 2019.

Our strategy for growth

Understanding our clients, engaging our people and doing things differently have put us at the forefront of the drive to transform legal services.

Organic growth – three principal strategic objectives

1. Understanding our clients

Increasing our share of clients' overall legal work

To provide the best possible service for our clients we must understand their needs in an international context. This enables us to support them fully, while maximising our revenue opportunity. We continue to develop our sector capabilities, particularly in the global sectors of financial services, insurance and real estate, and will consider taking on outsourced Managed Service and Connected Service functions from clients to grow our business.

By providing clients with the opportunity to rationalise their supply chains, with DWF as a single source for multiple services, we have the opportunity to market and cross-sell our various services. And by continuing to provide top quality legal and strategic advice in complex matters across our global sectors, as well as cost-competitive managed services and a broad suite of connected services, we aim to become an irreplaceable long-term partner for all of our clients.

2. Engaging our people

Recruiting, developing and retaining high-quality talent

We engage with our people around shared values with clear set goals, behaviours and incentive structures, supporting them through a culture of innovation and inclusion. This enables us to recruit, retain and develop high performing and high-quality legal and professional talent, which is vital to delivering excellent service, results and lasting value.

As a listed company, we can use equity-based incentive schemes to attract and retain talented people globally. This is unique in most of our international jurisdictions and a clear competitive advantage compared to many of our peers. We can now offer longer-term equity incentives, and the new model is proving to be attractive, as we have seen net partner numbers on a full-time equivalent basis increase by 19 in FY19.

3. Doing things differently

Innovating and accelerating the growth of our Connected Services

Innovation is at the forefront of our growth strategy, allowing us to offer clients a differentiated and competitive offering. The development and growth of our Connected Services division is a key driver of this, as we aim to become the go-to partner for all outsourced legal and connected services by enhancing our services and products through internal research, development and acquisitions.

This is core to our long-term strategy to obtain a larger share of clients' work. We are expanding our existing services in scope and through geographic coverage, investing in specialist talent, our sales and marketing capabilities, and expanding the depth of our service offerings across more jurisdictions. Our partners are also incentivised to drive additional sales of Connected Services within our existing client base.

Inorganic growth – disciplined acquisition strategy

The Group's disciplined approach to acquisitions aligns to strategic imperatives set out by Management. We have a proven method of identifying, executing and integrating revenue-generating acquisitions, and our acquisition growth strategy predominantly focuses on two major high-growth opportunities:

Growing internationally
We acquire complementary legal businesses to consolidate and build on our position in existing geographies as well as selected new markets that complement our current capabilities across global sectors and geographies.

We are expanding our presence in strategically important regions for our clients, including Europe, the Middle East and Asia Pacific. These areas not only offer us significant opportunities in our primary sectors of Insurance, Real Estate and Financial Services, but also provide a strategic gateway to other growth regions and key international markets, including Africa, the Americas and Southeast Asia.

Developing our Connected Services division
We use acquisitions to broaden our service and product capabilities across Connected Services.

Acquisition priorities
Our acquisition priorities are to:
- acquire new product, software and technology capabilities;
- improve our geographical coverage of existing service lines;
- gain additional complementary services and solutions for our practice areas and specialisms; and
- build upon our current consulting capabilities within the connected services market to take advantage of the significant market opportunity.

Driving growth – at a glance

Demand for a single source
There is growing demand from our clients for their legal requirements to be delivered from fewer suppliers or even a single source.

Efficiency driving change
Outsourcing, cost containment, increased regulation, technology development and the need for greater efficiency is driving change.

Perfectly placed
With our focus on 'business as usual, end-to-end' legal services, we are ideally positioned to benefit from these trends.

Benefits of growth
Our strategy of organic and acquisitive growth is already delivering demonstrable financial and client benefits and opportunities for DWF.

Global sectors
The main focus of our already established global platform is on three core sectors: Insurance, Financial Services and Real Estate.

Built-in leverage opportunity
We have a significant opportunity to improve our operating leverage following our recent investments in people and technology.

Business model

We're transforming legal services with an entirely new business model, delivered through our three platforms: Complex, Managed and Connected. Building on our core value of 'disrupt to progress', we have changed the way we work, enabling us to provide solutions that are tailored precisely to our clients' needs.

Our divisions
We operate through four operational divisions:

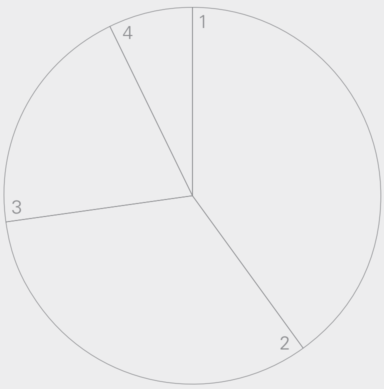
Commercial Services
Corporate services, litigation and real estate practice groups

Insurance Services
Insurance law and professional indemnity and commercial insurance practice groups

International
Same areas of legal services as our Commercial Services and Insurance Services divisions but outside of the UK

Connected Services
Complementary professional and technology services to those offered by our other three divisions

Percentage of revenue



1. Commercial Services 40%
2. Insurance Services 33%
3. International 20%
4. Connected Services 7%

Fee generation
Fee earner is a generic term used for employees who generate fee income for the business. The majority of our revenue comes from fees billed to clients based on work undertaken by fee earners:
- typically, billable hours for complex legal work;
- managed services work is generally undertaken on a fixed fee basis; and
- our Connected Services division generates revenue in a variety of ways, reflecting the nature of the particular service or solution provided.

How our strategy drives our business model

Our ability to generate fees is underpinned by our three strategic priorities:

1. Understanding our clients

How we do it

Collaboration

We collaborate with clients to identify where we can meet their needs and add value through our comprehensive portfolio of complex, managed and connected services. A deep understanding of our clients – their complex legal requirements, volume processes and any complementary services we can offer – helps us to tailor professional services and technology solutions and build long-term relationships.

High-quality client base

Our client-led approach across our eight core sectors, including Insurance, Financial Services and Real Estate, has contributed to strong brand recognition and longstanding client relationships. Our client base is diversified with limited revenue concentration and consists of a wide range of clients from large multinationals and government and public bodies to high net worth individuals.

Preferred supplier

We aim to capture a larger share of revenue by becoming a preferred supplier for clients seeking to consolidate their global supply chains. We offer a wide range of additional products and services via our Connected Services division, including a digital claims platform and software solutions, as well as specialist lawyers and barristers, forensic accountants and investigators.

Referral relationships

While a number of new client enquiries come as a result of our general reputation and brand, many come through referral sources, such as:
- existing and former clients;
- professional service providers, including law firms and competitors; and
- the cross-selling of DWF products within or between our divisions.

What we invest in

Our people

Our clients come from a wide range of backgrounds, and so do our people. Having a diverse and inclusive workplace drives innovation. By continuing to attract and retain the best talent, and investing in developing the skills we need today and in the future, we remain alert and responsive to the needs of our clients and to the challenges and opportunities of doing business in a global context.

Sector strategy

We have sector teams that include specialists from a range of practice groups and jurisdictions, as well as relevant connected services, allowing us to tap into DWF's collective expertise and advise clients on a global scale. The commercial insight gained by establishing these industry sector groups and structuring our services like this, allows us to bring together multiple practice groups and develop deeper, longer-lasting client relationships, identify new opportunities and win new clients.

Global platform

We have established a global platform that supports the provision of complex legal services to clients through our International division. Our global footprint enables us to create additional value for multinational clients that prefer service providers with the ability to provide services for them in various key jurisdictions.

The value we create

We create value for our clients by delivering solutions that meet their business requirements across multiple jurisdictions and linked service offerings. This allows clients to consolidate their supply chain and secure the efficiency gains and security of supply chain that comes with consolidation. All of this is delivered by professionals with sector specific expertise that enables solutions that are more closely tailored to client needs. This leads to great client relationships:
- We currently work with 23 of the FTSE 100 companies.
- 62% of our clients have worked with DWF for 10 years or more.
- Our client base is diversified with limited revenue concentration and consists of a wide range of clients from large multinationals and government and public bodies to high net worth individuals.

Our clients include established international blue chip corporate names, such as RBS Group plc, RSA Insurance Group plc, QBE European Operation plc, Tokio Marine Kiln Group Limited, Telefónica UK Limited, and Wm Morrison Supermarkets plc.

2. Engaging our people

How we do it

Our purpose, values and behaviours

Our success would not be possible without the efforts of our people who are inspired by our purpose and values to behave responsibly and with integrity, shaping the way we do business. Our Engaging People Executive work with our People Partners to deliver high levels of engagement, ensuring that our people recommend DWF as a great place to work, are committed to DWF and that they align their contribution with our strategic goals.

Communication

Employee communications are typically filtered down through the layers of the organisation, but we also use videos, live streaming and roadshows that give senior executives a face – making it easier to convey key messages, even difficult ones.

Inclusive culture

We have a collaborative and inclusive culture that drives our decisions. 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 a growing number of Diversity Champions, deliver action plans supporting gender, race, LGBT+, age, disability, agile and flexible working and mental health.
We are building inclusivity by:

- Being a force for good in society, acting globally and engaging locally.
- Demonstrating visible commitment at the highest level.
- Embedding sustainable and socially responsible business principles.
- Making DWF a great place to work and do business.

Employee Forum

Our Employee Forum actively discusses and seeks practical solutions to enhance the working experience and culture at DWF. It allows us to consult over business-related issues and gain commitment to change. It also provides two-way communications, involving and engaging employees in the direction and success of the business.

Advancing social mobility

We have reinforced our commitment to advancing social mobility by signing up to the Social Mobility Pledge to help stop social background predicting a young person's success. We are proud to sit on the Prime Board, a legal sector alliance of law firms across the UK, committed to improving access to the legal profession through meaningful work experience.

What we invest in

Enhancing performance

We continue to evolve as a business and work to enhance performance. We are developing 'DWF ways of working' to help people understand change within the business and to provide consistency with the way we work, our processes and procedures. This is for everyone and will become relevant to reward, pay reviews and our succession plans.

Career development

We encourage all our people to aim higher and to embark on a career path grounded in improvement and innovation. That's why we set up the DWF Academy – a learning and development initiative designed to enhance and support their career and personal development. We use the Academy to make sure everyone in the business has the opportunity to further their careers with us and can take advantage of each opportunity that comes their way. By putting them in control and providing direct access to a bespoke online portal with tailored training programmes, learning and development opportunities can be accessed, updated and completed at any time.

Recognition

We are also launching a platform to promote everyone's contributions – through which colleagues will be able to build up points to qualify for benefits. In 2019, we will launch our inaugural global employee recognition event to celebrate achievements across a wide range of activities in the business.

The value we create

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 in which we operate.

Building service models that establish a competitive advantage ensure that the value of our people is complementary to the market and builds a proposition that future-proofs our business and marks out DWF as an employer of choice.

3. Doing things differently

How we do it

Innovative and responsible brand

Our purpose is to transform legal services through our people for our clients. That's not just about providing high-quality, innovative legal and connected services. It also means doing things differently, disrupting to progress and ensuring that the DWF brand stands out for something our clients can believe in. Through our three platforms – Complex-Managed-Connected – and one integrated global legal business, we offer complete business solutions and act responsibly in all that we do. That's what makes our brand a differentiating factor, helping us to win and retain clients, and representing an agile work culture that attracts diverse, exciting people.

Innovative technology

We are proud to stand at the forefront of the use of innovative technology and, in particular, we have developed advanced tools and solutions for our commercial and insurance clients. This helps us pursue new revenue opportunities and create workflow solutions that also improve efficiency across the Group internally. We strengthen client relationships by offering additional services and software solutions directly to them, which support the more complex legal services we provide.

Intellectual property

We use a variety of proprietary rights in delivering legal and connected services to clients. We claim a proprietary interest in several of our offerings, products, software tools, methodologies and know-how. We also hold certain licences to the third-party intellectual property we use.

What we invest in

Shareholder returns

We have delivered substantial growth over the three financial years 2017–2019, which has been delivered through both organic and inorganic growth. The business generates sufficient cash flow to underpin its planned dividend policy while making a proportion of this cash available to invest in our continued organic and non-organic expansion to secure future profits and long-term value for shareholders.

Investment in growth

A substantial level of investment in DWF over the last three years has driven strong revenue growth. This has given us a highly scalable, asset-light business model compared to some other service businesses, so only relatively modest ongoing investments are required to sustain our operations or grow the business. Alongside carefully selected acquisitions that expand our service capabilities, sector expertise and international presence, we expect our current platform to continue to deliver global growth, exploiting the competitive advantage of our international scale and our connected services offerings.

The value we create

We are not afraid to disrupt the legal services sector or our own offerings and this willingness to innovate ultimately drives 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 further innovate to progress:

- In 2018, we were ranked as the 11th most innovative firm and legal service provider in Europe in the Financial Times rankings, Most Innovative Law Firms.
- We continue to develop additional products and services through internal research and development, as well as investment in our sales and marketing capabilities.
- The growth of our Connected Services division by 23% is testament to our commitment to innovation and also our clients' appetite for 'doing things differently'.
- We also invested in innovation via DWF Ventures, our R&D business that specialises in horizon scanning and developing new ways to work, demonstrating our commitment to creating value through disruption.

Acquisitions allow us to continue to further develop our service capabilities, our sector expertise and our international operations. We have successfully acquired and integrated over 14 businesses since 2006 and entered into many new jurisdictions since the start of 2014. We have also identified an attractive pipeline of potential acquisition opportunities for the future.

Case study – Understanding our clients

Understanding our clients and their markets is an important part of building relationships. Here are some of the campaigns, reports and publications we have worked on over the past 12 months:

Global Consumer Report
Surveying 10,000 consumers across 10 international markets, The *DWF & Retail Week Global Consumer Report 2019* provides retailers and consumer goods businesses with critical insight into the changing sentiment across the world.

LGC commercialisation
This report was developed in association with leading publication, *Local Government Chronicle*, to assess the commercial challenges, the commercial models available and the strategies being adopted by local authorities and other public bodies across the UK.

Delivering the goods
A technology revolution is upon us, but what does that mean to the transport industry? Technologies such as artificial intelligence, big data analytics, Blockchain and electrical energy and storage have the potential to transform the sector – our report sets out the challenges businesses face when adopting these technologies.

What's holding Africa back?
Africa presents an exciting prospect for investment in renewable energy. We have brought together the views of investors, developers and manufacturers on the challenges and opportunities for renewable energy in Africa in our report.

Blockchain: Beyond bitcoin and disrupting your business
Hailed as the biggest digital innovation since the internet, Blockchain is the virtual infrastructure that is changing the way we all work. Our report explains how Blockchain disrupts industries.

Engaging our people

Our different mind-set speaks to every part of our inclusive culture.

You can be a lawyer, a technologist, an executive in HR, marketing, communications or any other kind of specialism. By changing the way things are done and embracing expert and diverse teams, we've levelled the playing field and given everyone a chance to develop their skills and shine.

Shaking up the legal sector

We have moved from being a regional operator to an acknowledged disruptor of the legal sector, with offices around the globe. Taking our people with us means creating better working environments, bringing teams together and focusing on delivery for our clients.

Our people are direct and focused, they are here to do a good job for everyone, and they work better together. That's one of our core values: by supporting each other and working as a team we can achieve more. That means trusting colleagues. That means knocking down barriers and helping each other. That means playing a part in creating an environment where everyone is encouraged to think differently and enjoy different opinions.

It's what we do, not just what we say

As you'd expect, we're focused on business performance and tracking that performance. Everything we do is aimed at improving the business – across multiple jurisdictions. We have built a framework that supports our leaders and sets expectations. Where we used to have lots of actions, we now have a simpler, more consistent process for assessing our people's progress against three functional and three strategic goals, which balances what they deliver and, just as importantly, how they go about delivering it. The 'how' pays close attention to demonstrating behaviours, both within an individual's day-to-day role, and in the way they apply these in achieving their objectives and career aspirations.

We also think our leaders should be measured by what they do, not just what they say. We engage with our people and aim for two-way dialogue, listening and acting upon the feedback we receive. We endeavour to deliver on our promises in line with our values and ask our people to do the same.

5 STAR Futures

Our 5 STAR Futures education and employability 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 to equip them with the business skills, confidence and resilience to aim higher and achieve more.

Our priorities are to:

1. Help more young people from less privileged backgrounds to gain a strong foundation of self-confidence.
2. Build a strong and positive link between schools and the world of work. This demystifies the workplace, enabling young people to raise their aspirations.
3. Develop a variety of opportunities for young people to gain key employability skills and become more work ready.

We have invested over 5,000 volunteer hours across the UK in the programme and, since the inception of the programme in 2012, we have reached 4,250 young people, creating a talent pipeline with the following major components:

- 5 STAR Early Years: Ignites aspirations and introduces the concept of work in primary schools.
- 5 STAR Futures: Tailored workshops to build confidence, resilience and employability skills.
- 5 STAR Business: Helps college students understand their career options and facilitates introductions to industry professionals.
- Work Experience: Enables young people to practise workplace behaviours.
- Legal and non-legal Apprenticeships: Allows people to successfully transition into the world of work.

We collaborated on our award-winning schools programme with a number of clients this year, including key insurer client Hiscox, who supported the programme at Ark Walworth Academy in London. Our relationship with the school has been built up over the last five years, with DWF playing an important role in the school's employability curriculum.

Engaging our people continued

The 5 STAR Futures programme is an integral part of our work skills and experience offering for our Year 10 students. The programme gives the students confidence and prepares them for the world of work by building on the many values that we share with DWF, including aspiration, resilience and excellence.

Carl Fazackerley
Director of Sixth Form and Head of Aspirations at Ark Walworth Academy

The 5 STAR Futures programme run by DWF is a fantastic initiative. Hiscox volunteers have really enjoyed taking part and contributing to the development of young people in London.

Itiafa Akerejola
Graduate Specialty Claims Underwriter at Hiscox

5 STAR Futures works because of our volunteers – from personal assistants to HR advisors, and partners to apprentices – who all work closely with the students to develop their confidence. I'm really pleased about our partnership with Hiscox this year. As a business, we're always looking to make the most of our relationships with clients. The volunteers from Hiscox have all rolled up their sleeves and got stuck into every workshop, making each session even more fun and worthwhile, not only for the students but also for our people.

Sean Monks
Commercial Insurance Associate at DWF and leader of the programme in London

A diverse and inclusive workplace

The focus on our inclusive culture remains our priority. We are working hard to increase diversity across all career levels within our business and to provide the right environment for all our people to be themselves at work.

We were also proud to be recognised through a number of external awards in 2018/19:

- Stonewall Top 100 Employer for LGBT employees;
- UK Top 30 Employer for Working Families;
- DWP Disability Confident Employer; and
- Gold Standard performance in the Employer Network for Equality & Inclusion's TIDE benchmark (Talent Inclusion & Diversity Evaluation).

Developing our people

We want everyone at DWF to understand how their role contributes to our vision and strategy. Our people stand out from the crowd and make DWF a great place to be, which is why we encourage everyone to aim higher through regular training and development opportunities, in addition to their annual and half year performance and development reviews.

Having highly skilled people in the right roles creates the competitive advantage we need to stand out as leaders in the legal services sector. We are investing in building a healthy pipeline of talent and providing an environment in which our employees can explore and develop their careers throughout their working lives.

Our Learning & Development ('L&D') strategy is aligned to our organisational goals and priorities to bring about behavioural change, improve individual, team and business performance, and ensure we remain competitive throughout the business. We offer learning solutions and resources across a wide range of areas from the DWF induction and the core skills our people need through detailed modules that include: Risk, compliance and excellence; Leadership and management; and Business change.

Our approach to learning follows the 70:20:10 principle, whereby 70% of learning is achieved in role, 20% is achieved through informal learning and 10% is achieved through formal learning and development programmes.

The DWF Academy is our leading-edge learning management system that facilitates a flexible learning environment and is available to all our people. The Academy covers:

- Behavioural skills;
- Business skills;
- Leadership and management skills;
- Legal technical skills;
- Regulatory and compliance; and
- IT skills.

At DWF we're proud of the investment that we make to support and develop our internal talent; whether someone wants to qualify as a solicitor via a training contract, an alternative route, or perhaps an apprenticeship.

Alongside our commitment to helping the development of our people, we recognise the benefits that taking part in further study brings, both to the individual and the business. Each year we give our people the opportunity to apply for 'Study Support' – a UK programme where the business will fund the cost of an individual's studies while they're in their current role.

Our public disclosure on gender pay has helped us continue to build momentum for inclusive leadership training and we are acting to improve our gender balance where needed through focused support where women or men are under-represented within the business. This includes initiating a global partnership with Everywoman, which provides targeted development and networking for female employees.

Aiming higher – attracting and retaining the best people

To be the best, we need the best people – and attracting top talent across the business is difficult in a competitive marketplace. Our career pages online are for many a first point of contact. We have improved them this year, and we've launched a new Applicant Tracking System (aCloud), adding value to our recruitment processes. The system improves the candidate journey, promotes wider teamwork and enhances our reporting capability. We have also developed a new Hiring Manager Toolkit to bring more consistency to our recruitment.

Our new interactive on-boarding module helps to ensure new hires at DWF understand our values and culture, reinforcing their sense of belonging in the first weeks and months of their journey with us. We have also launched a 'manage your career' portal for employees, which enables our people to understand what's expected at the next level and plan how to get there – and aim higher!

Emerging talent and innovative recruitment

Our Emerging Talent team is also changing the way we recruit – for example, by introducing apprenticeships in our Managed Services model. The team are looking at the baseline capability of people we need in the business, then the layers of capability required for them to transfer to different roles. They recognise that a lawyer is not just a technical role but is also required to influence and negotiate to deliver the best commercial terms.

In 2018, we introduced Rare Recruitment's Contextual Recruitment System ('CRS') into our graduate recruitment, hardwiring social mobility flags into the application process, re-assuring applicants that their economic background and personal circumstances will be taken into account.

In collaboration with Women Returners and the Law Society, we have launched a brand new Law Returners Programme aimed at legal professionals who have taken a career break of 12 months or more and are now looking to return to work. We were also one of the first legal businesses to achieve Disability Confident Leadership status and to approach candidates with a disability using Clear Talents in Recruitment, an innovative online tool that facilitates early identification of workplace adjustments through the recruitment and selection process.

Wellbeing and benefits

We recognise that to attract and retain the best people we need to think beyond salaries. We think about the employment experience as a whole, considering the benefits, policies and working practices that could be introduced or improved. Whether that means our relaxed dress code or our Health & Wellbeing programme, our aim is to ensure our people enjoy their jobs and enable them to do and be the best they can.

Benefits make up an important part of our total reward package. We're keen to offer a great choice, giving our people the ability to make choices that best suit them and their family's needs and lifestyle. We continually review our benefits offering, and our people are able to amend and review the benefits they have at different points during the financial year. We offer a range of flexible benefits to our people including health, savings and lifestyle benefits.

The wellbeing of our people is very important to us. We are working with BUPA on 'healthy minds' to assist our employees discreetly if they need it. We also have a psychotherapist registered with the business to help people deal with work and personal related concerns, which may be affecting their ability to fully perform and cope any issues. In addition, a Financial Wellbeing platform is being built to help our people manage their finances, buy mortgages and so on.

Engaging our people continued

Case study – Commercial Services Governance Committee

In looking to achieve client service and a desire to put in place excellence action plans in Commercial Services, we set up the Commercial Services Governance Committee in May 2018. We wanted to create one team to look over all of our plans and make sure all actions feed into our business plans to instil best practice and improve consistency within the division.

The Committee reviews the negligence claims within Commercial Services and supports the identification of the root causes of negligence and key themes. It also recommends and outlines implementation plans, actions and improvements where appropriate. The Committee provides an excellence action plan and identifies training and development gaps, working with the Learning and Development team.

The Committee provides quarterly updates, produced by the Risk and Business Excellence team, for the Commercial Services leadership teams, detailing performance against Business Excellence KPIs, including negligence claims information, audit results, actions taken, proposed actions and all improvements made.

Having worked in partnership with DWF for a number of years previously, I cannot recommend them highly enough. DWF have provided a tailored service to Protector in addition to being instrumental in supporting our Counter Fraud Strategy and continue to be of value to our business.

Claudia Mason
UK Fraud Lead
Protector Insurance

The DWF and LV= relationship is multi-faceted and one of true partnership, where we work together to deliver value for our customers, people and community. Through effective collaboration and joint problem solving we've created and implemented solutions that counter fraud, control indemnity spend, improve recovery performance and develop our people. Through aligned values and mutual objectives, DWF support is invaluable in us being transformational and market leading. All this hard work culminated in DWF winning the LV= GI Claims Supplier Partner of the Year in March.

James Roberts
Supplier Relationship Manager
LV=

Our relationship with DWF continues to grow from strength to strength. Ecclesiastical have greatly benefited not just from the legal input that DWF has made with regards to claims across EL/PL/Property in the volume and complex space, and safeguarding claims, but also the ability to have teamed up with DWF's Crisis Response service and to start working with DWF's Connected Services across Loss Adjusting/Forensics/Intelligence/Predictive Analytics and Profiling. I see DWF as a true Strategic Partner, working with Ecclesiastical to underpin our future vision as a specialist niche Insurer and also a legal business prepared to work collaboratively in the market to achieve the best results for Ecclesiastical and our customers.

David Bonehill
Claims Director
Ecclesiastical

Work/life balance

We value the contributions of all of our people, which is why in 2018 we were named as one of the top 30 employers in the UK for working families. It is our policy to ensure that, as far as possible, our people can combine their career and family responsibilities. We recognise that parenthood brings additional responsibilities and have set out policies that ensure our people enjoy their full rights. We offer enhanced maternity and adoption pay, as well as paternity and (shared) parental leave.

Being agile is an important part of the way we work, enabling us to be more environmentally friendly with how we use space, while empowering our people to take the opportunity to influence how, where and when they work. New collaborative technologies provide secure remote access to information and the ability to work from a variety of locations.

Using technology such as Skype for Business, Yammer, Secure VPN, Objective Manager and a range of other cloud based software, our agile delivery model is at the forefront of best practice within the legal market and we continue to disrupt the norm. As of December 2018, 3% of DWF employees were home workers, and 25% of DWF employees were agile workers.

Health and safety

Our aim is to deliver a high standard of health and safety management across the Group and we have demonstrated positive results this year. To maintain this momentum, we are working towards the requirements of the ISO 45001 Standard. We have also established a robust set of key performance indicators, which are reviewed, audited and communicated on a regular basis.

We ensure our people are well informed and understand their health and safety responsibilities, so that we not only lead and inspire behaviour consistent with the aims of this policy, but also raise the bar to encourage our clients and suppliers to do the same.

We are committed to setting, monitoring and regularly reviewing objectives with the overall focus on the continual improvement of health and safety performance. Such objectives include:
- compliance with all relevant health and safety legislation;
- establishing arrangements for the effective organisation, planning, measuring and reviewing of health and safety policies and procedures;
- continuous improvement in standards of health and safety management; and
- encouraging the use of industry best practices wherever reasonably practical.

Engaging our people continued

Feeling the pulse

We work hard to listen, consult with and respond to our people, seeking views and ideas at every opportunity. By taking action on what we are told, we can make positive changes to the business and demonstrate that opinions, feedback and challenges count and make a difference. Projects and firm-wide initiatives involve champions and representatives from across the business, and we encourage long-term collaborative relationships internally and externally through forums, roundtables and networking events.

Results from our Pulse Surveys, which are 'temperature checks' that measure engagement and job satisfaction across the business, showed improvements across every indicator during the period November 2016 – October 2018, measuring the extent to which people feel they are:

- Managed by someone who understands them and that they respect.
- Listened to and believe that action will be taken as a result of their feedback.
- Recognised (in the moment) and in a way that is meaningful.
- Given opportunities to develop themselves and their career.

We continue to explore options and support new ways of working that offer flexibility and enable our people to keep developing within our business and maintain a healthy work-life balance.

Mindful Business Charter

We are a signatory of the Mindful Business Charter – a set of principles designed to change the way we work by helping us manage avoidable stress and promote a culture of openness around mental wellbeing. The Charter focuses on core principles, such as improved communication, respect for rest periods and the delegation of tasks. We know that working cultures won't change overnight but recognising some of the factors that can affect our people's mental health and committing to tackling them is a visible step in the right direction.

LGBT UN Global Standards

We strive for all our colleagues to have access to equal opportunity and respect wherever they are located. Alongside more than 235 of the world's largest businesses, we have made a global commitment in support of the UN Standards that aim to tackle discriminatory practices in the workplace, the market and the wider community.

In 2018 we collaborated with our Insurer client RSA to offer practical ways to empower LGBT+ Allies across our respective businesses, giving them confidence to get involved and helping create a more inclusive workplace culture. This is more than just complying with a policy, as the collaboration with RSA came about because of a shared belief in making a visible commitment to diversity and inclusion. To create LGBT+ inclusive environments across our offices and borders, we have to engage, educate and empower the majority of our workforce. This support is crucial to cultivating an environment which truly reflects respect and dignity for LGBT staff. We followed this up with the launch of our Empowering LGBT+ Allies booklet and a joint presence with RSA in Manchester Pride.

Race at Work Charter

We are a signatory of the Business in the Community Race at Work Charter. We know that BAME talent still faces significant disparities in employment and progression, and that is something we need to change. The Charter is composed of five calls to action for leaders and organisations across all sectors. Signing up commits us to taking practical steps to ensure our workplaces are tackling barriers that ethnic minorities face in recruitment and progression in our organisation.

UK gender pay

We welcomed the introduction of gender pay gap reporting in 2018. The main reason for our gender pay gap is that we have more men at senior levels in higher paid roles and a higher proportion of women relative to men in roles that fall within our lower pay quartiles. A contributing factor continues to be our business growth and expansion, influenced by merger and acquisition.

Hourly Pay Gap	2017	2018
Mean hourly pay gap	50%	48%
Median hourly pay gap	36%	32%

Improving our gender balance, particularly at senior leadership levels within our business, remains our focus so we are changing how we do things to accelerate the process and to evaluate the effectiveness of our actions. We are making progress, but we know that changing decades of imbalance in our business and sector is going to take time.

Actions we've taken:
- Conducted a structured salary review highlighting differences in pay parity.
- Introduced a Behaviours Framework to ensure a consistent approach to performance management.
- Expanded our partnership with Everywoman, to provide a global network of development resources, advice and inspiration for women at DWF.
- Promotion pipelines have been established across each division to pro-actively discuss female employees and how we support and develop them.
- Female representation on all assessment panels for promotion cases.
- We expect to see multiple women on all recruitment shortlists, as well as female representation on interview panels and leadership Groups.

International Women's Day

Our offices around the world engaged with the International Women's Day Campaign in 2019. The highlights of our campaign were:

10

UK offices collected for the Red Box Project

100

Photos shared on Yammer

100+

Conversations on Yammer

Published numerous blogs, quotes and photos

150

Inspired female students across the UK

1,000+

Over 25 events, across 17 cities, in five countries with over 1,000 people participating

Other engagement activities include our annual Diversity Week and International Men's Day. We have also engaged men as champions of change and set up focus groups to support women into leadership roles.

Changing behaviours

We introduced our Behaviours Framework to create a consistent approach to performance management. It gives everyone the opportunity to clearly see the winning behaviours expected of all our people in line with each of our values. It also provides line managers and leaders with guidance on the behaviours they should be role modelling and encouraging in their people. The Framework details less favourable indicators for each of our values, too. These assist our line managers in challenging certain types of conduct when completing quarterly check-in surveys and end-of-year performance reviews.

Bridging the learning gap

Within our Commercial Services division, we have always spent a lot of time supporting partners, but there was a gap when it came to other fee earners at a lower level. It was a gap that had to be bridged, as these people are very much the future of the business and need exposure to the strategic thinking that drives DWF, to achieve their true potential.

So, over two half-day sessions, one in September 2018, the other in February 2019, we brought a group of newly-promoted senior associates together to work on their business knowledge, the burning issues and gaps in their knowledge, and how they could manage change and connect with others. At a separate session with the same peer group, we covered leadership and management.

There's strong mutual benefit as the participants are highly engaged and feedback has been good. The object was to really get to know this population and understand what they need to help drive performance. It also works as a focus group for the rest of the business – showing us how our people think the business is being run and, importantly, what could be different. Above all, it gets people thinking and helps them connect with each other.

With the support of the HR team, we are tweaking the programme and reaching more people. Participants are discovering tools and techniques with new groups of people, some newly promoted, and others previously promoted. They share experiences and learn from each other as well as the coach. We're even offering individual coaching sessions as a follow-up, as our people can see the benefit of working as a Group but also benefit from working one-to-one.

Technology – Doing things differently

Our listing on the London Stock Exchange has made us the largest listed full service legal business in the world.

We have the leadership, capital access, scale and efficiency, innovation capability and process mindset to break new ground, powered by a committed workforce, who can share in the rewards of what they achieve with us.

Leading-edge technology

Our unique model helps us attract the people and investment we need to develop technology to support the business and our clients, both in the UK and overseas. Much of the technology we develop is directed towards helping our people do their jobs in a more efficient way for our clients.

An example of this is DWF Extract: Land Registry – a tool that automatically extracts key pieces of information from large datasets of Land Registry title documents and delivers this to lawyers in an easy to digest format, enabling a review to be done in seconds rather than hours.

We aim to do things differently and be at the forefront across a number of sectors and practice areas, which is why we focus on multiple pieces of technology over a broad spectrum.

Solid platform, enabling innovation

Our global IT operation is centred in Manchester, UK. We have further invested this year in the people and resources we need to be sure we have a rock solid platform to support business innovation and our growth strategy. Our IT priorities include network modernisation and the global implementation of all core systems. Future acquisitions will be integrated using our standardised IT and systems integration methodology.

Resilience and security

Our core IT infrastructure is protected through industry standard redundancies at all key component levels. Two UK datacentres, located in Manchester and Salford, have direct replication of data to ensure disaster recovery capability. Email is fully replicated globally, by a world-leading cloud email solution that also provides malware and other protection.

We regard the resilience and security of our IT systems as very high priority and this is reflected in our analysis of principal risks in this report. This is an industry issue for legal businesses, and we are potentially the target for bad actors. We also conduct routine disaster recovery testing on our IT infrastructure. At the last test, all systems were recovered as expected without business disruption.

Maximising our resources

Where we identify a sufficient volume of managed services being performed, we consolidate some of that work to our offices with a lower cost base and relevant specialisms – such as our Liverpool office, where we have a centralised team for managed motor insurance legal services. We also concentrate more complex legal work to our regional offices as appropriate. We use our London office, which has a relatively high cost base, as a platform for partners and other staff in client relationship roles to generate value by maintaining close contact with key client accounts.

Acquisitions and integration

We continue to pursue acquisitions that allow us to build up the scale of our global platform. We operate in a highly fragmented global market for legal and connected services and have a proven track record of successfully identifying, acquiring and integrating acquisitions in existing and new markets, usually on a client-led basis.

These acquisitions allow us to develop our service capabilities, sector expertise and international operations. All potential acquisition targets are evaluated against many factors, including cultural fit with our core values, financial potential, key fee earner performance metrics, quality and fit of the client base, and additional sales opportunities that will provide long-term organic growth potential.

Technology – Doing things differently continued

Flexible funding options
To meet clients' desire for flexible funding options, we developed DWF Fundlit, a product that offers a range of litigation funding solutions. DWF Fundlit creates value by offering billing solutions that are based on hourly rates and fixed fees through to sharing the risk with conditional fee agreements, damages-based agreements, third party funding or after-the-event insurance.

Cloud as a competitive advantage
We are strategically committed to cloud-based solutions. Our cloud strategy has four objectives:
– to deliver a high-quality working and collaboration platform in all of our markets;
– to act as a key differentiator for acquisition targets, for whom the platform will represent a major advance;
– to facilitate acquisition activity and the IT integration of any businesses acquired; and
– to drive down operating costs in the long term.

Taking it to the next level
In a future where clients want legal businesses to deliver a range of different solutions rather than just partner-led legal advice, there is significant scope for participants across the whole industry to use technology better. This could range from new applications to make self-service easier for businesses, to platforms that enable more standardised delivery of managed services. We have already developed point solution tools that help legal advisors deliver complex work more efficiently and this will continue to be a key focus.

Beyond direct service delivery, other technologies have the potential to change the way we work. There are several trends that we see emerging and making an impact, including: the rise of digital assistants and voice for legal tasks; emerging technology, such as artificial intelligence or blockchain; and data analytics as a legal service for the pre-emption and avoidance of risk.

The power of an integrated connected model
When a long-standing DWF client had a problem with an employee who had been taking money from the organisation, they had a serious financial and reputational problem to deal with. Normally, they would have had to instruct a firm of forensic investigators in a very complex, costly and time-consuming process. They would then have had to manage multiple service provider relationships to deal with the next steps. Instead, the client was able to contact their trusted DWF partner who was able to organise a multi-disciplinary team straight away to look after the client and their interests.

We provided the forensic investigatory service immediately through our specialist team of accountants in DWF Forensic, with no need for a procurement cycle. This speeded up the investigation and, consequently, the reporting back to the client. We then worked with our complex legal team to deal with issues such as the immediate freezing and recovery of assets and to deal with the involvement of the police and all employment-related issues. Our service also provided advice on the improvement of controls and processes to help avoid similar problems in the future. It was a great example of our multi-disciplinary, integrated and end-to-end capabilities.

In 2018, DWF was ranked as the 11th most innovative legal service provider in Europe in the Financial Times rankings, Most Innovative Law Firms 2018.

Exposing fraudulent claims
With significant fraudulent claims activity in the insurance market, our clients wanted new strategies to tackle them. We worked across DWF to provide a solution, starting with building awareness of suspect law firms in this area. We now take a much broader approach to understanding the issues so that we can focus on the volume market. We look at how claims are funded and create strategies around that – comparing claims from accident management companies against standard claims.

This is where we are demonstrably different from our competitors – many law firms use similar techniques, but none of them are as far advanced as we are in using them so effectively. We have won a number of awards in this area, including Outsourced Partner of the Year at the Insurance Post British Insurance Awards 2018 for anti-fraud work done in Scotland.

Business responsibility

Safeguarding our long-term future is about profit with purpose.

Recognising the substantial opportunities for business and society in continuing to transform the way we do business as an inclusive and socially responsible business.

Our commitment to sustainability and good corporate citizenship aligns to the UN Global Compact and our actions contribute to the UN Sustainable Development Goals (the SDGs, which are also known as the Global Goals) – specifically, those that relate to quality education, gender equality, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, sustainable cities and communities, responsible consumption and production and climate action.

Responsible Business Tracker®

The Responsible Business Tracker® is a measurement tool designed to enable a business to measure its performance as a responsible business and is aligned to the Global Goals. The Tracker helps us navigate and contribute to the SDGs by identifying the key issues we need to address to ensure long-term financial value, enabling both society and the planet to thrive.

As a long-standing partner of Business in the Community, we were proud to be one of only 64 companies in the UK to participate in the Forerunners cycle of the Responsible Business Tracker®, ahead of its formal launch in September 2019.

Social value

We work hard to identify the social issues that are most relevant to our business and most pressing to the communities we work with. As a market leader in the use of client-tailored technology, we also seek out creative ways to use digital technology as a force for good. 'Impact' is an innovative CSR reporting tool, developed by social enterprise Reason Digital.

We became the first legal business to use this platform to capture and report our social value in real time. The technology provides a bespoke and visually engaging platform to set goals and monitor both fundraising and volunteering activity, enabling everybody across our international business to record their social or environmental activity.

Environment

Our guiding principles

We ensure our people are informed of and understand their environmental responsibilities so that they will not only fulfil them, they will lead, inspire and role model behaviours consistent with the aims of our environmental policy and encourage our clients and suppliers to do the same.
- We actively manage our carbon emissions.
- We act to ensure efficient use of resources.
- We invest in technology to help drive our sustainability agenda.
- We externally audit our sustainability performance.
- We collaborate to develop, apply and promote environmental best practice.

Waste reduction

In November 2018, we signed up to Business in the Community's Waste to Wealth Commitment, which aims to double the UK's resource productivity and eliminate avoidable waste by 2030. In addition to these core commitments, we will:
- Set targets to improve the productivity of resources key to our business.
- Redesign the way resources are used in our products, services and operations.
- Collaborate across our organisations, value chains and sectors to reduce waste.
- Report on progress annually to share learning and demonstrate results.

Our key environmental targets

Maintain a target of under 3 tonnes per person per year CO_2
- 2015 – 2.6 tonnes per person per year ('TPPPY')
- 2016 – 2.3 TPPPY
- 2017 – 2.25 TPPPY
- 2018 – 1.3 TPPPY

Maintain a target of recycling at 85% per site

Target was beaten this year, with recycling figures at around 90%.

Energy Savings Opportunity Scheme ('ESOS') Compliance

Stage 1 was completed ahead of target and we are on track to do the same with Stage 2.

Global Human Rights Policy
We support the principles of Human Rights set out in the Universal Declaration of Human Rights, the International Labour Organization ('ILO') core labour standards and we are a signatory of the United Nations Global Compact.

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.

Working with suppliers
We aim to choose suppliers who share our values and, in 2018, we introduced our Supplier Code of Conduct. This marked an important step forward in working with our supply chain to advance decent work and help lift people out of poverty.

Our suppliers are expected to undertake the necessary due diligence to ensure there is no modern slavery or human trafficking in their operations or supply chain. Our Supplier Code of Conduct covers matters that are grouped into six key areas:
1. Human Rights
2. Health & Safety
3. Responsible Supply Chain Management
4. Inclusion & Diversity
5. Business Integrity
6. Environmental Management

To date, we have had no reported incidents of slavery or trafficking from our suppliers.

We continue to assess our supplier due diligence processes, policies and controls, while mapping and evaluating suppliers by country, product and service type, size and scope of operations.

The UK Modern Slavery Act
In support of the goals of the UK's Modern Slavery Act and the UN Women's Empowerment Principles, we have a zero tolerance approach to forced labour of any kind within our operations and supply chain. As a business providing legal and other professional services, we consider the risk of modern slavery existing within our business to be low and we have had no reported incidents of slavery or trafficking in our operations since we started tracking this issue.

We continue to update our Modern Slavery Statement, which can be viewed online at dwf.law

Combating homelessness
In February 2019, the DWF Foundation awarded its 100th grant to Bosco Society, a homeless charity based in Bootle. The grant will help the charity deliver training sessions on pre-tenancy awareness, budgeting, life-skills (such as cooking on a budget), among other subjects, that will help equip hostel residents with the skills they need to live independently.

Anti-corruption
Guiding principles
We expect all of our people to report the following:
- Criminal activity, including fraud or theft.
- A failure to comply with a legal obligation or regulatory requirement.
- A miscarriage of justice.
- Bribery or corruption (such as accepting incentives in return for awarding business).
- Endangering an individual's health and safety.
- Damage to the environment.
- Deliberate concealment of information relating to any of the above.

Whistleblowing
Having policies in place that encourage individuals to raise concerns is intrinsic to an ethical and supportive business culture. We are committed to maintaining an open culture with the highest standards of honesty and accountability, where colleagues can report any legitimate concerns in confidence. Our Whistleblowing Policy offers effective protection from retaliation, and policies that support anti-bribery and corruption legislation are essential components of this.

DWF Foundation

Established in 2015, the DWF Foundation is an independent registered charity. Its sole aim is to provide funds, resources and support to help local communities achieve their full potential, targeting funds to our community themes of:

- Education
- Employability
- Health and wellbeing
- Homelessness

Following our flotation on the London Stock Exchange, the DWF Foundation received a donation of 1.8 million shares from our partners, with a valuation at the point of admission in excess of £2.0m. By the end of April 2019, a total of £265,536 had been raised by our people, which has benefited 118 charities.

Assessing performance

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.

Certain of the measures below are alternative performance measures ('APMs') which are also referred to elsewhere in the Annual Report. Where adjusted measures are used in this Annual Report they are clearly presented and chosen to provide a balanced view of the Group. These measures, in the opinion of the Directors, can be useful to readers when they provide relevant information on our future or past performance and equivalent information cannot be presented by using financial measures defined under IFRS.

At a divisional level we maintain a number of key performance indicators ('KPIs') specific to the performance of each division. Each of the divisions monitors, and is in turn assessed on, its own key performance measures. This year we delivered an improved performance against the majority of our divisional financial and operational targets. By continuing to focus on these benchmarks, we have been able to concentrate achieving our strategic objectives.

Revenue growth

+15.2%

Overall revenue growth is calculated as the change in net revenue achieved year on year. In the year to 30 April 2019 the revenue increased by 15.2%. Revenue growth is considered at a Group and divisional level.

Underlying organic revenue growth

+12.5%

Underlying organic revenue includes all net revenue during a financial year of any business unit that has been in the Group for at least 12 months (and always excludes the first 12 months net revenue of any business unit that was acquired, which is considered inorganic net revenue). Net revenue from month 13 after an acquisition falls into the 'organic net revenue' category on the basis that such net revenue is driven by DWF's management after that point.

Underlying organic revenue growth represents underlying organic revenue that exceeds the underlying organic revenue from the comparable period in the prior financial year. This measure is used as it gives a comparable assessment of the underlying growth of the business and its sustainability. In the year to 30 April 2019 the underlying organic revenue increased by 12.5%. Underlying organic revenue growth is considered at a Group level only.

Gross profit margin

53.4% +0.3ppts

Gross profit margin is calculated as gross profit divided by net revenue. In the year to 30 April 2019 gross profit margin increased by 0.3 percentage points ('ppts') to 53.4% (2018: 53.1%). This measure is used to assess the profitability of the growth in the business. Gross profit margin is considered at a Group and divisional level.

Cost to income ratio ('Cost income ratio')

43.1% -0.1ppts

Cost income ratio is calculated as administrative expenses less non-underlying items and share based payment expense adding back gain on bargaining purchases divided by net revenue. In the year to 30 April 2019 the cost income ratio increased by 0.3 ppts to 43.1% (2018: 42.8%). This measure is used to assess the levels of operational gearing in the Group. Cost income ratio is considered at a Group level only.

Adjusted EBITDA

£33.6m +9%

Adjusted PBT

£26.1m +13%

Adjusted EBITDA and Adjusted PBT

Adjusted EBITDA and Adjusted PBT are defined in note 2 of the financial statements. Adjusted EBITDA has grown by 9% to £33.6m (2018: £30.7m) and Adjusted PBT has grown by 13% to £26.1m (2018: £23.1m). Both measures are disclosed to allow for more insight into the underlying performance in the business.

Adjusted EPS

6.9p

Adjusted EPS is defined in note 8 of the financial statements. Adjusted basic EPS is 6.9p (2018: 6.3p). This key measure indicates the underlying profit attributable to individual shareholders. It measures not only trading performance, but also the impact of treasury management, capital structure and bank and interest charges, as well as the efficient structuring of the Group to appropriately manage tax. Our business and financial strategies are directed at delivering consistent adjusted earnings per share growth and our incentive programmes are designed to support this strategy.

Net partner joiners

20

Net partner joiners is calculated at the difference between the aggregate of i) lateral hires, ii) partners engaged from acquisitions and iii) promotions ('new partners') and partners that have ceased to be engaged by the Group. In the year to 30 April 2019 19 net partners joined the Group. Net partner joiners is considered at a Group and divisional level.

Revenue per partner

£855,700 +9%

Revenue per partner is calculated as net revenue divided by the total number of partners in the Group. In the year to 30 April 2019 Group revenue per partner was £855,700 (an increase of 9% compared to FY18). Revenue per partner is considered at a Group and a divisional level.

Gross lock-up days, debtor days and WIP days

Gross lock-up days, debtor days and WIP days are defined in note 28(c) of the financial statements. These working capital measures are considered at a Group and divisional level.

Free cash flow

(£18.1m)

Free cash flow is an important indicator of resources available for payment of the equity dividend and for support of our acquisition strategy. Free cash flow is defined in note 28(b) of the financial statements. In the year to 30 April 2019 free cash flow was (£18.1m).

Non-financial information summary

We aim to comply with the new Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. We have integrated the information required for a non-financial information statement into the Strategic report in line with our approach to the cohesive reporting of non-financial matters. In particular, across the Report we aim to describe:

- the process used to support developing a diverse talent pipeline;
- the outcomes and actions taken, and how it has or will influence Board and senior-level composition;
- our policy on diversity and inclusion, its objectives and how it links to company strategy, how it has been implemented and progress on achieving our objectives;
- the gender balance of those in the senior management and their direct reports;
- all key performance indicators of the Group, including those non-financial indicators are on pages 42 to 44;
- DWF Group plc's business model on pages 24 to 40; and
- Where principal risks have been identified in relation to any of the matters listed above, these can be found on pages 47 to 48, including a description of the business relationships, products and services which are likely to cause adverse impacts in these areas of risk and a description of how the principal risks are managed.

The following is a summary of our policies, their outcomes and the most material non-financial impacts we have as a business.

Social matters	Impacts
The way we do business is based on our core values and reflects the responsible behaviours we want to be known for. Our approach helps us to manage risk in our own operations and those of our partners and supply chain. We have a number of policies that state how we do business and the steps we take to ensure we are responsible, fair, transparent and inclusive: – Anti-Slavery – CSR – Anti-Bribery – Whistleblowing – Health & Safety – Human Rights – Diversity & Inclusion – Dignity at Work	– A supportive, diverse, well connected and inclusive environment; – Confidence that people are working in a safe and secure environment; – An environment where colleagues are treated with dignity and respect; – Colleagues are encouraged to do the right thing, and deepen their skills, knowledge and expertise; – Colleagues are empowered to raise concerns about issues they feel are important and are confident that they will be properly addressed; and – Colleagues are helped to improve their skills and capabilities to fulfil their potential and enjoy a rewarding and fulfilling career.

Environmental matters
Our environmental management system is accredited in the UK to ISO14001:2015 and our environmental key performance indicators are reviewed, audited and communicated on a regular basis internally and externally.

Managing risk

Effective risk management is critical to meeting our strategic objectives. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board Risk Committee provides advice to the Board in relation to the assessment of the principal risks facing the Group, including the management and mitigation of those risks, while responsibility for risk management and internal control rests with management.

In accordance with the 'Three Lines of Defence' model, this is our first line of defence in managing our risk. The second line of defence ensures and reports on compliance with the organisation's risk appetite, overseeing and assuring the application of our policies and control framework while independent assurance provides our third line of defence.

Global risk management review

As a global provider of legal services, we play an important role in helping businesses grow and prosper. However, we recognise that there is increasing scrutiny from a wide range of stakeholders with a diverse range of views on the role of business in society.

While we aim to conduct business with law-abiding businesses and build strong relationships with our clients, it is important to us to understand the risks related to issues regarded as potentially unethical by certain parts of society. As part of our continuing efforts to embed sustainability into the way we do business, we have initiated a global risk management review to assess our response to key environmental, social and governance issues.

The scope of activity extends across:
– policy and strategy;
– governance;
– guidance and tools;
– systems and controls; and
– reporting and monitoring.

This will enable us to adopt a more robust and transparent approach to environment and social risk management as part of the way we do business, while retaining the ability to both service our clients and seek out new business opportunities.

Risk appetite

The success of our risk management framework also depends on a strong understanding of our organisational risk appetite. Risk appetite is defined as the level of risk the organisation is prepared to accept in order to achieve its objectives. It needs to be considered before risks are addressed, i.e. before deciding on which controls should be put in place to mitigate the risk to an acceptable level.

Our risk appetite is also dependent upon whether the risk is one we choose to take or is one that is inherent in doing business. In the former case, we have to assess the risk we are willing to take to obtain certain benefits, comparing the value of the potential benefits with the potential losses that may be incurred. In the latter, we compare the cost (financial or otherwise) of mitigating a risk with the potential cost of exposure should it come to fruition.

Internal procedural audits

Our Internal Procedural Audit process is independent from all operational and line management responsibilities. The Internal Procedural Audits aim to:
1. provide opportunities for improving service delivery;
2. enhance the client experience; and
3. protect the organisation's reputation and assets.

These audits are an integral part of our performance management framework, which is designed to provide an independent and objective assessment of existing management controls and adherence to our standards and codes. The Internal Procedural Audits also highlight where there may be a weakness or where there is particularly strong performance across the business.

Managing risk continued

Internal control – our Business Excellence team

Our Business Excellence Team works in partnership with managers and colleagues across the business to develop and maintain adequate and reliable systems of internal control. It delivers a pre-planned audit programme using a flexible risk driven approach and provides a six-monthly update to the Executive Board on its progress. The team also conducts additional special reviews, as required by the senior management team or other risk management teams, where risks have been identified.

The work of the Business Excellence Team is externally assessed in accordance with the ISO 9001:2015 quality management standard for its operations in England, Scotland and Northern Ireland. The team also works proactively on identifying and sharing good practice, identifying issues and providing guidance on root cause analysis and implementing solutions.

Compliance – our Risk Management team

Our Risk Management team is responsible for maintaining high standards of compliance in respect to client on-boarding, Anti-Money Laundering ('AML') and fulfilment of jurisdictional regulatory requirements. The Group routinely invests time and resources to ensure its risk management and compliance framework, procedures and processes are up to date and robust.

We maintain our AML policy and procedures (including client due diligence) based on our understanding of best practice and the legal and regulatory requirements in each relevant jurisdiction. We have different frameworks in place in the different jurisdictions as required, with established procedures to satisfy local requirements as efficiently as possible.

The Risk Management Team maintains central controls to meet specific jurisdictional requirements and we also offer training programmes to educate our people on regulatory requirements, covering AML, client due diligence, conflicts of interest and other topics. Much of this is available as online training, but the Risk Management Team also provides face-to-face training and workshops on various topics.

Our key risk areas

Broadly, we assess our risks against the following areas and determine our most material risks by examining their impact and likelihood.

Regulatory and political risks

The Group operates in numerous jurisdictions and has an interest in future target jurisdictions. At any point, regulatory regimes can change, or new laws can be introduced which may have an adverse effect on the Group's business or operations, through a reduction in revenue, increases in costs, or lack of accessibility.

Commercial risks

Market conditions can affect the Group's performance – especially during prolonged periods of unpredictable, adverse conditions. Other commercial risks could arise if new entrants or existing competitors offer more attractive services, or if the Group is unable to adopt, implement or communicate an effective business strategy.

Operational risk

We face significant operational risks that could arise from: failed or inadequate processes, people or systems; the inability to retain staff or attract the right people to achieve the Group's objectives; external issues driven by outsource providers or damage to physical property; cyber-attacks, threats and outages.

Business model risk

There are several risks to the Group arising from the way we do business and, in particular, our business model. We need a strong understanding of our risk appetite in this area, and to avoid ambitious or under-ambitious modelling.

Conduct and ethics risk

A failure to meet client expectations or an issue in our supply chain could pose a real risk to the achievement of fair outcomes for our clients and people, as well as to the sustainable, stable, resilient and transparent operation of our business.

Reputational risk

Reputational risk for the Group arises as a hidden danger or threat to the brand, good name or standing of our business. We understand it can occur in some of the following ways:

- Directly, as the result of the actions of the business itself.
- Indirectly, due to the actions or inactions of an employee or employees.
- Peripherally through related third parties, such as suppliers or clients themselves.

We realise that in addition to good governance practices and policies, we also need to be socially responsible and environmentally conscious to avoid or minimise reputational risk.

Principal risks

The table on the following pages describe the principal risks we are exposed to and the Group's approach to mitigating those risks.

Risk area and potential impact	Mitigating factors and actions
Cyber-attack The Group relies on the efficient and uninterrupted operation of its own and third parties' complex and sophisticated information and communication technology and data-processing systems. A successful cyber-attack could result in significant financial loss; an erosion of the professional indemnity excess, resulting in increased premium costs; reputational damage; regulatory sanctions, such as financial penalties imposed by the Information Commissioner or legal services regulators in the relevant jurisdictions for the loss of or compromise to personal/confidential data. Such an event could also increase the potential for criminal attacks resulting in critical disruption to our business and a threat to our people.	– Our information risk framework is aligned to industry standards ISO 27001, Cyber Essentials Plus, CIS and PCI DSS. We employ a defence-in-depth approach to cyber security that includes manual and automated preventative, detective and corrective controls. – We endeavour to ensure that insurance cover for any actual losses to DWF is not subject to exclusions relating to cyber-attack. – We engage in regular independent penetration testing, clear desk audits and information security training. – An Information Security Sub-Risk Register has been prepared following thorough assessment. This is now being aligned with Group Risk Register. – Our CIO now has a seat on the Executive Risk Committee to ensure regular updates on effectiveness and the value of our controls.
IT infrastructure IT infrastructure and systems that are not sufficiently robust and flexible for the size and scope of the business could lead to systems outages and failures resulting in serious disruption, loss of revenue and/or reputational damage. Failures and outages could also be caused by additional IT demands, resulting from an increase in agile working or integration issues following a merger or acquisition. Such failures could lead to our IT systems being unable to capture the data needed to help grow the business and a lack of effective management information.	– ISO27001 accreditation covers our IT operations. – An IT Sub-Risk Register has been prepared and is now being aligned to the Group Register. – Business Continuity and Disaster Recovery feature frequently on the Group's desktop scenario testing, which is carried out internally with the Incident Management Team.
Governance A lack of effective governance measures across the Group structure or any ineffectiveness in its governance measures could result in exposure to various liabilities, a loss of proper control and direction over subsidiaries, subsidiary undertakings and affiliates. Failing to achieve alignment across the Group could mean a divergence of approach between Group entities, greater exposure to risk and could lead to problems when integrating new entities to the Group following a merger or acquisition. The Group's legal practice structure following the reorganisation in 2019 may also entail risks in relation to regulatory approval of the structure and governance arrangements of the Group: (i) Local legal service regulators of the Group's legal service providers in the DWF LLP Sub-Group may determine that the legal practice structures of the Group do not comply with their local laws or regulations. (ii) Changes in laws, regulations or interpretations thereof in jurisdictions where the Group operates may in the future mean that the changes implemented, or any legal practice structures of the Group do not comply with local laws or regulations.	– We have completed an overhaul of governance structures and aligned these with our policies and procedures. – All governance structures have been documented with appropriate associated terms of reference for each Board Committee. – An assurance programme is now underway with Internal Audit to verify the effectiveness of our Board, Committees, structures and controls.

Principal risks continued

Risk area and potential impact	Mitigating factors and actions
Business continuity/disaster recovery The inability to recover quickly and effectively from a cyber-attack, terrorist attack or a major disruption to the business could result in a loss of revenue and reputational damage.	– We maintain a detailed Business Continuity Policy and an Incident Management Plan. – This is tested throughout the year with the involvement of the Incident Management Team undertaking desktop scenario testing.
Financial control Financial control is a critical component of maintaining a complex corporate structure. The inability to comply with regulatory accounts requirements in a range of jurisdictions could have a major impact on our ability to do business and to our reputation in those jurisdictions and beyond. The Group's internal controls, policies and procedures may fail to prevent, and the Group's insurance coverage may fail to cover, all of the risks to which the Group may be exposed, and the cost of insurance could increase significantly.	– We employ high-calibre individuals (including a Head of Tax) in key financial roles to navigate through the complexity. – The Internal Audit function monitors the operating design and effectiveness of the control environment. – We engage with external experts in jurisdictions that we have less knowledge and experience in.
Security breach (internal hacking) The Group's operations, information systems and processes may also be subject to sabotage, computer hacking, vandalism, theft and similar misconduct. A critical information security breach, possibly arising from a successful phishing attack, could result in a loss to DWF or could compromise client confidential information, leading to significant reputational and financial damage, loss to insurers, or increased premium costs.	– Developed an access authorisation matrix and an Acceptable Use Policy is part of our IT policies. – We continue to develop an optimum security environment and have engaged external consultants to test this environment before assurance checks are carried out by internal audit.
Retaining and attracting people As a legal business, the Group relies on its partners and senior management in the locations in which we operate. The market for partners, other fee earners and senior management is highly competitive. The inability to attract, retain and develop key people could lead to the loss of major clients and fee income; potential reputational damage; the loss of intellectual property, skills, knowledge and experience, affecting productivity and effectiveness.	– HR engages in succession planning, identifying key people for more senior roles and the development of our people.
Claims Failure to manage the root causes of claims leading to a perception by insurers and/or potential insurers of DWF as a poor risk, resulting in increased premiums and excess and a limited choice of insurers offering renewal terms. This could happen as a result of a high quantum claim or a series of claims with common factors such as poor supervision, simple drafting errors on high-value matters, failure to implement lessons learned from previous claims; or a deterioration in the claims position resulting in a perception by insurers that risk management is not dealt with as a priority.	– A full review of claims is carried out continuously by brokers/insurers/R&C to identify relevant trends. – Regular reports are made to the Executive Board and (if necessary) the main Board. – We have governance committees within both our Commercial Services and Insurance teams. – We are working on linking this to our reward and recognition processes.
Professional indemnity insurance Changes in the professional indemnity insurance market could result in: (a) premium increase; (b) self-insured excess increase or limits on cover; or (c) reduction in profitability through combinations of (a) and (b). This could arise due to the financial collapse of a major UK/global law firm creating nervousness among insurers or a very high-value claim in the market resulting in large losses for primary and excess layer insurers, reducing capacity and/or appetite to write cover for law firms, exposing us to significantly increased financial risk.	– We have bi-monthly updates with Brokers and Insurers. – The Director of Risk Management and Excellence maintains relationships with Insurers throughout the year. – Early relationship discussions and market testing take place before renewal.

Viability statement

In accordance with the Corporate Governance Code, the Directors have assessed the viability of the Group, taking into account the current position of the Group and the business model at the time of approving this report. The Directors' assessment was over a three-year period to 30 April 2022, taking account of the Group's current position and the potential impact of the principal risks documented in the Strategic report. A three year period was chosen by the Board as the most appropriate period to consider as this is consistent with the three year tenure of the revolving credit facility.

Banking facilities, which include a rolling credit facility of £80m that matures in January 2022, with 2 x 1 year optional extensions, are considered to be sufficient for the Group's purposes based on current forecasted projections. It is assumed that these facilities will be renewed successfully in 2021. Net debt to leverage covenant is set at 1.5 times EBITDA 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 must be less than 180 are all projected to be fully compliant with sufficient headroom. The directors consider going concern as a matter of course in the twice-yearly reporting cycle and short-term cash flows are monitored on a rolling 13 week basis. All results and forecasts confirm full covenant compliance, and sufficient resources to settle liabilities as they fall due.

Long-term viability has also been considered. 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. The Group's current position and principal risks have been considered, with those risks set out in both the IPO prospectus and in the Strategic report. These risks have been considered individually and in aggregate, and with reference to Group strategy and external factors such as Brexit 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 profit and working capital. These scenarios and sensitivities did not indicate a reasonable worst case scenario that requires any enhanced disclosure.

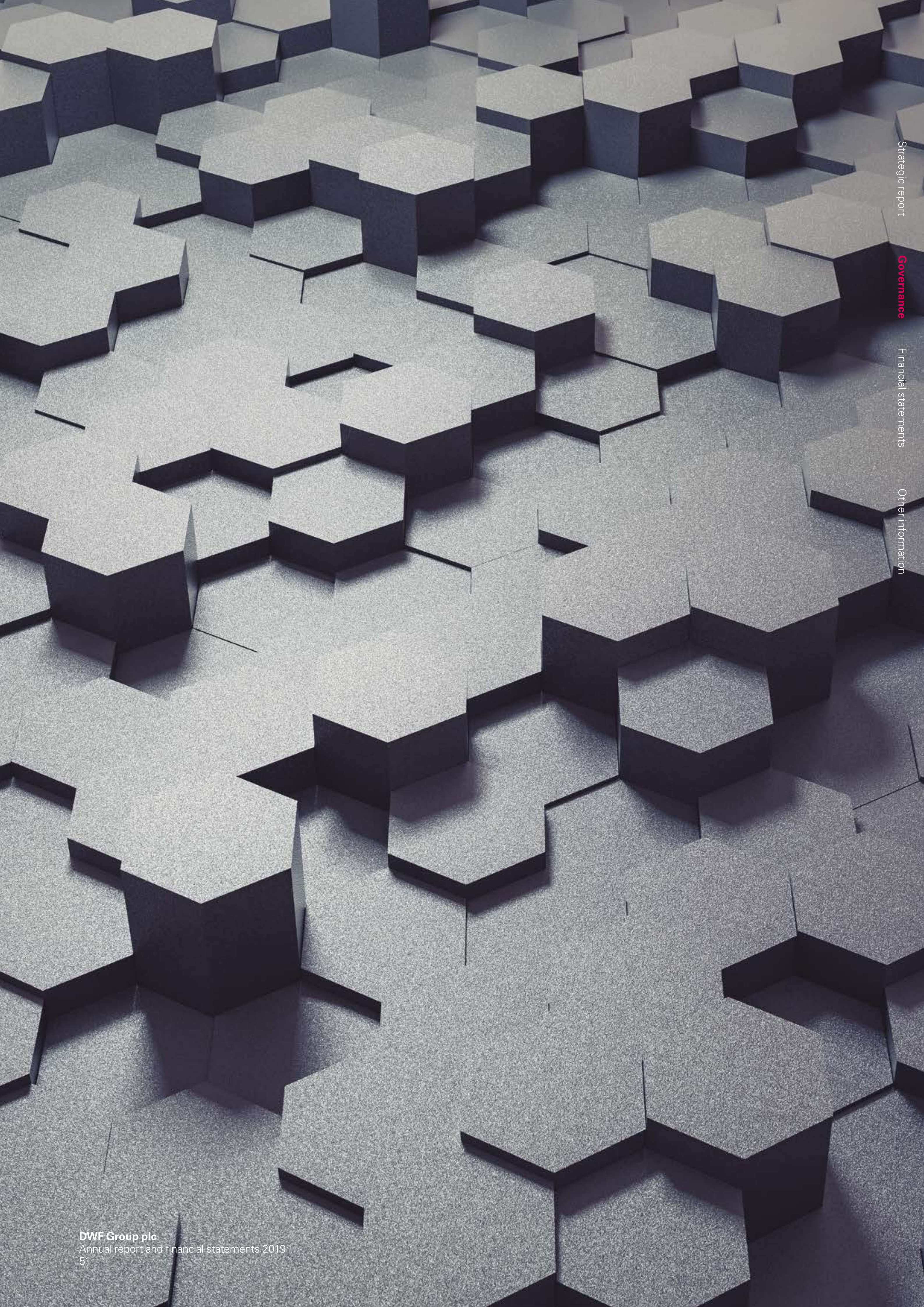
The Directors consider that the business model is appropriately diversified between transactional activity and litigation, and that there are sufficient mitigating actions available to the Board, that the Group is suitably resilient to deal with the crystallisation of key risks and/or adverse economic 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

Sir Nigel Knowles
Chairman
30 July 2019

At DWF, we have always taken governance seriously and sought to attain the best standards. We believe good governance drives good performance, as the business is in a position to make better decisions. Having transitioned to a PLC structure in 2019, we are further embedding corporate governance best practice and our aim is to turn this into a source of competitive advantage.



Delivering a strong performance

Sir Nigel Knowles
Chairman of the Board

Dear shareholder,
This is our first Corporate Governance report and, as I explained in my introductory statement to this Annual Report, corporate governance was a foremost consideration when the former partnership took the decision to create a corporate model and to list shares on the London Stock Exchange this year. With that in mind, I believe it is important to explain how we, as a differently structured business, embrace both the normal corporate governance requirements and those which are bespoke to a legal business.

Regulation in England and Wales
Unlike the majority of listed firms that only have to comply with the UK's Corporate Governance 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. All of these elements have placed extra responsibilities onto our main Board as it comes to grips with our new environment.

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 page 58) and I am pleased to confirm that 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 ('Articles') entitle the Company to impose certain restrictions on all of that person's shareholding, which may include disenfranchisement and/or compulsory disposal of such shares. Further details are set out in the Directors' report on page 95.

The third requirement is set out in the Articles and certain other Group constitutional documents. The Company and its 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 the Company to shareholders and (ii) the professional duties of our people and our Group entities, then those professional duties will prevail.

Transition from a partnership to a listed company
Our transition to a listed company has itself been a remarkable one for a number of reasons. The nature of the transaction, with a new PLC being put in place with a directly held subsidiary company that is a limited partner in a traditional Limited Liability Partnership ('LLP') model, meant that the timescale for developing our corporate structure was relatively short compared with other companies that seek a listing. As a result, this governance report has aspirational aspects that it would not be appropriate to report on for the short period that occurred between the IPO and the year end.

For example, we will report on main Board and committee evaluations in future years, but we have not undertaken this process because the Board in its current form was only together for the last two months of the year under review and only held one regular meeting during that period. As our Board and committee dynamics settle down, we will of course undertake these reviews and report transparently on the outcome. Similarly, attendance at Board meetings is shown in this report on page 63, but is largely irrelevant given the short time frame reported upon.

Board composition
We believe that the selection of Board members for a newly-listed PLC should meet the best practice criteria of corporate governance. We undertook a rigorous process, using Spencer Stuart as external advisors, for the selection of the independent non-executive directors prior to the IPO. The selection process sought to identify and recruit Non-Executive Directors with the skills and expertise needed for a newly listed law firm. All of the Non-Executive Directors were appointed in November and December 2018 to enable them to contribute to the IPO process. Mollie Stoker was appointed as Company Secretary in January 2019.

The Board was not complete at the time of the IPO since the Articles provide for two partner directors to be appointed from among the eligible partners of the LLPs which form our business. While the partners hold at least 25% of the voting rights in the Company, the Board is required to appoint two partner directors. Should this holding drop below 25% but remain at 10% or more, only one partner director will be appointed.

These criteria include having a clear division between the running of the Board and the executive responsibility for running the Company's business. We have achieved this, not only by the clear split of responsibilities between the Chairman and the Group Chief Executive, but also through the establishment of a strong Executive Board at LLP level which is responsible for running the day-to-day business of our four divisions and which reports into the Board through the Group Chief Executive.

Best practice requires us to ensure that 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 gender balance in line with the recommendation of the Hampton-Alexander report. I believe that we have managed to achieve all this and assembled a very strong Board. Our independent non-executive directors are not lawyers but have been chosen instead for their extensive business skills and knowledge.

In making appointments to the Board, we sought to understand our independent non-executives' other commitments to ensure that they could each give sufficient time to a newly-listed entity, with all that this entails. The biographies of the directors on page 56 identify these other commitments in line with best practice.

As referenced previously, our unique structure means that we also have two Board positions for partner directors, each of whom would serve for an initial term of three years. At the time of writing, we have only appointed one partner director, Matthew Doughty. 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.

Committee membership
A decision was taken ahead of the IPO that, for at least the first year, the independent non-executives would all be members of all the Board's principal committees, namely the Remuneration, Audit, Risk and Nomination Committees. In addition, I am a member of the Remuneration Committee and a member of, and Chair of, the Nomination Committee.

This allows the Company to benefit from the wide experience of our non-executive directors across all of our Board committees. Within the initial 12 months following the listing of the Company, we will undertake a review of the membership of each committee and determine future membership in line with the UK Corporate Governance Code 2016.

Board evaluation
While it is too early for us to have conducted an evaluation of the performance of the Board, its leadership and its committees ahead of the publication of this Annual Report, we plan to follow the normal regime of reviewing the performance of the Board and its committees on an annual basis, with an external facilitation being undertaken at least every third year. It is proposed that for the first evaluation, I will work with the Group General Counsel and Company Secretary to facilitate an internal Board evaluation by way of a questionnaire, and to engage external assistance with facilitating the process in respect of the second evaluation.

Fair, balanced and understandable
On behalf of the Board, I confirm that we believe this Annual Report presents a fair, balanced and understandable assessment of the Company's position, its performance and prospects, as well as its business model and strategy.

Sir Nigel Knowles
Chairman

Corporate governance at a glance

As the first legal business to list on the Main Market of the London Stock Exchange, we are committed to developing ever higher standards of corporate governance.

The Board and its committees

Board composition

The Board is currently composed of the Chairman, two executive directors, one partner director and five independent non-executive directors (including the Senior Independent Director). The Company will seek to appoint a second partner director during the 2019/20 financial year.

Chairman	**Sir Nigel Knowles**
Group Chief Executive Officer	**Andrew Leaitherland**
Chief Financial Officer	**Chris Stefani**
Senior Independent Director	**Chris Sullivan**
Independent Non-Executive Directors	**Teresa Colaianni** **Vinodka Murria, OBE** **Luke Savage** **Samantha Tymms**
Partner Director (Non-independent, non-executive director)	**Matthew Doughty**

Board committees

The Board has established four principal committees – Audit, Remuneration, Nomination and Risk. The membership of each committee is limited to independent non-executive directors, although the Chairman also chairs the Nomination Committee and sits on the Remuneration Committee. The Board has also established a Disclosure Committee as a standing committee to manage the control of information under the Market Abuse Regulations.

Leading the business

Leadership and strategy

The Board provides strategic leadership and relevant oversight. It is responsible for the culture of the business together with ethical standards and values which are intrinsic to a highly regulated business. These are critical to the achievement of our strategy, which is built on understanding our clients, engaging our people and doing things differently.

Effectiveness

The Nomination Committee recognises the need for the development of a diverse pipeline for the succession to senior management within the business itself. There will be a further review of the succession planning of the business at both Executive Board and senior management level during the 2019/20 financial year. The Committee also monitors the implementation of the UK Corporate Governance Code within the Group, as well as the development of corporate governance policies and practices.

Accountability

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls. The Risk Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems and the effectiveness of the Group's compliance function.

Governance requirements

In addition to the standard requirements of good governance, as a legal business we have to comply with the regulation of the Solicitors Regulation Authority ('SRA') in England and Wales and take account of regulations imposed by relevant legal regulatory bodies in every country we work in.

This imposes three major requirements on the business:
- The majority of executive management responsible for the day-to-day running of a legal business must be lawyers.
- There is a restriction on the holding of 10% or more of the voting rights by a non-authorised person, unless such person has the prior approval of the SRA.
- Appropriate systems must exist to enable the provision of legal services in accordance with the professional duties of legal practitioners in each jurisdiction in which they practise.

Remuneration

We aim to maintain a compensation model which is distinct from those offered by our law firm peers, thanks to our ability to offer equity based incentives and equity participation.

Remuneration strategy

Consistent with our remuneration strategy, salaries are set at competitive, but not excessive, levels compared to peers; while performance-related pay, based on stretching targets, form a significant part of remuneration packages; with a greater emphasis on rewards for the delivery of longer-term performance targets for the Group Chief Executive Officer and Chief Financial Officer.

Remuneration policy

The Company's remuneration policy is designed to provide a framework to promote the long-term success of the Company; to help us recruit, retain and develop high-quality people who are experts in their field; and to focus the directors and the Executive Board on the delivery of the Group's growth strategy.

Linked to KPIs

Remuneration for the directors and the Executive Board is structured broadly in line with that of other UK listed companies of a similar size and complexity to reward performance and create value for shareholders. To this end, remuneration is linked to the Company's key financial and strategic priorities.

Board focus

Board activities

The Board's main area of focus during the period prior to DWF's IPO was the development of the core systems and processes needed to comply with the regulation and governance of a listed company, while ensuring the Group's structure was compliant with applicable regulatory requirements in respect of its control and framework.

Since the IPO the Board has focused on new processes to deliver compliance with governance best practice within a corporate and listed environment, adapting and modifying many practices, policies and procedures previously in place in the former LLP structure of the Group.

The Board has also reviewed reports on investor relations activities, commenced a programme to meet with major institutional shareholders, developed rotational agendas for the Board and committees and reviewed elements of the business strategy.

Diversity

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

The percentage of female representation within the business as at 30 April 2019 is shown below:

Board	33%
Executive Board	27%
Partner	22%
Senior leadership	27%
All employees	56%

We also 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.

Board of Directors

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1. Sir Nigel Knowles
Group Chairman

Appointed to the Board
Sir Nigel joined the board of DWF LLP in September 2017 and was considered to be independent on appointment. He was appointed to the Board of DWF Group plc in November 2018.

Background and experience
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.

Sir Nigel 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 was also High Sheriff of Greater London 2016/17.

He received an Honorary Doctorate of Laws from the University of Sheffield and is a Fellow of Harris Manchester College Oxford.

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

External appointments
He is the Senior Independent Director of Morses Club plc, the Chairman of Zeus Capital and a Trustee of The Prince's Trust.

Committee memberships
Sir Nigel is Chair of the Nomination committee and is a member of the Remuneration Committee.

2. Andrew Leaitherland
Group Chief Executive Officer

Appointed to the Board
Andrew joined the management team of DWF LLP in May 2006 and was appointed to the Board of DWF Group plc in September 2018.

Background and experience
During his tenure, Andrew has led the business of the Group from two offices in the UK to 27 offices in 13 jurisdictions across four continents.

He was awarded Managing Partner of the Year at the Legal Business Awards 2014 and the Financial Times recognised him as one of the Top 10 innovative lawyers in Europe at the Innovative Lawyer Awards in 2018.

Andrew holds an LLB degree from Lancaster University, together with an alumni award in 2013 for substantial contribution to the legal sector, and an LLM degree in employment law and industrial relations from the University of Leicester.

Andrew is a member of the Law Society of England and Wales and is a registered foreign lawyer with the Law Society of Scotland.

3. Chris Stefani
Chief Financial Officer

Appointed to the Board
Chris joined the management team of DWF LLP in April 2016 and was appointed to the Board of DWF Group plc in September 2018.

Background and experience
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 track record of business optimisation to drive profit improvements and/or cost savings while also 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.

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

4. Chris Sullivan

Senior Independent Director

Appointed to the Board
Chris was appointed to the Board of DWF Group plc in November 2018.

Background and experience
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, Chris was recognised as the European Diversity Champion of the Year.

External appointments
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.

Committee memberships
Chris is a member of the Audit, Nomination, Remuneration and Risk Committees.

5. Teresa Colaianni

Independent Non-Executive Director

Appointed to the Board
Teresa ('Tea') was appointed to the Board of DWF Group plc in November 2018.

Background and experience
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.

She 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.

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

Committee memberships
Tea is Chair of the Remuneration Committee and a member of the Audit, Nomination and Risk Committees.

6. Vinodka Murria, OBE

Independent Non-Executive Director

Appointed to the Board
Vinodka (Vin) was appointed to the Board of DWF Group plc in November 2018.

Background and experience
Vin has more than 25 years of experience in the software sector. She was the founder and CEO of Advanced Computer Software Group plc (2008 to 2015) and the CEO of Computer Software Group (2002 to 2007).

Her previous directorships have included serving as a director of Zoopla Property Group plc, subsequently ZPG plc, and Chime 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.

External appointments
Vin has been an operating partner at HG Capital since 2016 and is a director of Softcat plc, Sophos Group plc and FinnCap Group plc. She is also the founder of the PS Foundation, a charity set up to support the education of women and children in poverty in India and the UK.

Committee memberships
Vin is a member of the Audit, Nomination, Remuneration and Risk Committees.

7. Luke Savage

Independent Non-Executive Director

Appointed to the Board
Luke was appointed to the Board of DWF Group plc in November 2018.

Background and experience
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.

External appointments
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.

Committee memberships
Luke is Chair of the Audit Committee and a member of the Nomination, Remuneration and Risk Committees. Luke is deemed to have recent and relevant financial expertise.

8. Samantha Tymms (also known as Samantha Duncan)

Independent Non-Executive Director

Appointed to the Board
Samantha (Sam) was appointed to the Board of DWF Group plc in December 2018.

Background and experience
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.

Committee memberships
Sam is Chair of the Risk Committee and a member of the Audit, Nomination and Remuneration Committees.

9. Matthew Doughty

Partner Director

Appointed to the Board
Matthew was appointed to the Board of DWF Group plc in November 2018.

Background and experience
Matthew has been a partner at DWF since June 2016 and is the head of the London Corporate Team.

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.

Our leadership team – DWF's Executive Board


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1. Andrew Leaitherland
Group Chief Executive Officer

Andrew's full biography appears in our main Board section on page 56. His overview of the year is on pages 10 to 12.

2. Chris Stefani
Chief Financial Officer

Chris's full biography appears in our main Board section on page 56. His financial review of the year is on pages 13 to 17.

3. Jason Ford
Head of Connected Services

Role and responsibilities
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 delivering the Group's suite of connected services to clients as effectively as possible.

Background and 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.

4. Glyn Jones
CEO – Insurance Services

Role and responsibilities
Glyn joined the Group in January 2007 and became CEO of the Insurance Services division in May 2018. He is responsible for executing the Group's Insurance Services division strategy, driving forward its activities and co-ordinating the practice groups within the division.

Background and experience
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.

Previously, Glyn was the Practice group Partner for DWF's Catastrophic Personal Injury, Large Loss, Occupational Health and Casualty team for six years.

He holds a BA Law 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.

5. Stephen Miles
CEO – Commercial Services

Role and responsibilities
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 the practice groups within the division.

Background and experience
Stephen has acted for both financial institutions and corporate borrowers with particular expertise in private equity and leveraged finance transactions.

Previously, he was a partner at Pinsent Masons LLP, leading their 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.

6. Stefan Paciorek
CEO – International

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

Background and experience
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.

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.

7. Mark St John Qualter*
CEO – Managed Services

Role and responsibilities
Mark joined the Group in June 2019 as the CEO of our Managed Services. He leads the development and delivery of our strategy to build a global Managed Services platform.

Background and experience
During 18 years within RBS Group plc, Mark held several strategy and business transformation roles. Prior to joining DWF, he was Head of Artificial Intelligence for RBS Group plc'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.

* Mark sits on the Executive Board in an advisory capacity.

8. Zelinda Bennett
Marketing and Client Development Director

Role and responsibilities
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 America.

Background and 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.

9. Helen Hill
Director of Human Resources

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

Background and 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, prior to 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.

10. Daniel Pollick
Chief Information Officer

Role and responsibilities
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.

Background and experience
Daniel has over 30 years of experience in the IT industry.

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.

11. Mollie Stoker
Group General Counsel and Company Secretary

Role and responsibilities
Mollie joined the Group as Group General Counsel and Company Secretary in January 2019. She is responsible for providing senior management with strategic legal advice, while overseeing legal compliance and limiting risk. She also acts as counsel to senior management in respect to all M&A activity of the Group globally.

Background and experience
Mollie has more than 17 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 for over 12 years 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, and a post-graduate diploma in Law and a post-graduate diploma in Legal Practice from the College of Law, London.

Mollie is a member of the Law Society of England.

Corporate governance report

UK Corporate Governance Code

The UK Corporate Governance Code 2016 (the '2016 Code') remains the guidance for our reporting on the financial year ended 30 April 2019. The Board considers that following the IPO, DWF fully complied with the relevant 2016 Code provisions. This governance section of the Annual Report, which includes the Directors' Remuneration report on pages 73 to 94, the Nomination Committee report on pages 65 to 67, the Audit Committee report on pages 68 to 70, and the Risk Committee report on pages 71 to 72, together with the disclosures contained in the Risks section of the Strategic report on pages 45 to 48, provide details of how the Company applied the principles and complied with the provisions of the 2016 Code during the 2018/19 financial year.

The UK Corporate Governance Code 2018 (the 'new Code') applies to DWF from 1 May 2019, and the reporting against the new Code provisions will be included in our Annual Report for the 2019/20 financial year. The Board will ensure that our governance structures and practices remain at a high level and demonstrate full compliance with the new Code provisions.

Employee voice

Under the new Code, boards are required to engage with employees and the wider workforce to enhance the 'employee voice' in the boardroom. We have designated our Senior Independent Director, Chris Sullivan, to work with an advisory panel within the business and provide this voice. 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 represent the views of our partners in the boardroom.

The Board confirms that during the 2018/19 financial year, in the period following the IPO, the Company fully complied with all the provisions of the 2016 Code.

Company purpose and culture

Transforming legal services

DWF's stated purpose is to transform legal services through its people for its clients in line with its three principal strategic objectives: (i) understanding our clients, (ii) engaging our people and (iii) doing things differently. We aim to deliver on 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 to increase our market share.

Our values

DWF's values are at the heart of its culture, providing a clear foundation for its 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'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 that clients experience the very best of DWF.

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

The Board

Leadership and role

The Board provides strategic leadership and relevant oversight and currently comprises the Chairman, two Executive Directors, one Partner Director and five independent Non-Executive Directors. 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 list 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-executives 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 of the Non-Executive Directors (other than the partner director) as 'independent' within the meaning of the 2016 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 challenge 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.

Board composition
The 2016 Code recommends that at least half the board of directors, excluding the chairman, should comprise independent non-executive directors. The intention is for the Board to be composed of the Chairman, two executive directors, two partner directors and five independent non-executive directors. To complete the Board, the Company will seek to appoint a second partner director during the 2019/20 financial year.

The 2016 Code further recommends that directors should be subject to annual re-election. All of the current directors will offer themselves for re-election at this year's Annual General Meeting.

Board diversity
The Company recognises the value that diversity brings to the Boardroom, and we believe that the Board will perform better and gain wider support for its overall objectives and strategy if it includes the best people available who 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 Hampton-Alexander and Parker Reviews.

The Nomination Committee recognises the need for development of a diverse pipeline for the succession to senior management within the business itself. The charts alongside show both the gender diversity of the Board and the balance between executive, independent non-executive and partner directors.

All directors have served on the Board of the Company for less than one year, but Chris Stefani and Sir Nigel Knowles have held senior positions within the businesses for more than one year, and Andrew Leaitherland was Managing Partner for DWF LLP from 2006.

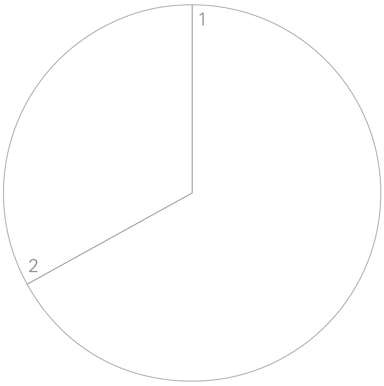
In terms of meeting targets for gender balance and ethnicity, the Company has complied with the target recommendations of both the Hampton-Alexander Review and the Parker Review. Diversity targets below Board level, including targets advocated by the Hampton-Alexander Review, the Parker Review and the McGregor Smith Review, are discussed in the Nomination Committee report on pages 65 to 67.

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

Chairman's independence
The 2016 Code recommends that the Chairman of the Board should be independent on appointment. The Board considers that the Chairman of the Board was independent on appointment as Chairman of DWF in September 2017 when assessed against the circumstances set out in paragraph 10 of the 2016 Code.

Composition of the Board

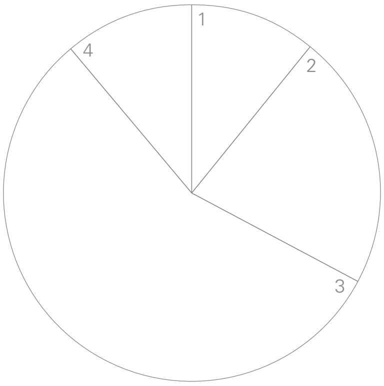
Gender



1. Male 67%
2. Female 33%

Find out more in our Nomination Committee report on pages 65 to 67.

Role



1. Chairman 11%
2. Executive directors 22%
3. Independent non-executive directors 56%
4. Partner directors 11%

Find out more in our Nomination Committee report on pages 65 to 67.

Division of responsibility

The following table sets out the policy on the division of responsibilities of the Board.

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; and c) To communicate with shareholders and other stakeholders. Sir Nigel Knowles serves as Chair of the Nomination Committee and serves as a member of the Remuneration 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 in the event that 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 serves 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 robust and defensible; and d) To take into account the views of shareholders and other key stakeholders where appropriate. All independent non-executives serve on all Board committees. Luke Savage is Chair of the Audit Committee. Samantha Tymms is Chair of the Risk Committee. Tea Colaianni is 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; and e) Devise and recommend proposals for the Board to have meaningful and regular dialogue with all of the Group's partners and employees.

Matters reserved for 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.

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. In the initial period following the IPO, all independent non-executive directors will sit on all four committees. This will help 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 and the current terms of reference are published on the Company's website.

Standing committee

The Board has also established a Disclosure Committee to address regulatory matters detailed in its terms of reference. All of 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

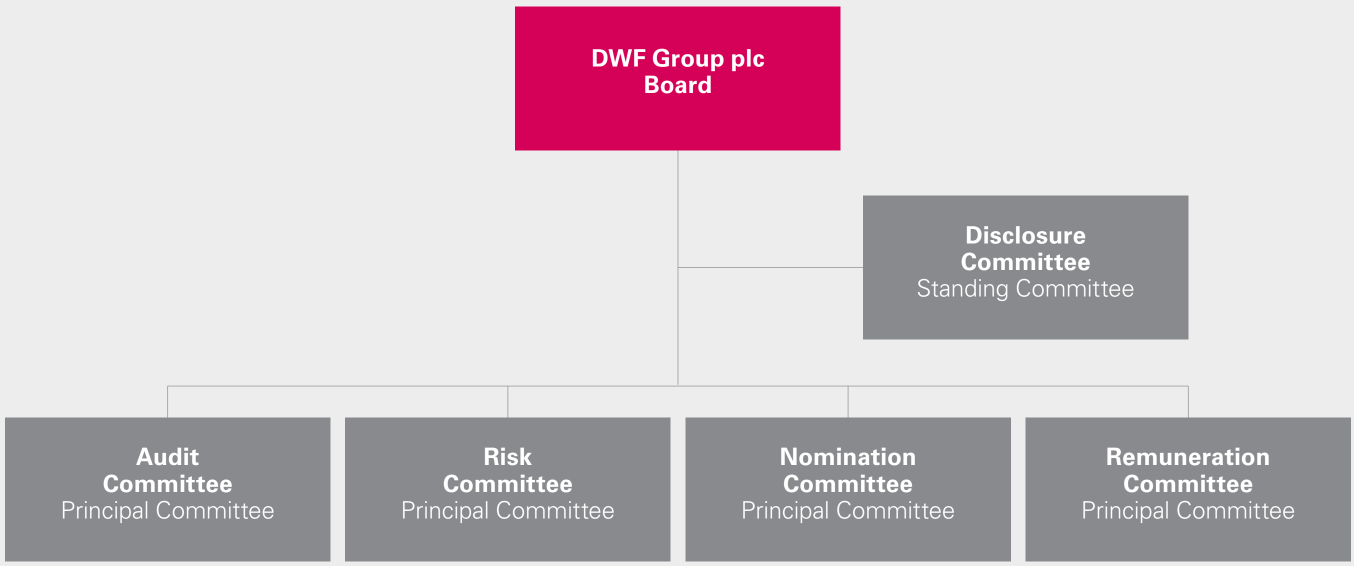
The Board and its principal committees meet regularly according to a schedule of key events in the Company's corporate calendar. Ad hoc meetings are also arranged to consider matters requiring review and decision outside of the normal schedule. During the period following the IPO in March 2019 only one Board meeting and two committee meetings were held before the period end on 30 April 2019. Prior to the IPO, meetings were held to approve the restructuring of the Group and the approval of the prospectus.

The Board calendar plans for six regular meetings in the 2019/20 financial year 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 with the Independent Non-Executive Directors without the other directors present.

Attendance at Board meetings held during the period to 30 April 2019

Directors as at 30 April 2019	Number of meetings eligible to attend	Number of meetings attended
Sir Nigel Knowles	1	1
Andrew Leaitherland	1	1
Tea Colaianni	1	1
Matthew Doughty	1	1
Vin Murria, OBE	1	1
Luke Savage	1	1
Chris Stefani	1	1
Chris Sullivan	1	1
Samantha Tymms	1	1

Reporting lines of the committees



Corporate governance report continued

Board and committee support
The Company has systems in place to ensure that the Board is supplied with appropriate and timely information that assist Board members to discharge their duties. A fully encrypted electronic Board portal has been introduced 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 Group General Counsel and 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.

An induction process for new directors has been developed and 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, tailored Board and committee sessions including briefing sessions, are available to assist directors in continually updating their skills and the knowledge and the familiarity with the Company they need to fulfil their role as Board and committee members.

Board activities
The Board's main area of focus during the period prior to the IPO was the development of the core systems and processes needed to comply with the regulation and governance of a company listed on the premium segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange, while ensuring the Group's structure was compliant with applicable regulatory requirements in respect of its control and framework.

Since the IPO, the Board has focused on new processes to deliver compliance with governance best practice within a corporate environment, adapting and modifying many practices, policies and procedures previously in place in the former LLP structure of the Group.

The Board has also reviewed reports on investor relations activities and commenced a programme to meet with major institutional shareholders.

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.

Our first Annual General Meeting ('AGM') as a public company will be held on 20 September 2019. 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, and full details of our 2019 AGM are set out in the accompanying notice of meeting.

Anti-bribery and corruption and whistleblowing
The Board recognises that as a global legal business there is a minimal, but nevertheless real, potential for exposure to bribery and corruption. Failure by partners, colleagues, suppliers and agents to comply with anti-bribery and corruption legislation (including the UK Bribery Act and the US Foreign Corrupt Practices Act) or any failure in policies and procedures to monitor and prevent non-compliance anywhere in the world could result in substantial penalties, criminal prosecution, loss of accreditation and significant damage to the reputation of the Company.

The Board ensures that there are a number of policies, procedures, management systems and internal controls in place across the business to prevent bribery and corruption. These include policies on whistleblowing, anti-bribery and gifts and hospitality. Our internal audit function, along with our monitoring and review processes, is designed to identify any breach of Group controls.

Nomination Committee report

Sir Nigel Knowles,
Chair, Nomination Committee

Chair's introduction

On behalf of the Board I am delighted to present our first Nomination Committee report.

Composition and constitution

The Nomination Committee is made up of a minimum of three members, a majority of whom are independent non-executive directors. The Committee is chaired by the Chairman of the Board and, as with the Company's other principal committees, all independent non-executive directors are members for the initial period following IPO. The membership of all principal committees of the Company will be reviewed in 2020.

Role of the Committee

The Committee is responsible for ensuring the composition of the Board supports the Company's strategy and will oversee the induction, training and continuing development of directors, as well as our executive pipeline and talent development. It is also responsible for developing succession plans for the Board and senior management. We must always be prepared for an unexpected Board change and, where possible, seek to identify individuals several years ahead of them taking on a Board role. We will also review actual or potential conflicts of interest that Board members bring to us.

Another area where the Nomination Committee has a wider role is in the duties it will carry out in the area of Corporate Governance, where we will monitor the implementation of the UK Corporate Governance Code within the Group, as well as the development of corporate governance policies and practices within the Group.

The role of the Committee in the Board evaluation process will fall into this remit. We benefit from an excellent Board team at this early stage of our development as a listed company, and the Nomination Committee will play a key role in the evaluation of Board effectiveness, the performance of individual directors and how this affects the work of the Board as a whole.

Sir Nigel Knowles,
Chair, Nomination Committee

Terms of reference

The terms of reference of the Nomination Committee cover such issues as membership and the frequency of meetings, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Nomination Committee to carry out its duties.

Main responsibilities of the Committee

The Nomination Committee assists the Board in reviewing the structure, composition and make-up of the Board and any committees of the Board; succession planning; and evaluating the balance of skills, experience, independence and knowledge on the Board. It leads the process for Board appointments and makes recommendations to the Board on such matters.

Nomination Committee report continued

The Nomination Committee is also responsible for:
- Assisting with any evaluation process to assess the overall and individual performance of the Board and its committees, as well as reviewing policies on diversity and our progress under the policy.
- Keeping under review potential conflicts of interests of directors disclosed to the Company and developing appropriate processes for managing such conflicts where needed.
- Succession planning for directors and senior management of the Company with a view to addressing the leadership needs of the Company to ensure that it can continue to compete effectively in the marketplace, while maintaining oversight of the development of a diverse and inclusive culture within the business.
- Monitoring the UK Corporate Governance code and its implementation in the Group.
- Reviewing changes to the Board's corporate governance practices and policies.

Meeting attendance

The Nomination Committee will meet at least twice in every financial year of the Company and otherwise as the Chair requires. No meetings were held in the period to 30 April 2019 and therefore no table showing meeting attendance has been produced.

Committee activities

Board evaluation

Following the IPO, it was deemed inappropriate for an immediate Board evaluation process to be undertaken in a corporate structure that had existed for only a short period of time prior to the listing. It has been agreed that the first annual Board evaluation, which will focus on the performance of the Board and individual directors, will be undertaken in the fourth quarter of the financial year and will be internally facilitated. It is our intention that future reviews, at least every third year, will be externally facilitated with Board members meeting directly with the external facilitator.

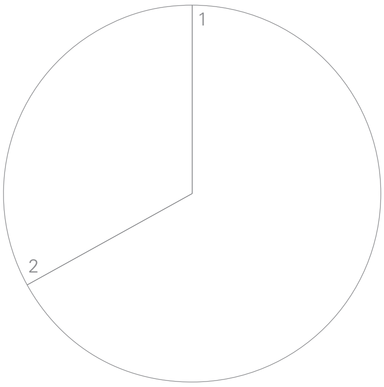
The evaluation will consider:
- Board composition, expertise and dynamics;
- Performance of Board members with the evaluation of the performance of the Chairman being led by the Senior Independent Director;
- Input on performance from stakeholders, including the auditors and other advisors;
- Board support and time management;
- Board committees;
- Strategic oversight;
- Risk management and internal control;
- Succession planning and human resources management; and
- Priorities for change.

A report on the evaluation process will be included in next year's Corporate governance report.

Gender split

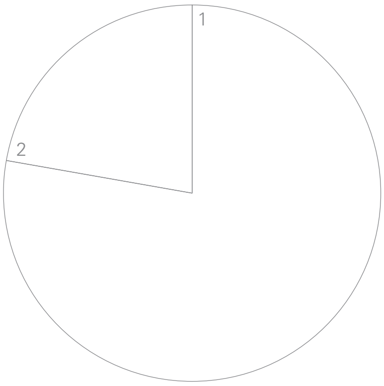
The gender split at Board, partner and senior leadership level within the business as at 30 April 2019 is shown below:

Board



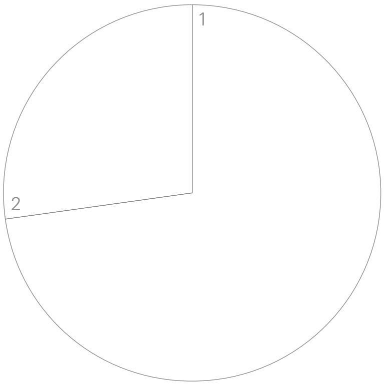
1. Male 67%
2. Female 33%

Partner



1. Male 77.9%
2. Female 22.1%

Senior leadership



1. Male 72.82%
2. Female 27.18%

Selection and induction

With the incorporation of the Company only taking place in the autumn of 2018, the Committee membership was established in the run up to the IPO. However, in undertaking the appointment of the independent non-executive directors, the Chairman and executive directors undertook a rigorous review of the roles and experience required for the task. They were assisted in this process by Spencer Stuart, one of the world's leading executive search and leadership consultancies. Spencer Stuart were retained by the business to identify a suitable and diverse range of candidates for appointment to the Board. The Company has developed an induction process for new Board members to ensure that they have full knowledge of the business and the strategy adopted.

Diversity

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. Becoming more diverse rarely happens by accident, it requires a strong belief that it will make a business more competitive.

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 a common ambition with other progressive businesses to improve diversity on our main 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.

The Board has adopted diversity targets for the main Board, Executive Board and senior leadership positions, whereby:

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 their own targets for gender diversity in their 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.

Going forward

In the financial year to 30 April 2020, the activities of the Committee will include:

– The identification of a second partner director to the Board. This role arises from our requirement in our Articles that while the members of DWF Law LLP hold at least 25% of the voting rights of the Company, they are entitled to two partner directors on the Board;
– A review of the succession planning of the business at both Executive Board and senior management level;
– Assisting the Chairman and the Company Secretary in the delivery of the first Board and Committee evaluation review;
– Using the information gathered from the evaluation review to undertake the review of our principal committee membership to which we are committed in 2020;
– With other Board committees, we will continue to review the diversity of the Board, the Executive Board and senior management teams in line with the principles of the new Code.

Audit Committee report

Luke Savage
Chair, Audit Committee

Attendance at Audit Committee meetings held during the period to 30 April 2019

Directors as at 30 April 2019	Number of meetings eligible to attend	Number of meetings attended
Tea Colaianni	1	1
Vin Murria, OBE	1	1
Luke Savage (Chair)	1	1
Chris Sullivan	1	1
Samantha Tymms	1	1

Chair's introduction

With DWF having completed its IPO in March 2019, the Group Audit Committee, like all our Board Committees, is a new entity. As explained by our Chairman in his introduction to this Governance section, all of our Independent Non-Executive Directors ('NEDs') currently sit on all of our Board Committees. The Company is adapting fast to its new listed status and having the full team on the Audit Committee gives us access to a wide range of skills and experience, while enabling all of the Independent Non-Executive Directors to increase their knowledge of the business rapidly, and in particular DWF's financial dynamics.

We have already created a rolling agenda to ensure the Committee can operate effectively in accordance with best practice. We are now establishing the framework for the Audit Committee to increase confidence in our processes and ensure even greater accuracy and relevance of the information we receive. We have also worked through the process to ensure our first Annual Report as a PLC is fair, balanced and understandable.

The Internal Audit function is being expanded to make it fit for purpose in a listed world and I have worked with management on the appointment of a new Head of Internal Audit and the appointment of external resources to support our audit process. We are looking to further enhance the transparency of reporting to the Committee through Internal Audit with a commitment to continual improvement as we move into a regular cycle of work and oversight in the coming year.

Luke Savage
Chair, Audit Committee

Composition and constitution

The Audit Committee is made up of a minimum of three members who are all independent non-executive directors and includes one member with recent and relevant financial experience. The Audit Committee is chaired by Luke Savage, whose financial experience is deemed recent and relevant.

Terms of reference

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Audit Committee to carry out its duties. The Committee's full terms of reference are on our website at dwf.law.

Main responsibilities of the Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Company's annual and half-yearly financial statements, making recommendations on the appointment, reappointment and removal of the external auditor, and monitoring the independence of the external auditor.

The Audit Committee is also responsible for monitoring and reviewing the financial reporting process of the Group and the involvement of the auditors in that process, reviewing the objectivity and effectiveness of the audit process, and reviewing the scope of the audit and non-audit work undertaken by the external auditor.

Meeting attendance

The Audit Committee meets as required but not less than three times a year and it is intended to meet no less than four times in the next financial year. Other directors, including the Group Chief Executive Officer and the Chief Financial Officer are invited to attend Committee meetings.

Representatives of the External Auditor attend all of the meetings of the Committee, along with the Director of Risk Management and Excellence and the Head of Internal Audit. The Committee members also meet for private discussions with the External Auditor.

Committee activities

Following the IPO in March 2019 the Audit Committee only met once in its current role during the period to 30 April 2019. Its main considerations during this period were:

- Appointment of auditors;
- Audit planning;
- Recommendation of dividend policy for approval by the Board; and
- Reviewing whistleblowing reporting.

In the financial year to 30 April 2020, the activities of the Committee will include:

- The critical review of significant financial reporting issues in connection with the preparation of the Company's financial and related formal statements, including the process for assessing whether the going concern basis of accounting remains appropriate and that the 2019 Annual Report is a fair, balanced and understandable review of the business;
- The review of the long-term viability statement to be included in the 2019 Annual Report prior to this being submitted to the Board for approval;
- 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:
  a) Summaries of business risks and mitigation controls; and
  b) Regular reports and presentations from the Heads of Risk and Internal Audit as well as the external auditor.
- Monitoring and reviewing the plans, work and effectiveness of the internal audit function, including the action taken by management in the event of a significant failure of internal control (the Committee will continue to focus on control systems improvements and how these are implemented);
- The review of the external auditor, its terms of engagement, the findings of its work and, at the end of the audit process, reviewing its effectiveness;
- The review of the independence and objectivity of the external auditor; and
- Approval of any updates to the Terms of Reference of the Committee.

External auditor

The Company's external auditor, Deloitte LLP, was appointed by the directors of DWF Group plc to act as reporting accountant and tax advisors in the preparation for the IPO and Deloitte LLP has subsequently been re-appointed by the Audit Committee and the main Board of the Company to undertake the annual audit. Their involvement as auditors of parts of the Group dates back more than 12 years (as auditors to DWF LLP) and their original appointment came as a result of a competitive tender process.

This is Deloitte LLP's first audit of the business as a PLC, but the Audit Committee has made it clear that, while they will recommend their re-appointment as auditors at the AGM in 2019, this will be followed by a competitive tender process during 2020 for the audit of the year ending April 2021. The criteria for the competitive tender process will be published in the 2020 Annual Report in accordance with best practice.

The external auditor reports to the Audit Committee on the actions taken to comply with professional and regulatory requirements and with best practice that is designed to ensure its independence. The Committee has also considered and adopted a policy on the engagement of external auditors for the provision of non-audit services. It sets out rigorous controls intended to ensure that the independence of the external auditor is not impaired and takes into account the changes required by the EU Audit Regulation and Directive (the 'Audit Regulation').

The policy stipulates:

1. The nature of non-audit services the external auditor is not permitted to perform.
2. Levels of authority for the Executive to engage the external auditor for approved non-audit services.
3. That any non-audit services to be provided by the external auditor must be approved in advance by the Committee. For a single permitted project where the fee is no more than £25,000, with a cumulative limit of £300,000, the non-audit services are considered trivial for the purposes of the Audit Regulation and can instead be approved by the Chief Financial Officer.
4. The details of any non-audit services. In the period under review the external auditors fees for non-audit work exceeded that of their work for audit, largely as a result of the work they undertook for the IPO. In addition, during the period up to the IPO, the external auditors' own team of remuneration advisors were engaged with the Company in the development of the Remuneration Policy which was reported in the prospectus. As a result of this policy, and to avoid conflict with their role as auditor, Deloitte LLP stood down as Remuneration advisors to the Company at the beginning of the year. Following the IPO, and in the 2019/20 financial year, the Company appointed PwC as remuneration advisors.

The Audit Committee has also adopted a new policy with regard to the recruitment of staff from the external auditor, again to manage any potential conflicts of interest.

Internal control

The Group's internal controls are reviewed from both an internal audit perspective and a risk management perspective and aspects of the internal control process are reviewed by both the Audit Committee and the Risk Committee.

Responsibility for risk management and internal control rests with the management of DWF. Our internal procedural audit process is independent from operational and line management responsibilities. We use our Business Excellence Team to conduct internal procedural audits, while our Risk Management team is responsible for maintaining high standards of compliance in respect to client on-boarding, Anti-Money Laundering and fulfilment of jurisdictional regulatory requirements.

For more about our internal controls, see our Risk Management section on pages 45 to 48.

Accounting and key areas of judgement

The main areas considered by the Audit Committee in relation to the period to 30 April 2019 are set out below:
- Revenue recognition: valuation of unbilled revenue;
- Adequacy of the provision for bad and doubtful debts on trade receivables;
- Accounting for the new Group and IPO transaction; and
- Control environment regarding cash and cash equivalents.

Risk Committee report

Samantha Tymms
Chair, Risk Committee

Attendance at Risk Committee meetings held during the period to 30 April 2019

Directors as at 30 April 2019	Number of meetings eligible to attend	Number of meetings attended
Tea Colaianni	1	0
Vin Murria, OBE	1	1
Luke Savage	1	1
Chris Sullivan	1	1
Samantha Tymms (Chair)	1	1

* Tea Colaianni was unable to attend this inaugural Risk Committee meeting due to long-standing travel and family commitments.

Chair's introduction

While the Risk Committee was formally constituted shortly before the Company's IPO, the organisation has already spent a great deal of time thinking about the risks the business may face in the coming period. These risks were discussed in the prospectus, published ahead of the IPO.

The Committee continues to monitor those risks and will also regularly monitor for new or emerging risks. Over time we will fine tune the organisation's risk appetite in relation to the risks inherent in the business, as well as those which the environment might present, across a range of categories, with a particular focus on our approach to risk management and the mitigation of any risks considered to move outside of our risk appetite.

At present, the Board continues to consider carefully the exogenous risks the organisation faces, such as the change in EU membership and broader macroeconomic factors. In the coming period, our priorities also include ensuring the Board is familiar with our approach to integrating newly acquired businesses, consistent with our growth strategy; and the technology and resilience risks which all organisations now face.

While at DWF all independent non-executive directors sit on each of the Board Committees we consider there to be particular value in the Chairs of each of the Risk and Audit Committee sitting on both Committees to ensure close and effective interaction between the Committees.

Samantha Tymms
Chair, Risk Committee

Composition and constitution

The Risk Committee is made up of a minimum of three members who are all independent non-executive directors and includes members with experience with regard to risk management matters and practices. The Risk Committee is chaired by Samantha Tymms.

Terms of reference

The terms of reference of the Risk Committee cover such matters as membership and the frequency of meetings, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Risk Committee to carry out its duties. The Committee's full terms of reference are on our website at dwf.law.

Main responsibilities of the Committee

The duties of the Risk Committee include providing advice to the Board in relation to the assessment of the principal risks facing the Group, including management and mitigation of those risks.

The Risk Committee is also responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems, the effectiveness of the Group's compliance function, as well as providing oversight and advice to the Board in relation to future risk strategy.

Risk Committee report continued

Meeting attendance

The Risk Committee meets at least three times a year and otherwise as the Chair requires, and as requested by the Director of Risk Management and Excellence.

Committee activities

Following the IPO in March 2019 the Risk Committee has met once in its current role during the period to 30 April 2019. The main focus of activity during this period under review was on the following areas:

- Risk management, framework and register;
- The effective management of integration risk;
- Group insurance cover; and
- Market Abuse Regulation compliance.

In the financial year to 30 April 2020, the proceedings of the Committee will include:

- Receiving various reports and recommendations from Director of Risk Management and Excellence;
- Reviewing the Group's risk categorisation and assessment process;
- Ongoing assessment of principal risks and uncertainties;
- Reviewing the Group's procedures for detecting fraud and financial crime; and
- Reviewing the Group's systems for the prevention of bribery and corruption and money laundering.

Directors' Remuneration report

Tea Colaianni
Chair of the Remuneration Committee

Chair's introduction

I am pleased to present the first Directors' Remuneration report ('DRR') for the year ended 30 April 2019.

In preparation for Admission, a detailed review of the remuneration for Directors took place, to reflect:
- The size and complexity of DWF Group plc after flotation;
- The growth strategy of the business:
  - Understanding our clients – Increase share of clients' overall legal work across DWF's sectors globally;
  - Engaging our people – Develop, recruit and retain high-quality talent;
  - Doing things differently – Continue to innovate, improve and accelerate growth trajectory of Connected Services;
- That, as a legal business, the Group relies on its partners and senior management in the locations in which it operates; and
- The market for partners, other fee earners and senior management is highly competitive.

Following this review, we are proposing a Remuneration Policy which we believe supports and incentivises our long-term strategy, and will help us to achieve our primary financial objective to deliver long-term returns to shareholders through a combination of sustainable growth in earnings per share and payment of cash dividends.

Ahead of the publication of this report, in addition to extensive engagement with the partner shareholders, immediately after listing, the Committee engaged with a number of its new shareholders and the proxy advisors on the new Remuneration Policy and in general on governance matters. The feedback was extremely positive and helpful in particular in terms of encouraging us to explain in more detail areas that, in light of our history as a partnership, might be less well known (see page 92 for more information).

The Remuneration Policy, which is set out on pages 81 to 94 of this report will be submitted to shareholders for approval at our Annual General Meeting on 20 September 2019. It is consistent with the disclosure in the IPO prospectus issued in March 2019.

The Remuneration Committee assists the Board in meeting its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on remuneration, determining individual remuneration packages, including pension rights and any compensation payments of each of the Chair of the Board, Group Chief Executive Officer, Chief Financial Officer, Company Secretary and senior management team.

The Remuneration Committee meets at least four times a year or otherwise as the Chair of the Committee requires. The Committee composition is fully compliant with the Code.

During the period under review the Committee did not meet separately from the Board and its first meeting after the admission to trading of the Company on the Main Market of the London Stock Exchange was after 30 April 2019. Therefore there is no table of meeting attendance included in this Report.

Directors' Remuneration report continued

Committee support

Internal

Internal support is provided by the CEO, CFO, General Counsel and Company Secretary, and Group HR Director, whose attendance at Committee meetings is by invitation from the Chair, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of the senior management team. No director was present for any discussions that related directly to their own remuneration.

External

During the financial year, Deloitte advised the Remuneration Committee on all aspects of the remuneration policy for Executive Directors and members of the Executive Team in preparation for the IPO. This included a review of the current remuneration framework, a market benchmarking review, and other preparation for Admission.

Following Admission, the Remuneration Committee undertook a review of its advisors and appointed PwC to provide independent advice on remuneration. The Remuneration Committee is satisfied that no conflict of interest exists or existed in the provision of these services.

Deloitte and PwC are both members 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 £80,000 were provided to Deloitte during the year in respect of remuneration advice received. PwC were appointed in the 2019/20 financial year, and so no fees were provided to PwC in respect of the 2018/19 financial year.

Our new Remuneration Policy

Our Remuneration Policy is forward looking and is intended to govern the remuneration of the Company following IPO. The Remuneration Policy is subject to a binding vote of the shareholders at the Annual General Meeting. If approved by shareholders, the Remuneration Policy will be effective from the beginning of the current financial year.

Our aim was to create a compensation model, which is distinct from those offered by our law firm peers, thanks to our ability to offer equity based incentives and equity participation. Indeed, the Remuneration Committee has sought to structure the ongoing Remuneration Policy for the Directors and the Executive Board broadly in line with those of other UK listed companies of a similar size and complexity.

The Company's Remuneration Policy is designed to provide a framework to promote the long-term success of the Company; to help us recruit, retain and develop high-quality people who are experts in their field; and to focus the Directors and the Executive Board on the delivery of the Group's growth strategy. We have set out to create a remuneration structure which is easily understood by all stakeholders, while adhering to the principles of good corporate governance and appropriate risk management.

Consistent with our Remuneration Strategy, our Remuneration Policy ensures that salaries will be set at competitive, but not excessive, levels compared to peers; that performance-related pay, based on stretching targets, will form a significant part of remuneration packages; and for the Group Chief Executive Officer and Chief Financial Officer there is a greater emphasis on rewards for the delivery of longer-term performance targets. It is intended that the first grant of LTIP awards under the Equity Incentive Plan will be made in August 2019, details of which are set out in detail on page 80.

Looking ahead

Over the course of the next year, the Remuneration Committee intends to build upon the initial work accomplished prior to the IPO with the development of the Remuneration Policy and ensure the appropriate structures are in place to meet the ongoing requirements of the Committee. Activities will include the following:

- Engagement with shareholders to discuss the Remuneration Policy and its development;
- Continued review of the Remuneration Policy and current structures to ensure that they appropriately support the Company's strategy in the listed environment as it evolves;
- Review of employee engagement mechanisms to ensure that the Committee have oversight of the employee voice, and take appropriate actions as required; and
- Development of reporting mechanisms and strategies around wider workforce remuneration policies and incentives, with a focus on fairness and inclusion.

I look forward to your support for both the Annual Report on Remuneration (subject to an advisory shareholder vote at the 2019 AGM) and the new Remuneration Policy (subject to a binding shareholder vote at the 2019 AGM).

If you would like to discuss any aspect of this Remuneration report, I would be happy to hear from you. You can contact me through the Group General Counsel and Company Secretary, Mollie Stoker. I will also be available at the Company's Annual General Meeting on 20 September 2019 to answer any questions.

On behalf of the Committee and the Board.

Tea Colaianni
Chair of the Remuneration Committee

Compliance with the UK Corporate Governance Code

The Remuneration Committee complies with the UK Corporate Governance Code 2018 in terms of composition and terms of reference. The Committee makes recommendations to the Board, on remuneration for the Executive Directors, Chair of the Board, Company Secretary as well as remuneration arrangements for senior management. No Director plays a part in any decision about his/her own remuneration. The Committee will meet at least four times a year.

Role of the Remuneration Committee

The Committee's main responsibilities include:

- Determine Remuneration Policy for the Company's Chairman, Executive Directors, the Company Secretary and other members of the senior executive team as designated;
- Determine remuneration packages for the Company Chairman, Executive Directors, the Company Secretary and other members of the senior executive team as designated;
- Review the appropriateness of the Remuneration Policy on an ongoing basis and make recommendations to the Board on changes if required;
- Obtain up to date comparative market information and appoint remuneration consultants as required to advise or obtain information required;
- Approve design of and set targets for performance-related incentives across the Company;
- Oversee any major changes to benefits for employees;
- Monitor wider workforce pay practices and incentive arrangements; and
- Ensure failure is not rewarded.

Further detail on the Committee key responsibilities is stated in the terms of reference available on the Group's website at uk.dwf.law/en/Investor-Relations.

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.

The Company is seeking binding shareholder approval for a new Remuneration Policy to apply to the Company's Directors in the listed environment. The Policy is set out on pages 81 to 94.

At-a-glance

This section of the Report provides an overview of:
– The remuneration outcomes for FY2018/19;
– The key features of the proposed new Remuneration Policy; and
– The proposed implementation of the new Remuneration Policy in FY2019/20.

Directors' Remuneration for the year ending 30 April 2019

Certain details set out on pages 76 to 78 of this report have been audited by Deloitte LLP.

Single total figure of remuneration (audited)

The table below sets out the single total figure of remuneration and breakdown for each Director in respect of remuneration paid as a public company from Admission on 15 March 2019 to the end of the financial year on 30 April 2019. 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). Given the incorporation of DWF Group plc on 10 September 2018, no prior year data has been provided.

Name	Salary/fees[1] £	Taxable Benefits £[2]	Pension £[3]	Bonus £	EIP £	Other £[4]	**Total £**
Executive Directors							
Andrew Leaitherland[3]	64,551	1,880	4,518	–	NA	–	**70,949**
Christopher Stefani[4]	38,974	1,104	2,728	–	NA	1,802,113	**1,844,919**
Non-Executive Directors							
Sir Nigel Knowles	24,359	–	NA	NA	NA	–	**24,359**
Luke Savage	7,917	–	NA	NA	NA	913	**8,830**
Tea Colaianni	7,917	–	NA	NA	NA	913	**8,830**
Vin Murria, OBE	7,917	–	NA	NA	NA	–	**7,917**
Christopher Sullivan	9,135	–	NA	NA	NA	–	**9,135**
Samantha Tymms	7,917	–	NA	NA	NA	913	**8,830**
Matthew Doughty[5]	–	NA	NA	NA	NA	NA	**–**

Notes
1. The base salaries for the CEO and CFO are calculated from the date of IPO to end of financial year i.e. 15 March 2019 to 30 April 2019. Fees for the Chairman and Non-Executive Directors are calculated from the date of IPO to end of the financial year i.e. 15 March 2019 to 30 April 2019.
2. Taxable benefits for the CEO and CFO are private medical insurance.
3. The pension paid to the CEO was as a cash allowance as he has a life time allowance protection. Payments were in line with the employee pension scheme, and are calculated as basic salary. The cash allowance was equivalent to 7% of his salary. The pension paid to the CFO was £5,000 (pro-rated for the period) paid directly into the company provided pension scheme together with an additional amount paid as a cash allowance to top up the pension benefit to 7% of his salary.
4. See below for details of Christopher Stefani's one-off Award.
5. Matthew Doughty is a Partner Director. It should be noted that the Partner Director is viewed by the Board for the purposes of remuneration as a Non-Independent Non-Executive Director. The Partner Director represents the Partners of DWF Law LLP and is therefore a shareholder representative on the Board. The Partner Director does not currently receive any fees for the role on the Board as he is remunerated as a member of DWF Law LLP. The Board's designation of the Partner Director was supported by external shareholders during the consultation led by the Chair of the Committee.

What was the bonus for the financial year ended 30 April 2019? (Audited)

Under the pre-IPO incentive arrangements, Andrew Leaitherland was not entitled to a discretionary bonus as he was remunerated under the partnership profit-share structure. Christopher Stefani was eligible to receive a discretionary bonus under the pre-IPO incentive arrangements of a maximum of 10% salary but he did not receive a discretionary bonus because he was awarded a one-off IPO award instead (as disclosed below).

Were there any long-term incentive awards made in the financial year ended 30 April 2019? (Audited)

No Equity Incentive Plan awards (other than those granted as part of the IPO) were made in the financial year ended 30 April 2019.

Were there any one-off IPO awards made in the financial year ended 30 April 2019? (Audited)

Prior to IPO, the regulations applicable to DWF LLP did not permit Christopher Stefani to be a member of DWF LLP although he had equivalent status in the business. As such, a one-off IPO award was granted to him which was designed to create an equity interest at IPO equivalent to that which he would have received at IPO if he had been a member of DWF LLP. The vesting profile of the award is designed to replicate substantially the same lock-up provisions which apply to the equity interests of the Group Chief Executive Officer. This award was agreed and paid for by the pre-IPO shareholders. There will be no future dilutive impact on shareholders from this award. In light of the nature of the award, this is treated as an exceptional item for the Company and will not impact on the ongoing profitability of the Company.

The IPO award was discussed with shareholders and the main shareholder representative bodies as part of the shareholder consultation process on the new Remuneration Policy with no objections or concerns raised. On the whole, this Award was welcomed by the shareholders that we engaged with, given the importance of locking in key executives following the IPO.

The key terms of the one-off IPO award were:
– Cash payment of £443,022 on the Company's Admission; and
– An award of 1,114,009 shares.

The following table sets out details of the award of shares:

Name	EIP	Award date	Shares granted	Face value of awards £[1]	Exercise price p	Date on which award vest/becomes exercisable
Christopher Stefani	IPO award: restricted share award	15/03/2019	891,200	£1,087,264	Nil	Announcement of preliminary results for FY19/20 – Announcement of preliminary results for FY22/23
	IPO award: conditional share award	15/03/2019	222,809	£271,827	Nil	Announcement of preliminary results for FY23/24

1. Based on share price of £1.22 on 11 March 2019.

Note
The restricted share award will vest in four equal annual tranches with the first tranche vesting following the announcement of the preliminary financial results for the financial year ending 30 April 2020 and the final tranche vesting following the announcement of the preliminary financial results for the financial year ending 30 April 2023. The conditional share award will vest following the announcement of the preliminary financial results for the financial year ending 30 April 2024. Awards are subject to malus (i.e. reduced or cancelled) and clawback (i.e. reward returned) provisions.

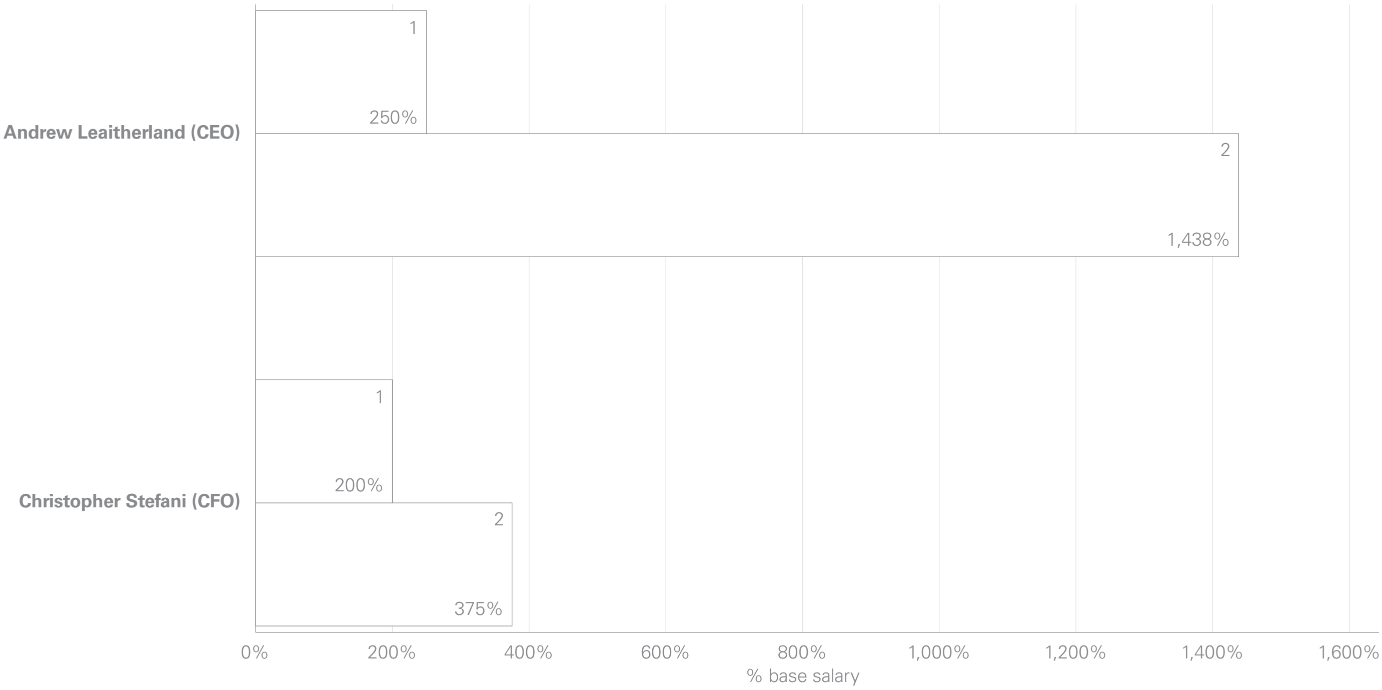
No shares vested within FY2018/19, and will not start until FY2019/20, but the value of the whole award on grant has been included in the Single Figure Table for FY2018/19 in accordance with the Directors' Disclosure Regulations which require the value to be disclosed in the year the award was made where there are no future performance conditions on vesting.

What was the shareholding of our Directors? (Audited)

Directors' shareholding and share interests as at 30 April 2019

The Committee believes in the importance of aligning Directors' and shareholder interests. Therefore, we developed a formal shareholding guideline that requires our Executive Directors to build up a holding in DWF shares over the period of five years equal to 250% of salary for the CEO, and 200% of salary for the CFO. In light of the 2018 UK Corporate Governance Code provisions, the guideline is proposed to be extended to include a requirement to retain half of this level of shareholding for two years after the cessation of employment.

The following chart illustrates the shareholding of our Executive Directors against the minimum shareholding requirement under the proposed Remuneration Policy:



1. Shareholding guideline. 2. Value of shares owned as a % of salary.

Directors' share interests as at 30 April 2019 are presented in the table below:

Name	Number of shares owned	Value of shares owned as a % salary/fees	Shareholding guideline
Andrew Leaitherland	6,247,956	1,438%	250%
Christopher Stefani	1,114,009	375%	200%
Sir Nigel Knowles	2,637,211	NA	NA
Luke Savage	16,393	NA	NA
Tea Colaianni	49,180	NA	NA
Vin Murria, OBE	409,836	NA	NA
Christopher Sullivan	409,836	NA	NA
Samantha Tymms	–	NA	NA
Matthew Doughty	2,654,421	NA	NA

* Calculated using the share price of £1.22 on 30 April 2019.

Key features of the proposed new Remuneration Policy and intended operation for FY2019/20

Element	Summary
Base salary – Fixed pay	– Salaries are set at competitive levels to reflect the individual's experience, the role, responsibilities, market levels, and the wider workforce; and – Salaries are reviewed annually considering factors such as salary increases for other employees across the Group, the performance and experience of the executive, the size and scope of the role and external factors such as economic conditions. **FY2019/20** – CEO: £530,000. – CFO: £320,000.
Benefits – Fixed pay	– Benefits include private medical insurance for the Executive and their spouse or civil partner as well as any dependent children; private health insurance; life insurance up to four times salary (up to £1 million); annual car parking ticket; reasonable business expenses; and participation in the Group's employee-wide flexible benefits scheme. **FY2019/20** – Benefits provided in line with the Policy.
Pension – Fixed pay	– The maximum value of the pension contribution allowance is 7% of salary, in line with the majority pension contribution applicable to the wider UK workforce. **FY2019/20** – Pension contribution allowance provided in line with the Policy which is 7% of salary for the CEO and CFO.

Annual Bonus – Variable pay	– Maximum opportunity of 150% of salary.
	– Half of the bonus award will be paid out in cash with the remainder deferred into shares subject to a three-year vesting period.
	– 20% of the maximum opportunity can vest for threshold performance, and 50% for on-target performance.
	– Performance measures will be set annually, with at least 70% being based on financial measures.
	
	FY2019/20
	– Maximum opportunity:
	  – CEO: 150% of salary;
	  – CFO: 100% of salary.
	– Performance conditions and weightings:
	– Adjusted Profit Before Tax ('PBT') – 70%
	  – Key financial measure of successful delivery of strategy and Company objectives.
	– Strategic and operational objectives – 30%
	  – Focusing on key performance and strategic indicators, for example improved gross lock-up, business growth, market expansion, people and client KPIs.
	  – In 2019/20, 10% of the maximum bonus opportunity will be based on an improvement to gross lock-up, and 20% will be based on individual strategic and operational 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.

Directors' Remuneration report continued

Element	Summary

Equity Incentive Plan ('EIP') – Variable pay	– Maximum opportunity of 200% of salary.
	– A two-year holding period will apply following the three-year vesting period.
	– 20% of the maximum opportunity can vest for threshold performance.
	
	FY2019/20
	– Maximum opportunity:
	  – CEO: 175% of salary
	  – CFO: 125% of salary
	– Measures and weightings:
	  – **EPS: – 40%:**
	    – EPS was considered to be an appropriate performance condition to use for the LTIP given the investment case made at IPO around earnings growth and is simple and well understood.
	  – **ROCE growth: – 40%:**
	    – ROCE was considered to be an appropriate performance condition to use to support the strategy of growth both organic and through acquisitions and to give a focus on the efficiency by which earnings are generated.
	  – **Cash conversion: – 20%:**
	    – 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.
	
	The performance conditions and targets for the 2019 EIP grant (which we expect to grant in August 2019) will be: a) the cumulative three year EPS, (b) the average annual ROCE and (c) the average cash conversion. The targets are 20% vesting at Threshold, 50% vesting at Target and 100% vesting at Maximum with a straight-line vesting between points.

Shareholding requirements	– The minimum shareholding requirement for the CEO is 250% of salary, and 200% of salary for the CFO. – A post-cessation minimum shareholding requirement will apply to Executive Directors of half of their pre-cessation shareholding requirement (or actual shareholding, if lower) for two years following cessation of their employment. **FY2019/20** – In line with the Policy.
Chair and Non-Executive Director Fees (except Partner Director)	**FY2019/20** – Chairman: £200,000 pa; – NED base fee: £65,000 pa; – Senior Independent Director fee (additional): £10,000 pa; and – Committee Chair fee (additional): £7,500 pa.

Full details of the Remuneration Policy are set out on pages 81 to 94.

Directors' Remuneration Policy

This section contains DWF's proposed Directors' Remuneration Policy (the 'Remuneration Policy') that will govern and guide the Company's future remuneration payments. The Remuneration Policy described in this section is intended to apply for three years and will be applicable from the beginning of FY2019/20 subject to approval by shareholders at the Company's Annual General Meeting on 20 September 2019 ('Policy Period').

The Remuneration Committee has established the Remuneration Policy for the remuneration of the Chair and Executive Directors, and the Board has established the Remuneration Policy for the remuneration of the Non-Executive Directors.

Committee process to determine new Remuneration Policy

The process the Committee went through in determining the Remuneration Policy was as follows:

- The Committee reviewed independently the impact of the Company's strategy on remuneration and formed its own views on the best way to align the Policy with the strategy;
- The Committee sought advice from its independent remuneration consultant on the impact of the 2018 UK Corporate Governance Code (the '2018 Code'), Regulations and current investor sentiment in formulating the new Remuneration Policy;
- The current remuneration framework and that of other law firms, from a talent pool perspective was reviewed;
- Pay policies and conditions throughout the Company, including considerations around fairness and equality were reviewed;
- The Committee undertook a consultation exercise with key shareholders of the Company; and
- The Committee also consulted with the Chair, CEO and CFO on the proposed Remuneration Policy.

The Committee was mindful in its deliberations on the new Remuneration Policy on where there were potential conflicts of interest and sought to minimise them through an open and transparent process internally; by seeking independent advice and externally through an extensive shareholder consultation exercise. The Committee met a number of key external shareholders and the main shareholder representative bodies during the process of finalising the new Remuneration Policy. Further details on the shareholder feedback received and our response is found on page 92.

Remuneration strategy

DWF's Remuneration Policy is designed to provide a framework to:

- Promote the long-term success of the Company;
- Support DWF's strategy, linked to key KPIs such as driving incremental revenue and improvement in profit margin over time, as well as enabling DWF to deliver dividends to shareholders in line with the Group's dividend policy;
- Recruit, retain and develop high-quality people who are experts in their field and to focus the Executive Directors and Executive Board on the delivery of the Group's growth strategy which is built on the following principal strategic objectives (a) 'Understanding our clients', (b) 'Engaging our people' and (c) 'Doing things differently', complemented by (d) a disciplined acquisition strategy;
- Encourage widespread equity ownership across the Executive Directors, Executive Board as well as the broader partner and fee earner population in order to create a compensation model which is distinct from those offered by the Group's law firm peers and to ensure a long-term focus and alignment of interest with shareholders;
- Provide an appropriate balance between fixed and performance-related pay to support a high performance culture and a platform for delivering high-quality, complex legal services to clients; taking into account local factors;
- Take into account the interests of all stakeholders;
- Promote DWF's cultural values; and
- Adhere to principles of good corporate governance and appropriate risk management.

Directors' Remuneration report continued

In determining the new Remuneration Policy, the Committee paid particular attention to Provision 40 of the 2018 Code. The following table summarises the Committee's views:

Factor	How our new Remuneration Policy aligns
Clarity	The proposed Remuneration Policy sets out clearly the basis for any payments and the terms of the incentive arrangements operated. The performance conditions used for the Bonus Plan and Equity Incentive Plan are based on a number of the Company's KPI's ensuring direct alignment between the successful implementation of the strategy and the reward provided to the Executive Directors.
Simplicity	The Incentive Plans are in line with standard UK market practice and designed to be easy to understand, and to be simple and transparent to all stakeholders.
Risk	The Remuneration Policy includes: – setting defined limits on the maximum awards which can be earned under the Bonus Plan and the Equity Incentive Plan; – requiring the deferral of a substantial proportion of the incentives in shares for a material period of time; – aligning the performance conditions with the strategy of the Company; – ensuring a focus on sustainable performance through the Equity Incentive Plan; – ensuring there is sufficient flexibility to adjust payments through malus and clawback; and – an overriding discretion to depart from formulaic outcomes under the Incentive Plans. These elements mitigate against the risk of target-based incentives by: – limiting the maximum value that can be earned; – deferring a significant proportion of the value earned in shares for the long-term which helps ensure that the performance earning the award was sustainable and thereby discouraging short-term behaviours; – aligning any reward to the agreed strategy of the Company; – focusing on the sustainability of the performance over the longer term under the Equity Incentive Plan; – reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate; and – reducing the awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Company.
Predictability	The Remuneration Policy sets out clearly the potential rewards available to the Executive Directors depending on the performance achieved. In addition, all the checks and balances set out above under Risk are disclosed as part of the Remuneration Policy.
Proportionality	The Company's Incentive Plans clearly reward the successful implementation of the strategy and, through deferral and measurement of performance over a number of years, ensure that the Executive Directors have a strong drive to ensure that the performance is sustainable over the long term. Poor performance cannot be rewarded due to the Committee's overriding discretion to depart from the formulaic outcomes under the Incentive Plans if they do not reflect underlying business performance.
Alignment to culture	A key tenet of the DWF culture is a focus on ensuring long-term sustainable performance. This is reflected directly in the type of performance conditions used in the Incentive Plans which assess sustainable performance using a variety of non-financial and financial measures, as appropriate. The focus on share ownership (and the partnership ethos encapsulated in shared ownership) and long-term sustainable performance is also a key part of the Company's culture.

In addition, in designing the new Remuneration Policy the Remuneration Committee reflected the new remuneration elements of the 2018 Code:

Key Remuneration Element of the 2018 Code	Alignment with our proposed new Remuneration Policy
Five-year period between the date of grant and realisation for equity incentives	The Equity Incentive Plan meets this requirement.
Phased release of equity awards	The Equity Incentive Plan ensures the phased release of equity awards through annual rolling vesting.
Discretion to override formulaic outcomes	The Remuneration Policy contains the ability to override formulaic outcomes and apply discretion where deemed necessary.
Post-cessation shareholding requirement	We have introduced a two-year post-cessation shareholding requirement.
Pension alignment	The pension entitlement for Executive Directors is 7%, in line with eligibility for the majority of the wider UK workforce.
Extended malus and clawback	The current malus and clawback provision already exceeds the best practice suggested in relation to the 2018 Code.

Remuneration Policy discretion

The Remuneration Committee has the ability to exercise independent judgement and discretion when approving any of the outcomes of the Remuneration Policy, including the ability to override formulaic outcomes which may involve upward or downward adjustments. Any discretion applied would take into account individual performance as well as DWF performance, and the wider environment. The Remuneration Committee may also exercise some administrative and/or operational discretion under relevant plan rules approved by shareholders. The Remuneration Committee also has the discretion to amend the Remuneration Policy with regard to minor or administrative matters where it would, in the opinion of the Remuneration Committee, be disproportionate to seek or await shareholder approval.

Where discretion is applied, this would be clearly stated, along with clear rationale, in the following Remuneration report.

Operation of the new policy

The Committee's policy is to target a remuneration package that is at around median, for median performance, and in the upper quartile for exceptional performance, and which is closely linked with the Company's strategic objectives. In setting all elements of remuneration the Committee is advised by independent consultants and periodically uses data from external research into the salaries and benefits paid by companies of a comparable size and complexity to the Company.

The aim of the Policy is to attract, retain and continue to motivate talented Executive Directors while aligning remuneration with shareholder interests and with the achievement of strategic performance objectives. This is achieved by balancing a basic fixed package, which is periodically benchmarked against a comparator Group, with the opportunity to achieve upper quartile remuneration from a combination of stretching but achievable incentives.

The terms of reference for the Committee also include the responsibility for setting the policy on incentive reward for senior employees, in particular those who could have a material impact on the risk profile of the Group. The Committee has, in the design and application of the Company's variable performance-related incentive plans, incorporated risk adjustment mechanisms to encourage consistent and sustainable levels of Company performance and to ensure, when selecting performance conditions and the level of challenge within those conditions, that they support the long-term future of the Company. In reviewing its policy and determining remuneration the Committee also considers the wider economic conditions and pay and reward packages elsewhere in its sector and within the business.

Policy – Executive Directors

The table below sets out the key elements of the Remuneration Policy for Executive Directors:

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
Base Salary			
To recruit and retain Executive Directors of the appropriate calibre and expertise in their field to achieve the Company's business strategy.	Executive Directors' base salaries are reviewed annually, effective from 1 May each year, or when there is a change in position or responsibility. Base salaries will be set at competitive levels. When determining an appropriate level of salary, the Remuneration Committee considers: – The Executive Director's experience and responsibilities; – The performance of the individual Executive Director and the Group; – Pay and conditions throughout DWF; – Salary increases provided to the workforce as a whole; – The economic environment; and – Salaries of peers, taking into account the size and complexity of the Company and its growth strategy. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.	Typically, the base salaries of Executive Directors in post at the start of the Policy Period and who remain in the same role throughout the Policy Period will be increased by a similar percentage to the average annual percentage increase in salaries of all other employees in DWF. The exceptions to this rule may be where: – an individual's package is below market level and a decision is taken to increase base pay to reflect proven competence in the role; or – there is a material increase in scope or responsibility in the individual's role. The Committee ensures that maximum salary levels are positioned in line with companies of a similar size and validated against industry/sector peers, so that they are competitive. The Committee intends to review the comparators periodically and may add or remove companies from the group as it considers appropriate. Any changes to the comparator groups will be explained in the report on the implementation of Remuneration Policy in the following financial year.	No performance conditions, although the salary reflects the performance and calibre of the Executive. No recovery provisions apply.

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
Benefits			
To provide competitive levels of employment benefits, supporting the wellbeing of Executive Directors.	Benefits include: – Private medical insurance for the Executive and their spouse or civil partner as well as any dependent children; – Private health insurance; – Life insurance up to four times salary (up to £1 million); – Annual car parking ticket; – Reasonable business expenses; – Participation in the Group's employee-wide flexible benefits scheme. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Where appropriate, additional benefits may therefore be offered, such as relocation allowances on recruitment with associated benefits not extending beyond two years.	The maximum level of benefit is the cost of providing the relevant benefits, as determined by market rates.	No performance or recovery provisions apply.
Pension			
To enable Executive Directors to make appropriate provision for retirement.	Executive Directors are entitled to join the defined contribution scheme operated by DWF. The Company contributes at an agreed percentage of basic salary. Executive Directors may take a pensions allowance in place of the Company's contribution to the scheme. Pension allowances are excluded for the purposes of calculating any other element of remuneration based on a percentage of salary.	The maximum Company contribution or pension allowance is capped at 7% of salary for Executive Directors, in line with the majority pension contribution applicable to the wider UK workforce.	No performance or recovery provisions apply.
Annual Bonus Plan			
The Annual Bonus Plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders. In particular, the Annual Bonus Plan supports the Company's objectives allowing the setting of annual targets based on the business's strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable.	The Remuneration Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary. The performance period is one financial year with pay-out determined by the Committee following the year end, based on achievement against a range of financial and non-financial targets. Half of any bonus earned will be deferred into shares for three years. There are no further performance targets on the deferred amount. Participants may be entitled to dividends or dividend equivalents on the deferred shares representing the dividends paid during the deferral period.	Maximum opportunity 150% of salary. Threshold performance: 20% of maximum. On-target performance: 50% of maximum. Maximum performance: 100% Straight-line vesting between these points.	The specific performance measures, targets and weightings will be reviewed annually and so may vary from year to year in order to align with the Group's strategy over each year. The measures may include financial and non-financial measures. However, at least 70% of the awards will be linked to financial measures. The measures will be dependent on the Group's goals over the year under review and directly link to the key measurable strategic milestones to incentivise Executive Directors to focus on the execution of the strategy. The performance targets are calibrated each year to align with the announced strategic plan. Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcome is not a fair and accurate reflection of business performance. Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcome does not reflect the Company or individual performance, or broader environment. Any adjustments or discretion applied by the Remuneration Committee will be fully disclosed in the following year's Remuneration report. 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. The Annual Bonus Plan contains malus and clawback provisions.

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions and assessment
Equity Incentive Plan ('EIP')			
Awards are designed to incentivise the Executive Directors over the longer-term to successfully implement the Group's strategy.	Under the EIP, Executive Directors will be granted LTIP awards in the form of nil-cost options or performance share awards. Vesting of LTIP awards is based on performance achieved in a three-year performance period. Vested awards are subject to a further two-year holding period. Participants may be entitled to dividends or dividend equivalents on the LTIP shares representing the dividends paid during the vesting and holding period.	Maximum value of 200% of salary per annum based on the market value at the date of grant set in accordance with the rules of the EIP. 20% of the LTIP award will vest for Threshold performance. 100% of the LTIP award will vest for Maximum performance. Straight-line vesting between these points. The Remuneration Committee has the ability to award grants up to 400% of salary in exceptional circumstances. It is the Committee's intention to only use this discretion on recruitment of an Executive Director hire where there is a requirement to replace their previous compensation (for example, their equity share from their previous law firm) with an equity stake in DWF. Remuneration in the traditional law firm model is based around an equity entitlement giving rise to a profit share. In these cases, it is highly unlikely that there will be historic incentive awards to buy-out. Therefore, to provide an equivalent equity interest in DWF a higher than normal award under the EIP would likely be required. In such cases, the Remuneration Committee will carefully evaluate the value of the interest being given up at the previous business to ensure as far as possible an equivalent fair value is provided under the EIP award. It would be the Committee's intention to revert back to the usual level of EIP award following the year of recruitment.	Awards vest based on performance against stretching targets, measured over a three-year performance period. The Remuneration Committee will review and set weightings and targets before each grant to ensure they remain appropriate. The Remuneration Committee may change the balance of the measures, or use different measures or targets for subsequent awards, as appropriate. No material change will be made to the type of performance conditions without prior shareholder consultation. The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Remuneration Committee believes that the outcome is not a fair and accurate reflection of business performance. Discretion may also be exercised in cases where the Remuneration Committee believes that the LTIP outcome does not reflect the Company or individual performance, or broader environment. Any adjustments or discretion applied by the Remuneration Committee will be fully disclosed in the following year's Remuneration report. Details of the performance conditions for grants made in the year will be set out in the Annual Report on Remuneration and for future grants in the section headed Implementation of remuneration policy, in the future financial year. The EIP contains clawback and malus provisions.
Minimum Shareholding Requirement and Post-Cessation Shareholding Requirement			
To encourage Executive Director equity ownership and to ensure a long-term focus and alignment of interest with shareholders.	Executive Directors have five years from the date of their appointment to build their shareholding requirement. If a person to whom the requirement applies does not meet the requirement, they will be expected to retain shares vesting under the Company's incentive plans until the requirement is met, although they may dispose of shares to satisfy any tax or social security liability to which they are liable on the exercise or vesting of the award. Shares qualifying for the shareholding requirement include: – Shares held on Admission; – Shares acquired following Admission; – Deferred bonus shares (on an assumed net of tax basis); – Shares subject to an EIP award during the holding period (on an assumed net of tax basis); – Vested and unexercised awards under the Company's share plans (on an assumed net of tax basis).	CEO: 250% salary CFO: 200% salary The Remuneration Committee retains the discretion to increase shareholding requirements. For two years following cessation of employment, Executive Directors are required to hold shares to 50% of the value of the shareholding guideline that applied at the cessation of their employment; or, in cases where the individual has not yet met this level, the level of shareholding at cessation.	None.

Malus and clawback

Element	Application of malus/clawback
Annual bonus – cash awards	Malus will apply up to the date of bonus determination and clawback will apply for a period of two years post-bonus payment.
Annual bonus – deferred share awards	Malus will apply during the share deferral period.
EIP awards	Malus will apply during the vesting period and clawback will apply for a period of two years post-vesting.

The circumstances in which malus and clawback could apply are as follows:
- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or Company;
- The assessment that any performance condition or condition in respect of the annual bonus or EIP award was based on error, or inaccurate or misleading information;
- The discovery that any information used to determine the Group annual bonus or EIP award was based on error, or inaccurate or misleading information;
- Action or conduct of a participant which amounts to fraud or gross misconduct;
- Events or the behaviour of a participant have led to the censure of the Company or Group by a regulatory authority or have had a significant detrimental impact on the reputation of the Group or Company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant;
- Failure of risk management; or
- Corporate failure.

Differences in Remuneration Policy for all employees

Fixed pay

The Company seeks to establish remuneration packages that will attract, retain and motivate high-quality employees. Salary and benefit packages for all employees are linked to both individual and business performance. Executive pension levels are aligned with the majority pension contribution level applicable to the wider UK workforce.

Bonus

It is anticipated that the partner annual bonus pool will be equivalent to up to 5% of the Group's profit before tax for the relevant financial year. The business is considering implementing a company-wide bonus structure for 2019/20 aligned to the Executive Directors' Annual Bonus Plan and based upon the business hitting key objectives in FY2019/20.

Share awards

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

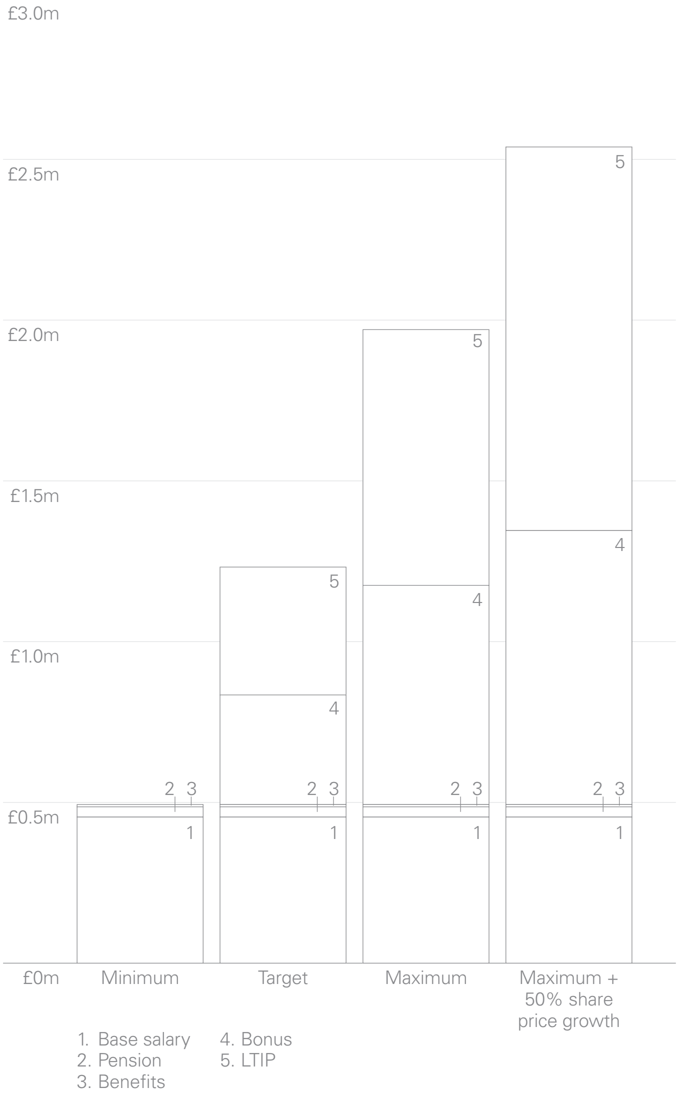
On Admission, all staff who had been rated 'fully achieving' at 31 October 2018 and who were employed for 12 months at the date of Admission and not serving notice ('qualifying staff') were awarded IPO awards under DWF's Buy As You Earn Plan ('BAYE'). Each IPO Allocation was valued (at Admission) up to 18% of salary. Qualifying staff 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 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).

Going forward, the BAYE will be operated on an annual basis. All qualifying staff are invited to participate in the BAYE by acquiring ordinary shares out of deductions from salary; and awarded matching shares in respect of ordinary shares acquired. It is intended that each year all qualifying staff will be invited to sign up to buy shares over a 12-month investment period. Matching shares will be received on a one for two basis, so for every two shares purchased over the 12-month investment period, participants will receive one matching share three years from the start of the relevant 12-month investment period subject to certain conditions.

Illustrations of application of Remuneration Policy

The graphs below seek to demonstrate how pay outcomes may look for the Executive Directors under various performance scenarios, based on the proposed Remuneration Policy for the 2019/20 financial year.

Andrew Leaitherland



Christopher Stefani

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 7% for CFO.			
Annual Bonus	None	50% of maximum award	100% of maximum award	100% of maximum award
EIP	None	50% of maximum award	100% of maximum award	100% of maximum award

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

Policy – Chair and Non-Executive Directors

The table below sets out the key elements of the Remuneration Policy for the Chair and Non-Executive Directors:

Objective and link to strategy	Operation	Maximum limits	Performance conditions and assessment
Chair			
To attract a Chair of the Board with the requisite skills and experience to contribute to the strategy of the Company and to review its implementation.	The Chair has specific terms of engagement and his or her remuneration is determined by the Committee within the limits set by the Articles of Association. The Chair receives no additional fees for the membership of Board Committees or for chairing them. The Committee reviews the fees of the Chair annually taking into account the following factors: – the workload and level of responsibility of the Chair under the changing corporate governance expectations of shareholders and their representative bodies; and – the current market rate for fees for Chairs based on the comparators used for the Executive Directors. The Chair does not participate in any variable remuneration or benefits/pension arrangements.	In general fee rises will be limited to the level provided to employees of the Company as a whole. In setting fees, the Committee looks at the fee levels of companies of broadly similar size and complexity. On an annual basis the Committee will review the comparator groups to ensure they appropriately reflect the Company's size, operations and business complexities. The Company will pay reasonable expenses incurred by the Chair and may settle any tax incurred in relation to these. The Articles of Association impose a limit on the aggregate annual sum that can be paid to the Chair and Non-executive Directors by way of fees (excluding amounts payable under any other Articles) of £2,000,000 or such larger amount as the Company may by ordinary resolution determine.	None.
NED Fees			
To attract Non-Executive Directors with the requisite skills and experience to contribute to the strategy of the Company and to review its implementation.	All Non-Executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association. Each Non-Executive Director receives a fee which relates to membership of the Board and additional fees are paid for chairing Committees. The Company reserves the flexibility to provide additional fees for Committee membership. In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of the normal duties. The Board reviews the fees of the Non-Executive Directors annually taking into account the following factors: – the workload and level of responsibility of the Non-Executive Directors under the changing corporate governance expectations of shareholders and their representative bodies; and – the current market rate for fees for Non-Executive Directors based on the comparators used for the Executive Directors. Non-Executive Directors do not participate in any variable remuneration or benefits/pension arrangements.	In general fee rises will be limited to the level provided to employees of the Company as a whole. In setting fees, the Board looks at the fee levels of companies of broadly similar size and complexity. On an annual basis the Board will review the comparator groups to ensure they appropriately reflect the Company's size, operations and business complexities. The Company will pay reasonable expenses incurred by the Non-Executive Directors and may settle any tax incurred in relation to these. The Articles of Association impose a limit on the aggregate annual sum that can be paid to the Chair and Non-executive Directors by way of fees (excluding amounts payable under any other Articles) of £2,000,000 or such larger amount as the Company may by ordinary resolution determine. As stated above, the total fee limit to be paid to the Chair and Non-Executive Directors by way of fees is £2,000,000.	None.
Partner Director			
	It should be noted that the role of Partner Director is viewed by the Board for the purposes of remuneration as a Non-Independent Non-Executive Director. This approach was discussed and agreed by the majority of independent shareholders consulted. A Partner Director represents the Partners of DWF, who are all shareholders, and is therefore a shareholder representative on the Board. The incumbent Partner Director does not currently receive any fees for the role on the Board as he is a partner of DWF. The Committee retains the discretion to pay fees to the Partner Director in line with the Policy for the other Non-Executive Directors set out above.		

Approach to recruitment remuneration

In making decisions about the remuneration arrangements for newly appointed Executives, the Committee is mindful of keeping grants within moderate limits. Appointing high-calibre executives to the Board and to different roles on the Board is necessary to ensure the Company is well positioned to develop and implement its strategy and deliver long-term value. The remuneration package for any new Executive Director would be assessed following the same principles as for the current Executive Directors.

Where an existing employee is promoted to the Board, the Remuneration Policy would apply from the date of promotion but there would be no retrospective application of the Remuneration Policy in relation to subsisting incentive awards or remuneration arrangements. This separation is deemed appropriate given the partnership-style remuneration structure below Board. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The Company's detailed Remuneration Policy when setting remuneration for the appointment of new Executive Directors is summarised in the table below:

Remuneration element	Recruitment Policy
Base salary and **Benefits**	The salary level will be set taking into account the responsibilities of the individual, experience and the salaries paid to similar roles in comparable companies. The Committee will apply the Remuneration Policy set out on salaries for the current Executive Directors in the Remuneration Policy table. The Executive Director shall be eligible to receive benefits in line with DWF's benefits policy as set out in the Remuneration Policy table.
Pension	For any new Executive Director appointments, the pension contribution or allowance will be 7% of salary, in line with the majority pension contribution applicable to the wider UK workforce.
Bonus	The new Executive Director will be eligible to participate in the Annual Bonus Plan, with performance targets and weightings aligned to the Policy, and set at the discretion of the Remuneration Committee. Award levels may be pro-rated according to the portion of the performance period which the Executive Director is in post for. The maximum bonus opportunity is 150% of salary.
Long-Term incentives	The new Executive Director will be eligible to participate in the EIP and granted an award at the next available grant date. The maximum normal EIP award is 200% of salary. In exceptional circumstances this may increase to 400% of salary for the first year of appointment. See page 85 for full details of when the Committee may exercise its discretion to make an exceptional award.
Maximum Variable Remuneration	In the normal operation of the Policy this will be 350% of salary. In exceptional circumstances in respect of the year of appointment this may increase to 550% of salary (if an exceptional EIP award is granted).
'Buy Out' of incentives forfeited on cessation of employment	The Remuneration Committee's policy is not to provide replacement awards as a matter of course. However, should the Remuneration Committee determine that the individual circumstances of recruitment justified the provision of a replacement award, the value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following: – the proportion of the performance period completed on the date of the director's cessation of employment; – the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and – any other terms and conditions having a material effect on their value ('lapsed value'). The Remuneration Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Group's existing incentive plans, a bespoke arrangement would be used.
Relocation policies	If a new Executive Director is required to relocate in order to carry out their role, the Company may provide one-off/ongoing benefits, for up to two years, to reflect the cost of relocation for the new Executive Director in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance and schooling for dependent children.

The Company's policy when setting fees for the appointment of a new Chair or Non-Executive Directors is to apply the policy which applies to the current Chair or Non-Executive Directors.

Directors' Remuneration report continued

Payments for loss of office

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The table below sets out the Company's termination policy for each element of total remuneration. For each element the table also sets out the boundaries of Committee discretion.

Remuneration element	Approach
General	The Remuneration Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising regarding the termination of an Executive Director's office or employment.
Base salary and **Benefits**	In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. Base salary and benefits will be paid over the notice period and may be provided as a lump sum payment in lieu of notice.
Pension	Pension contributions or payments in lieu of pension contribution will be made during the notice period and may be provided as a lump sum payment in lieu of notice.
Annual Bonus – Cash Awards	Good leaver reason Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year. Other reason No bonus will be payable for year of cessation. Discretion The Remuneration Committee has the following elements of discretion: – to determine that an Executive Director is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; and – to determine whether to pro-rate the bonus for time. The Remuneration Committee's normal policy is that it will pro-rate for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.
Annual Bonus – Deferred Share Awards	Good leaver reason All subsisting deferred share awards will vest. Other reason Lapse of any unvested deferred share awards. Discretion The Remuneration Committee has the following elements of discretion: – to determine that an Executive Director is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; – to vest deferred shares at the end of the original deferral period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and – to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will not pro-rate awards for time. The Remuneration Committee will determine whether or not to pro-rate based on the circumstances of the Executive Director's departure.

Remuneration element	Approach
EIP – Long-Term Incentive Plan ('LTIP') Awards	Good leaver reason Pro-rated for time and performance in respect of each subsisting LTIP award. Other reason Lapse of any unvested LTIP awards. Discretion The Committee has the following elements of discretion: – to determine that an executive is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; – to measure performance over the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation; – to determine to vest the LTIP award at the end of the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation; – to determine whether the holding period will apply including whether in full or in part; and – to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.

Definition of 'good leaver' under the Group's incentive plans

A good leaver reason is defined as cessation in the following circumstances:

- Death;
- Ill health;
- Termination of a participant's membership in DWF Law LLP or DWF LLP in breach of the relevant constitutional deed;
- Any reason, permitted by the Committee in its absolute discretion in any particular case (except where termination is for dishonesty, fraud, misconduct or other circumstances justifying summary dismissal) which may include:
  - Injury or disability;
  - Redundancy;
  - Retirement (in agreement with the Company);
  - Employing company ceasing to be a Group company; and
  - Transfer of employment to a company which is not a Group company.

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

Change of control

Element	Treatment on change of control
Annual Bonus – Cash Awards	Pro-rated for time and performance to the date of the change of control. The Remuneration Committee has discretion regarding whether to pro-rate the bonus for time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.
Annual Bonus – Deferred Share Awards	Subsisting deferred share awards will vest on a change of control. The Remuneration Committee has discretion regarding whether to pro-rate the awards for time. The Remuneration Committee's normal policy is that it will not pro-rate awards for time. The Remuneration Committee will make this determination depending on the circumstances of the change of control.
EIP – LTIP Awards	The number of shares subject to subsisting LTIP awards will vest on a change of control, pro-rated to time and performance. The Remuneration Committee has discretion regarding whether to pro-rate the LTIP awards for time. The Committee's normal policy is that it will pro-rate the LTIP awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.

Consideration of employment conditions elsewhere in the Company

The Remuneration Committee also gives consideration to pay and employment conditions in the rest of the Company, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors, and uses this information to ensure consistency of approach throughout the Company.

Whilst the Remuneration Committee takes into account the pay and conditions of the wider workforce, the Company did not consult with employees when developing the Remuneration Policy.

Consideration of shareholders views

The Remuneration Committee carefully considers the views of the shareholders, and has carried out extensive consultation with key shareholders when shaping the Remuneration Policy. Shareholders views are considered when evaluating and setting remuneration strategy and the Remuneration Committee commits to consulting with key shareholders prior to any significant changes to the Remuneration Policy.

Shareholder engagement is a priority for DWF and so we took a pro-active approach on engaging with shareholders so soon after Admission, which was welcomed. On the whole, the shareholders we consulted with responded very positively to the remuneration proposals. Most notably, the following areas were commended:

– Well-formed and organised Board.
– Executive pension contribution levels in line with the majority workforce.
– The five-year IPO award vesting period locking in partners was welcomed.

The following table sets out details of the points raised by shareholders during the consultation and how the Committee has addressed them in the Remuneration Policy:

Element of the Policy	Shareholder feedback and response
Partner Director	The majority of shareholders consulted felt that the Partner Director role should be treated as a non-independent NED. Details of the Committee proposed treatment is set out on page 88.
Application of discretion and Remuneration Committee decisions on outcomes	A number of shareholders requested details be provided to understand the Committee's decision making around remuneration outcomes and discretion. Such detail will be provided retrospectively in each year's Directors' Remuneration report.
Incentive plan performance measures review	Some shareholders requested the annual review of personal objectives for the CEO and CFO, as well as the weighting of the annual bonus measures in future years. The Committee has committed to reviewing the appropriateness of performance conditions, weightings and targets each year.
Potential increase of LTIP levels	Clarity was requested on the conditions that would be met for LTIP award levels at maximum (200% salary) to be granted. Details around the Committee's proposed approach is set out on page 85. Further, if and when the grant level is increased, specific details around the circumstances that led to this decision will be disclosed.
EIP exceptional award levels	The Committee was asked to provide greater clarity when it might award greater than 200% of salary under the EIP. Full details of the circumstances when the Committee would consider awarding greater than 200% salary under the EIP is set out on page 85.

Service contracts

Details of the service contracts or letters of appointment for the Directors are as follows:

Executive Directors	Date appointed	Expiry date	Notice period by Company or Director
Andrew Leaitherland	10 September 2018	Rolling service contract with no fixed expiry date	12 months
Christopher Stefani	10 September 2018	Rolling service contract with no fixed expiry date	12 months

When setting notice periods for Executive Directors, the Committee has regard to market practice and corporate governance best practice. Notice periods will not be greater than 12 months.

Non-Executive Directors	Date appointed	Expiry date
Sir Nigel Knowles	1 November 2018	Rolling letter of appointment for an initial term of three years
Chris Sullivan	1 November 2018	Rolling letter of appointment for an initial term of three years
Tea Colaianni	1 November 2018	Rolling letter of appointment for an initial term of three years
Vin Murria, OBE	1 November 2018	Rolling letter of appointment for an initial term of three years
Luke Savage	1 November 2018	Rolling letter of appointment for an initial term of three years
Samantha Tymms	1 December 2018	Rolling letter of appointment for an initial term of three years
Matthew Doughty	1 November 2018	Rolling letter of appointment for role as Partner Director on Admission, for an initial term of three years

The Company's practice is to appoint the Chair and Non-Executive Directors under letters of appointment. The current appointment is for a term of three years (from Admission until the AGM in 2022). However the appointment of the Chair can be terminated early by either party on three months' notice in writing. The appointment of each of the Non-Executive Directors can be terminated early by either party on one month's notice in writing.

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 Annual General Meeting.

Fees retained for external Non-Executive Directorships

Executive Directors may hold positions in other companies as Non-Executive Directors and retain the fees. Christopher Stefani is a trustee and honorary treasurer of the UK-based charity KIDS which delivers services to support disabled children and their families. Christopher does not receive a fee for services rendered to the charity.

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 Director	76
Total Pension Entitlements	79
Share Interests Awarded during FY2018/19	77
Payment to Past Directors	None
Payments for Loss of Office	None
Statement of Directors' Shareholding and Share Interests	78
Performance Graph and Table	DWF was listed on the London Stock Exchange on 15 March 2019 and given the short trading period to 30 April 2019, it is felt that it is not appropriate to present a comparison of total shareholder return. A Total Shareholder Return chart will be provided in next year's Remuneration report. See below explanation in relation to remuneration history table for the CEO.
Percentage Change in Remuneration of the Director undertaking the Role of Group Chief Executive Officer	Prior to Admission, Andrew Leaitherland's was remunerated under the partner reward framework. Given the change to the remuneration framework on Admission, the Remuneration Committee does not believe that a year-on-year comparison would be meaningful or required. As such, no comparison with prior year data has been provided this year, but the Remuneration Committee intends to provide such comparisons in future years. Further, a historical CEO total remuneration table will be provided, building up each year.
Relative Importance of the Spend on Pay	Given the Admission of the Company on 15 March 2019, no dividends were paid out in the financial year 2018/19. As such, no comparative data can be provided this year, however this will be disclosed in future years.
Statement of the Implementation of the Remuneration Policy in FY2019/20	79
Consideration by Directors of Matters relating to Directors' Remuneration	73
Statement of Voting at General Meeting	Our first AGM as a publicly listed company will be held on 20 September 2019.

Directors' report

The directors' present their Annual Report and the audited financial statements of the Company and its subsidiaries and subsidiary undertakings for the year ended 30 April 2019.

As set out in note 1.2 to the financial statements, the Group has adopted merger accounting following the restructure in the year. Under merger accounting the results of the Group are combined from the beginning of the comparative period before the merger occurred. In respect of the parent Company, there is no such comparative and the results are recognised from the date of incorporation to the year end. The use of 'year' is therefore in respect of the Group financial statements and 'period' relates to the parent Company results.

Information required to be disclosed in the Directors' report may be found below and in the following sections of the Annual Report and Accounts, in accordance with the Companies Act 2006 and Listing Rule 9.8.4R of the Financial Conduct Authority (the 'FCA'):

Information	Section	Page
Likely future developments in the business	Strategic report	12
Risk factors and principal risks; going concern and viability statements	Strategic report	45
Governance arrangements; human rights and anti-corruption and bribery matters	Strategic report	40
	Corporate governance report	64
Long-term incentive schemes	Directors' Remuneration report	80
Financial instruments and related market transactions	Financial Statements	137
Sustainability governance		39

The Corporate Governance reports on pages 50 to 94 are deemed to be incorporated into this Directors' report (the 'Report') by reference. The Strategic report, Directors' report and other sections from the Annual Report which are incorporated by reference, collectively comprise the Management Report for the purposes of DTR 4.1.5.

The Board has in place an established procedure for managing, and where appropriate approving, any conflicts of interest.

Incorporation details

The Company was incorporated on 10 September 2018 as DWF Group Limited and was re-registered as a public limited company, DWF Group plc, on 12 March 2019, ahead of the admission of its shares to trading on the Main Market of the London Stock Exchange on 15 March 2019 ('Admission').

Directors

Details of the directors of the Company at the date of this report are shown on pages 56 to 57. The appointment dates of the directors are shown in information on those pages. There have been no resignations from the Board of Directors in the period to the date of this report.

Details of the directors' service contracts, their share interests and other details of their remuneration by the Company and Group are contained in the Directors' Remuneration report on pages 73 to 94.

The Chairman and the Independent Non-Executive Directors are appointed subject to re-appointment for an initial term of three years commencing on the Admission. The initial period of three years is renewable by one additional period of three years and renewable thereafter at the discretion of the Company.

The Partner Director is not entitled to receive a fee for undertaking his role. The duties of the Partner Director are disclosed in the Remuneration report on page 88. The Partner Director will not serve on any Board committee and is appointed, subject to re-appointment, for an initial term of three years commencing on Admission. The Partner Director is also a member of certain Group entities and an active fee earner.

The letters of appointment of both the Chairman and the Partner Director provide that each of their duties as directors are subject to their professional duties as solicitors authorised by the SRA.

Appointment and replacement of directors

Directors are appointed or removed from the Board according to the provisions contained in the Company's Articles of Association (the 'Articles') and the requirements of the Companies Act 2006. A copy of the Articles is available to view on the Company's website at uk.dwf.law/Investor-Relations/Governance-and-Committees.

In accordance with the provisions of the UK Corporate Governance Code all directors will stand for election at the Annual General Meeting in 2019.

Directors' indemnities and insurance

Each director is eligible to benefit from a third-party directors' indemnity provided for by the Company in March 2019 and for cover under any directors' and officers' liability insurance policy that the Company maintains from time to time. The directors may obtain at the Company's expense, external legal or professional advice necessary to enable the directors to carry out their duties.

Articles of Association

The Articles may be amended by the members of the Company by Special Resolution, requiring a majority of at least 75% of the members' votes cast on the relevant resolution.

Annual General Meeting

This year's Annual General Meeting will be held at the offices of DWF Group plc, 20 Fenchurch Street, London, EC3M 3AG on 20 September 2019 at 11.00 am.

Dividends

The directors recommend the payment of a final dividend of one pence per ordinary share for the year. There was no interim dividend paid in the year. Subject to the approval by shareholders at the Annual General Meeting, the final dividend is expected to be paid on 27 September 2019 to shareholders on the register on 30 August 2019. The dividend policy adopted by the Company provides for two interim dividends to be paid in respect of the six-month period to 31 October 2019, the first to be paid in December 2019 and the second in February 2019 and each representing approximately one sixth of the total planned dividend to be paid in relation to the financial year ending 30 April 2020. There are no guarantees that the Company will pay dividends, or the level of any such dividends.

Listing Rule 9.8.4

The Estera Trust (Jersey) Limited as trustees of the DWF Group plc Employee Benefit Trust and the DWF Group plc Reward Share Trust which 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, 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 has agreed to waive dividend on shares in the trust not allocated to plan members. There are no other items to be disclosed under Listing Rule 9.8.4 at the date of this report.

Major shareholdings and share capital

As at 30 July 2019, the Company is aware of the following interests amounting to 3.0% or more in the Company's issued ordinary share capital:

Holder	Number of shares	% of issued capital
Estera Trust (Jersey) Limited as trustee of the DWF Group plc Employee Benefit Trust	22,432,789	7.5%
Miton Group plc	13,114,754	4.4%
Sand Grove Capital Management LLP	12,295,081	4.1%
Standard Life Aberdeen plc	11,926,076	4.0%
Estera Trust (Jersey) Limited as trustee of the DWF Group plc Reward Share Trust	8,927,581	3.0%

The shareholdings of the members of DWF LLP and DWF Law LLP are held individually by those members. They are not considered to be a controlling shareholder for the purposes of the Listing Rules, and they are therefore not party to any relationship agreement with the Company.

Further details in respect of the share capital are shown in note 21 to the consolidated financial statements which forms part of the Report. Rights attributable to the Company's ordinary shares are as set out in the Articles 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.

The Company operates a number of employee share plans which are detailed both in the Remuneration report on pages 73 to 94 and in note 23 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 which are not allocated to share plan participants, the trust will abstain from voting these shares, unless directed otherwise by the Company and then only in accordance with the trust's discretion.

Directors' authority to issue and purchase shares

The Company is subject to restrictions on the issue of new ordinary shares during the period from 9 March 2019 until 180 days from the date of Admission, being 11 September 2019. At the Annual General Meeting to be held on 20 September 2019 resolutions will be put to shareholders to permit directors to allot ordinary shares other than in connection with a rights issue up to a nominal amount of £1.0m, representing one third of the Company's issued share capital as at 31 July 2019 (the latest practicable date) and to allot ordinary shares up to a nominal amount of £2.0m, representing two thirds of the Company's issued share capital as at 31 July in connection with a rights issue. Two special resolutions will also be proposed which would, if passed, give the directors authority to allot ordinary shares up to a nominal amount of £300,000 in aggregate for cash representing up to 10% of the Company's issued share capital, without first offering them to existing shareholders.

The directors confirm their intention to adhere to the provisions of the Pre-Emption Group's revised 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 contemporaneously with the allotment or having taken place in the preceding six months and being referred to in the announcement of the issue. A further explanation of the resolutions is set out in the 2019 Notice of Annual General Meeting.

Subject to the restrictions on transfer set out in the Articles (as described below under 'Restrictions on transfer') and the lock-up arrangements described in the Company's prospectus published prior to Admission, the directors are not aware of any agreements or rights between shareholders that place restrictions on the transfer of shares or exercise of voting rights.

The Company was incorporated with a share capital of one share of £1.00 which was subsequently sub-divided into 100 ordinary shares of £0.01. During the period following incorporation 299,999,900 ordinary shares of £0.01 were issued all of which were either fully paid or credited as fully paid, of which 238,524,490 were issued in respect of the acquisition of DWF Holdings Limited and the establishment of the EBT and RST. Prior to admission a further 61,475,410 ordinary shares were allotted and issued in connection with the IPO.

One 'Capital Reduction' share which was created at the time of the share-for-share acquisition of DWF Holdings Limited, by capitalisation of the merger reserve, has subsequently been cancelled to generate distributable reserves.

Political donations

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 20 September 2019, and to avoid accidentally contravening the Act, the Company will seek authority for itself and its subsidiaries and subsidiary undertakings to make political donations not exceeding £100,000 in total. No political donations were made during the year to 30 April 2019.

Corporate responsibility

Our Corporate Responsibility ('CR') highlights are disclosed from page 39 of the Strategic report. The processes described in the non-financial information summary and managing risk sections from page 44 applied to CR (including human rights issues as appropriate) as did the process described on page 64 for ensuring that the Board is supplied with appropriate and timely information and training and for assisting the directors to update their knowledge. In addition to regular business presentations to the Board, at which CR was considered as appropriate, the Board will conduct an annual CR review and Board members receive regular CR updates. CR performance is included in business unit accountability systems and remuneration arrangements. In determining executive remuneration, the Remuneration Committee will take into account CR matters as described in the Directors' Remuneration report.

Greenhouse Gas Emissions

A table containing greenhouse gas emissions information will be made available on our website at www.dwf.law. This has not been audited in the current year.

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.

An internal communications strategy and delivery plan is being developed which will include interventions such as regular management roadshows, virtual strategy briefings, visiting operational units and responses to a regular employee opinion survey and updates on performance. Our internal communications channels include face-to-face events and a corporate intranet.

In addition, those employees who are eligible are also encouraged to become involved in the Group's performance through participation in share schemes.

Throughout the Group, the principles of equal opportunities are recognised in the formulation and development of employment policies.

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 the continued provision of suitable employment in the same or an alternative position with appropriate adjustments being made if necessary. Employees with disabilities share equally in the opportunities for training, career development and promotion.

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 do not easily fit into the conventional and regulated practice group-based business model. Ventures was launched in October 2017 as an arm's-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.

Significant agreements

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as supplier and service provider agreements and property lease arrangements. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole, other than the following contracts:

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 utilisations of that lender's commitment (together with accrued interest) immediately due and payable.

Australian subsidiaries of the Company are funded by a similar revolving facility of $3,000,000AUD, 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, requiring amounts outstanding and interest to become payable immediately.

Furthermore, the Directors are not aware of any agreements between the Company and its Directors and employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Restrictions on transfer

As the Group 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, or 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 in aggregate 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 the person's 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; or
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; and
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 that the Divestiture Condition may be satisfied in relation to a Non-authorised Person (a 'Defaulting Person'), the Company may give notice to such Defaulting Person that all of the restrictions referred to below shall apply in respect of 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; and
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 in which 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; or
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.

Financial risk management

A description of the Group's financial risk management objectives and policies and its exposure price, credit liquidity and cash flow risk is contained in note 19 to the consolidated financial statements.

Auditor and disclosure of information

Each of the directors as of the date of approval of the Report confirms that, so far as he or she is aware, there is no relevant audit information (being information required by the Auditor in connection with preparing its report) of which the Auditor is unaware and that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the 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 page 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
30 July 2019

DWF Group plc
20 Fenchurch Street
London
EC3M 3AG

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 have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the 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.

Financial statements

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

Report on the audit of the financial statements

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 2019 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 statement of financial position;
– the consolidated and parent Company statements of changes in equity;
– the consolidated cash flow statement; and
– the related notes 1 to 30.

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).

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.

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 the new Group structure adopted as part of the Group's Initial Public Offering ('IPO'); and – Adequacy of controls over the cash reconciliation and transaction recording cycle. This is the first enhanced audit report we have prepared for the Group, although we have audited the predecessor Group, DWF LLP, in the past. Accordingly, within this report, any new key audit matters compared with our historic audit of DWF LLP, are identified with + and any key audit matters which are the same as the prior year identified with –.
Materiality	The materiality that we used for the Group financial statements was £1.2m, which was determined on the basis of adjusted profit before tax.
Scoping	Based on our scoping assessment, our audit work covered 95% of the Group's profit before tax, 96% of the Group's revenue and 99% of the Group's net assets. We took a fully substantive approach in our audit that is, without relying on the operating effectiveness of controls.
Significant changes in our approach	In the current year, the Group completed an Initial Public Offering ('IPO'). Immediately prior to, and in contemplation of, this transaction, the business of DWF LLP had been reorganised under DWF Holdings Limited and the Company acquired the entire share capital of DWF Holdings Limited, its subsidiaries and all related undertakings under common control. Given the complexity of this transaction, it has been included as a key audit matter in the current year but is not expected to recur in future years. This is the first year that an enhanced audit report has been included within the Group financial statements following the IPO.

Conclusions relating to going concern, principal risks and viability statement

Going concern We have reviewed the directors' statement in the Group accounting policies 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 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.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.
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 47 to 48 that describe the principal risks and explain how they are being managed or mitigated; – the directors' confirmation on page 49 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or – the directors' explanation on page 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.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

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

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
Revenue recognition: valuation of unbilled revenue		
Revenue represents the fair value of the consideration receivable in respect of professional services provided during the period. Revenue is a significant balance within the income statement totalling £321,446,000 (2018: £236,488,000). Unbilled revenue included within trade and other receivables totals £53,996,000 (2018: £37,854,000) (see note 14). 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 1.23. IFRS 15 has also been adopted this year by the Group which has impacted the revenue balance which is disclosed at 1.21 Adoption of new and revised standards. 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.	We disaggregated the unbilled revenue balance and challenged management's assumptions specifically around the risk described above. The following procedures have been performed by us: – reviewed management's paper which set out the application of the methodology and the work undertaken in respect of the transition to IFRS 15; – evaluated the design and implementation of the controls over the unbilled income valuation processes; – 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 traced to IFRS standards to ensure appropriate disclosure.	We concluded that revenue is being recognised appropriately and in line with the requirements of IFRS 15. We are satisfied that the judgements made by management in calculating the unbilled revenue are reasonable based on the audit evidence obtained.
Adequacy of the provision for bad and doubtful debts on client receivables		
Client receivables are a significant element of the balance sheet totalling £86,022,000 (2018: £82,804,000). The allowance for doubtful receivables totals £6,534,000 (2018: £3,854,000) (see note 14). The Group's accounting policy for financial assets is included at 1.10 within the accounting policies and the allowance for doubtful debts is also disclosed within the key sources of estimation uncertainty within note 1.23. IFRS 9 has also been adopted this year by the Group which has impacted the allowance for doubtful receivables balance which is disclosed at 1.21 Adoption of new and revised standards. The allowance for doubtful debts provision totalled £3,854,000 at 30 April 2018 with the impact of the adoption of IFRS 9 at 1 May 2018 being an increase to the provision of £2,510,000. Management judgement is required in determining the level of provisioning required for overdue trade receivables. The key judgements are around the continued appropriateness of this 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.	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 and the work undertaken in respect of the transition to IFRS 9; – evaluated the design and implementation 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 verifying the correct ageing of the data behind the calculation and ensuring 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.	We have concluded that the increase in provision is appropriate and in line with the requirements on IFRS 9. We have concluded that the presentation of the transition to IFRS 9 included within the accounting policies 1.21 is in line with the requirements of IAS 1. We concluded that the valuation of trade receivables and the allowance for doubtful debts provision are appropriate and reasonable based on the audit evidence obtained.

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
Accounting for the new Group and IPO transaction		
As noted above, in the current year, the Group completed an Initial Public Offering ('IPO'). Immediately prior to this transaction, the Group underwent a reorganisation in contemplation of the IPO. We identified a key audit matter in respect of accounting for the new Group and IPO transaction to the assessment of the control of the Group and the application of IFRS 10: Consolidated financial statements and the application of acquisition accounting under IFRS 3: Business Combinations and FRS 102 Section 19: Business combinations and goodwill. The restructure was a transaction under common control and therefore outside of the scope of IFRS 3, as such, management elected, as permitted under IAS 8, to adopt the Group reconstruction provisions of FRS 102.19 'Group reconstructions' from FRS 102. The Group's accounting policy for business combinations is included at 1.2 within the accounting policies and the control over the non – Alternative- Business Structure ('Non – ABS') Group is also disclosed within the key judgements within note 1.23. A merger reserve totalling £2,385,000 was created following the transaction within the Group financial statements. The true and fair override of the Accounting Regulations from The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980) has been applied. The principles of merger accounting, which are recognised in Schedule 6 to the Accounting Regulations, require the presentation of information for the 12 month period with 12 month comparatives and therefore comparatives have been included within the Group's financial statements. Given the complexity of this one off transaction this has been included as a key audit matter in the current year.	To assess the adequacy of the accounting for the new Group and IPO transaction, we have performed the following: – reviewed management's paper setting out the IFRS 10 application and the FRS 102 Section 19 application along with the steps paper and journal entries posted; – evaluated the design and implementation of the controls over the new Group, IFRS 10 application and IFRS 3/FRS 102 Section 19; – challenged the adequacy of the journal entries proposed by management in line with the steps paper and the subsequent posting of those journals; – review the disclosures made as part of the IFRS 10; and – assessed the accounting against the requirements of FRS 102 Section 19.	We concluded that the application of IFRS 10 and FRS 102 Section 19 are appropriate and in line with the requirements of the standard. We concluded the disclosures made in the Annual Report and Financial Statements are in line with the requirements of IAS 1.
Cash balances		
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. The cash and cash equivalents total £10,822,000 (2018: £4,228,000) as set out in Note 15. The Group's accounting policy for non-derivative financial instruments is included at 1.7 within the accounting policies.	To assess the adequacy of cash reconciliation and processing cycle, we have performed the following: – understood and documented 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; and – agreed the bank balances to the bank balance confirmation at the year end date.	We concluded that the value of cash and cash equivalents are materially appropriate and reasonable based on the audit evidence obtained. We have made recommendations in relation to the cash controls in place.

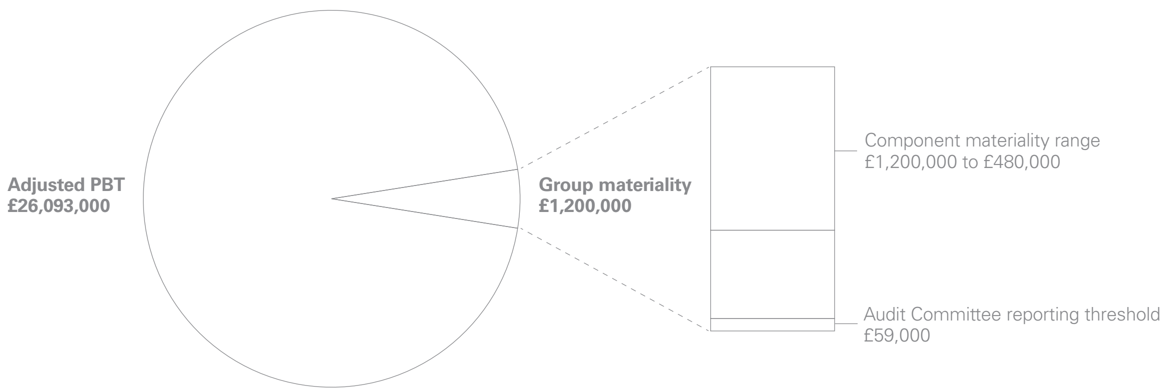
Independent auditor's report to the members of DWF Group plc continued

Our application of 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	£1.2m	£0.48m
Basis for determining materiality	4.6% of adjusted pre-tax profit Profit before tax adding back non-underlying items and share based payment expense. The policy for non-underlying items is included at note 1.6 within the accounting policies and note 4 of the financial statements.	2% total assets This has been capped at 40% of Group materiality being £0.48m.
Rationale for the benchmark applied	Profit before tax is the benchmark used for materiality as it is considered the critical performance measure of the Group. The current year profit before tax has been adjusted to normalise the benchmark and remove non-underlying items that are not expected to recur year on year.	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 total assets have been taken as the benchmark for materiality.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £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.

An overview of the scope of our audit

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 focused our Group audit scope primarily on the audit work of two components being the UK and Germany. 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 Germany was subject to an audit off specified account balances where the extent of our testing was based on our assessment of the risks of material misstatement and the materiality of the Group's operating at those locations. The remaining components were subject to a review at Group level.

The UK represents the Group's principal business unit and accounts for 96% of the Group's revenue, 99% of the Group's net assets and 95% of the Group's profit before tax. The other components subject to more limited audit procedures cover 4% of the Group's revenue, 1% of the Group's net assets and 5% of the Group's profit before tax.

For the German component audit team, we attended the close meeting and reviewed documentation of the findings from their work. The parent Company is located in the UK and is audited directly by the Group audit team. At the parent entity 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.

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
- **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.

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.

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 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.

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.

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, our procedures included the following:

- enquiring of management and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's 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 related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax and valuations regarding how and where fraud might occur in the financial statements and any potential indicators of fraud within revenue recognition being the valuation of unbilled revenue and cash balances;
- obtaining an understanding of the legal and regulatory framework that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation. In addition, compliance with the Group's compliance with the Solicitor's Regulatory environment that were fundamental to the Group's ability to operate as a going concern.

Audit response to risks identified

As a result of performing the above, we identified revenue: unbilled revenue and cash balances as a key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management, the audit committee and external 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 remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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 of 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.

Matters on which we are required to report by exception

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.

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.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were reappointed to audit the financial statements for the year ending 30 April 2019 and subsequent financial periods. This is the first period that Deloitte have been appointed following the IPO and therefore will review the mandatory rotation criteria on an ongoing basis.

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).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

30 July 2019

Consolidated income statement

Year ended 30 April 2019

	Notes	2019 £'000	2018 £'000
Revenue		**321,446**	236,488
Recoverable expenses	1	**(49,085)**	–
Net revenue	3	**272,361**	236,488
Direct costs		**(126,871)**	(110,840)
Gross profit		**145,490**	125,648
Administrative expenses		**(131,037)**	(103,139)
Operating profit	4	**14,453**	22,509
Adjusted operating profit		**33,589**	30,746
Depreciation, amortisation and impairment	4	**(5,365)**	(6,333)
Non-underlying items	4	**(12,569)**	(1,904)
Share based payments expense	4	**(1,202)**	–
Net finance expense	5	**(2,131)**	(1,293)
Profit before tax		**12,322**	21,216
Taxation	6	**(138)**	(92)
Profit for the year		**12,184**	21,124
Earnings per share attributable to the owners of the parent:			
Basic (p)	8	**4.5p**	7.8p
Diluted (p)	8	**4.5p**	7.7p
Adjusted earnings per share attributable to the owners of the parent:			
Basic (p)	8	**6.9p**	6.3p
Diluted (p)	8	**6.8p**	6.2p

The comparative information has been restated as a result of the application of the principles of merger accounting as explained in note 1.2.

IFRS 15 has been adopted from 1 May 2018 resulting in the recognition of recoverable expenses within revenue from this date. See note 1.21 for further details.

The results for the periods presented above are derived from continuing operations.

Notes 1 to 30 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

Year ended 30 April 2019

	2019 £'000	2018 £'000
Profit for the year	**12,184**	21,124
Items that are or may be reclassified subsequently to the income statement:		
Foreign currency translation differences – foreign operations	**180**	(392)
Total other comprehensive income/(expense) for the year, net of income tax	**180**	(392)
Total comprehensive income for the year	**12,364**	20,732

Notes 1 to 30 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 April 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Intangible assets and goodwill	11	**4,541**	3,801
Property, plant and equipment	12	**14,032**	14,184
Investments	13	**254**	254
Trade and other receivables	14	**152**	–
Deferred tax asset	20	**933**	–
Total non-current assets		**19,912**	18,239
Current assets			
Trade and other receivables	14	**164,168**	140,975
Cash at bank and in hand	15	**12,912**	5,130
Total current assets		**177,080**	146,105
Total assets		**196,992**	164,344
Current liabilities			
Trade and other payables	16	**55,620**	49,381
Current tax liabilities		**418**	23
Other interest bearing loans and borrowings	17	**9,028**	9,704
Provisions	18	**1,252**	1,252
Amounts due to members of partnerships in the Group		**38,071**	35,715
Total current liabilities		**104,389**	96,075
Non-current liabilities			
Trade and other payables	16	**10,280**	13,322
Other interest bearing loans and borrowings	17	**39,196**	49,522
Provisions	18	**1,329**	119
Total non-current liabilities		**50,805**	62,963
Total liabilities		**155,194**	159,038
Net assets		**41,798**	5,306
Equity			
Share capital	21	**3,000**	2,385
Share premium	21	**63,167**	–
Other reserves	22	**(1,323)**	(2,556)
(Accumulated losses)/retained earnings	22	**(23,046)**	5,477
Total equity		**41,798**	5,306

The comparative information has been restated as a result of the application of merger accounting as explained in note 1.2.

Notes 1 to 30 are an integral part of these consolidated financial statements.

The consolidated financial statements of DWF Group plc (company number: 11561594) were approved by the Board on 30 July 2019 and signed on its behalf by:

A R Leaitherland
Group Chief Executive Officer

C J Stefani
Chief Financial Officer

Consolidated statement of changes in equity

Year ended 30 April 2019

	Share capital (Note 21) £'000	Share premium (Note 21) £'000	Treasury shares (Note 22) £'000	Merger reserve (Note 22) £'000	Share based payments reserve (Note 22) £'000	Translation reserve (Note 22) £'000	(Accumulated losses)/ retained earnings (Note 22) £'000	Total equity £'000
At 1 May 2017	2,385	–	–	(2,385)	–	221	7,666	7,887
Profit for the year	–	–	–	–	–	–	21,124	21,124
Exchange rate difference	–	–	–	–	–	(392)	–	(392)
Total comprehensive income	–	–	–	–	–	(392)	21,124	20,732
Reserves transferred to amounts due to members of partnerships in the Group	–	–	–	–	–	–	(23,313)	(23,313)
At 30 April 2018	2,385	–	–	(2,385)	–	(171)	5,477	5,306
At 1 May 2018	2,385	–	–	(2,385)	–	(171)	5,477	5,306
Impact of IFRS 9 transition (note 1.21)	–	–	–	–	–	–	(2,510)	(2,510)
Impact of IFRS 15 transition (note 1.21)	–	–	–	–	–	–	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**

Notes 1 to 30 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash used in operations before adjusting items	28	**(10,545)**	(9,539)
Cash used to settle non-underlying items		**(19,289)**	(731)
Cash used in operations		**(29,834)**	(10,270)
Interest paid		**(2,405)**	(2,373)
Tax paid		**(50)**	(69)
Net cash used in operating activities		**(32,289)**	(12,712)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**–**	(1,376)
Purchase of property, plant and equipment		**(4,196)**	(4,211)
Purchase of other intangible assets		**(1,222)**	(1,028)
Net cash flows used in investing activities		**(5,418)**	(6,615)
Cash flows from financing activities			
Issue of ordinary shares, net of issue costs		**73,350**	–
Treasury share sale		**2,707**	–
Proceeds from borrowings		**80,290**	56,331
Repayment of borrowings		**(89,475)**	(43,614)
Movement in corporate purchasing card		**(2,646)**	4,930
Interest received		**293**	240
Acquisition of subsidiary, deferred consideration		**(1,802)**	(897)
Capital contributions by Members		**4,732**	7,780
Repayments to former Members		**(23,124)**	(3,902)
Net cash flows from financing activities		**44,325**	20,868
Net increase in cash and cash equivalent		**6,618**	1,541
Cash and cash equivalents at the beginning of year		**4,228**	2,772
Effects of foreign exchange rate changes on cash and cash equivalents		**(24)**	(85)
Cash and cash equivalents at the end of year	15	**10,822**	4,228

Notes 1 to 30 are an integral part of these consolidated financial statements.

Consolidated notes to the financial statements

1. Accounting policies

1.1. General information

DWF Group plc (the 'Company'), formerly known as DWF Group Limited, is a public limited company incorporated on 10 September 2018, domiciled in the United Kingdom under the Companies Act 2006, and registered in England. As of 20 November 2018, the registered office is 20 Fenchurch Street, London, EC3M 3AG. Prior to this date the registered office was 1 Scott Place, 2 Hardman Street, Manchester, Greater Manchester, M3 3AA.

The principal activities of the Company and its subsidiaries and 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 2019 the following subsidiary undertakings of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to 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
DWF (TG) Limited	10568838

1.2. Basis of accounting

The Group financial statements consolidate those of the Company and its subsidiaries and 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 9 and IFRS 15 which became effective on 1 January 2018 and adopted by the Group on a prospective basis from 1 May 2018.

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.

The financial statements have been 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, 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.

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.

1.3. Going concern
The Group meets its day-to-day working capital requirements through its bank facilities, the main components of which is an £80.0m revolving credit facility ('RCF'). The RCF matures in January 2022.

The Group's forecasts, taking into account reasonably possible changes in the trading performance, show the Group will operate within its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. Therefore the Group continues to adopt the going concern basis in the preparation of the consolidated financial statements.

In making the going concern assessment a range of external factors are considered. Brexit is a principal matter among those factors with both the timing and conditions of the UK's exit from the EU unclear at the date of this report. The effect of Brexit on the UK or wider European Union economy generally remains unknown but could cause a reduced rate of growth in the United Kingdom or in the European Union, which could reduce or increase demand for the Group's services or otherwise cause geopolitical and macroeconomic effects and impact interest rates, foreign currency exchange rates, equity markets, and cause increased volatility in certain markets in which the Group operates.

On balance, the Directors anticipate that this uncertainty will result in some businesses choosing to reduce or delay investment decisions, creating adverse conditions for certain parts of the business such as those advising on transactional activity. However, the Directors consider the business to be well-positioned to respond to any sustained period of uncertainty, with more than 65% of revenue being generated from litigation or litigation-related matters. The legal sector benefits from some counter-cyclical drivers, with demand for restructuring legal services being enhanced in times of economic contraction. In addition, regulatory change can increase the demand for legal services as clients adapt their operational systems and procedures to comply with new rules.

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:
– IPO professional fees and other costs directly attributable to listing on the London Stock Exchange; and
– Transaction costs associated with mergers and acquisitions.

Consolidated notes to the financial statements continued

1. Accounting policies continued

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.

IFRS 9

The Group has adopted IFRS 9 Financial Instruments on 1 May 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement.

The nature and effects of the key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised in 1.21.

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 are 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.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

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:

– 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

Development expenditure

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.

Software costs

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

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:

– Capitalised development costs	4 years
– Software costs	4 years

1.10. Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

The Group has adopted IFRS 9: Financial instruments on 1 May 2018 resulting in a change in accounting policy for the impairment of financial assets. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ('ECL') model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income ('FVOCI'), but not to investments in equity instruments. The impact of adopting IFRS 9: Financial instruments is included in 1.21.

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 considered an integral part of the grant itself, 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.

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.

IFRS 15 Revenue from contracts with customers became effective from 1 January 2018 and was adopted by the Group from 1 May 2018. Details of the impact of the adoption of IFRS 15 Revenue from contracts with customers is provided in 1.21.

1.16. Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

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 judgement 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 person's share of the LLP's 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 partnerships ('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. See note 29.

Members' remuneration charged as an expense

Members' remuneration charged as an expense is recognised within direct costs totalling £31,014,000 (2018: £25,452,000). 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 15 and IFRS 9 from 1 May 2018. The effect of initially applying these standards is mainly attributable to the following:

– Recognition of recoverable expenses within revenue; and
– An increase in the impairment losses recognised on financial assets.

Impact of initial application of IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to clients in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). Accordingly, the information presented for the period ending 30 April 2018 has not been restated – it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

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

A contract with a client is recognised when a contract is legally enforceable by the Group; this will be prior to the commencement of work for a client and therefore before any revenue is recognised by the Group. Performance obligations are 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 payment 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 will be based on the Group's historical recoverability rates, contingencies, and agreements with clients. 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 use of the expected value method which is based on the consideration of historical success and recoverability rates.

The biggest impact on the Group's financial information following adoption of IFRS 15 Revenue from contracts with customers is the recognition of recoverable expenses of £49,085,000 in revenue as these are deemed to be a component of the transaction price with a client as defined by IFRS 15. Had this been adopted in the prior year this would have totalled £43,986,000. Recoverable expenses represent out of pocket expenses and disbursements incurred in delivering performance obligations on assignments and that are expected to be recoverable from clients. Recoverable expenses are deducted from revenue to derive net revenue on the Group's income statement. Previously recoverable expenses were recognised within net revenue. Net revenue is presented as this relates to the revenue generated by the activity of the Group on which the Group earns a margin. As such, this change does not have any impact on the Group's statement of financial position, income statement, or Other Comprehensive Income ('OCI').

Previously the Group recognised revenue on contingent fee engagements only to the extent of costs incurred until the contingency was resolved, whereas under IFRS 15 the expected value method has been adopted which has resulted in credit recognised directly in retained earnings as at 1 May 2018 of £997,000.

Impact of initial application of IFRS 9: Financial instruments

a) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through the profit and loss account ('FVTPL'). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ('ECL') model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in other reserves as at 1 May 2018. The transition provisions of IFRS 9 allows an entity not to restate comparatives and the Group have taken the advantage of this provision and therefore the comparatives have not been restated.

The following table summarises the impact, net of tax, of transition to IFRS on retained earnings at 1 May 2018.

Other reserves	Impact of adopting IFRS 9 at 1 May 2018 £000
Closing balance of bad debt provision under IAS 39 (30 April 2018)	3,854
Expected credit losses under IFRS 9 recognised directly in equity	2,510
Opening balance under IFRS 9 (1 May 2018)	6,364

The adoption of IFRS 9 resulted in the reclassification of financial instruments set out in the table below.

Financial assets	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Trade and other receivables	14	Loans and receivables	Amortised cost	86,658	84,148

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of £2.51m in the allowance for impairment was recognised in opening other reserves at 1 May 2018 on transition to IFRS 9. The above table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 May 2018.

The following amendments have been adopted in the year:
- IFRS 2 (amendments) Classification and Measurement of Share based Payment Transactions
- IAS 40 (amendments) Transfers of investment property
- Annual improvements to IFRS Standards 2014-2016 Cycle
- Amendments to IAS 28 Investments in Associates and Joint Venture
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The above interpretations and revised standards have not had any material impact on the amounts reporting 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:
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015-2017, Amendments to IFRS 3 Business combinations, IFRS 11 Joint Arrangements, IAS 12 Income taxes and IAS 23 Borrowing costs
- Amendments to IAS 19 Employee Benefits, Plan amendment, Curtailment or Settlement
- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associates or Joint Venture
- IFRIC 23 Uncertainty over Income Tax Treatments

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 superseded the lease guidance including IAS 17 Leases and the related interpretations. It became effective for accounting periods beginning on or after 1 January 2019. The Group will adopt IFRS 16 retrospectively for the year ending 30 April 2020.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

As at 30 April 2019, the Group has non-cancellable operating lease commitments of £71,339,000. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the Directors have engaged the external advisers who are currently in the process of undertaking the assessment of the financial impact of IFRS 16. This work remains ongoing at the date of these financial statements.

1. Accounting policies continued

1.23. Accounting estimates and judgement

The preparation of the financial statements under IFRSs requires management to make judgement, 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 judgement, 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 related asset is recognised in other receivables on the consolidated statement of financial position.

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. Provision is made for such factors as historical recoverability rates, contingencies, the outcomes of previous matters and agreements with clients. Respective amounts are provided in note 14.

Trade receivables provision

The valuation of amounts recoverable and not recoverable on trade debtors 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 debtors (excluding those already addressed by more specific provision). Bad debt provision amounting to £6,534,000 was provided at 30 April 2019 (30 April 2018: £3,854,000). Further details of trade receivables ageing and provision movement are provided in note 14.

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 has 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

Profit measures

To provide shareholders 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:

- non-underlying items;
- share based payments expense;
- net finance expense; and
- depreciation, amortisation and impairment.

Adjusted profit before tax and adjusted EBITDA reconcile to profit on continuing activities before tax as follows:

	2019 £'000	2018 £'000
Profit before tax	**12,322**	21,216
Non-underlying items	**12,569**	1,904
Share based payments expense	**1,202**	–
Adjusted profit before tax	**26,093**	23,120
Net finance expense	**2,131**	1,293
Depreciation, amortisation and impairment	**5,365**	6,333
Adjusted operating profit ('Adjusted EBITDA')	**33,589**	30,746

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, which 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 focused on supporting clients on a global scale, with a sector-focused 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.

3. Operating segments continued

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 2019

	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Total £'000
Segment net revenue	**108,885**	**91,062**	**53,954**	**18,460**	**272,361**
Direct costs	**(40,499)**	**(44,532)**	**(30,287)**	**(11,553)**	**(126,871)**
Gross profit	**68,386**	**46,530**	**23,667**	**6,907**	**145,490**
Administrative expenses					**(131,037)**
Operating profit					**14,453**
Net finance expense					**(2,131)**
Profit before tax					**12,322**
Taxation					**(138)**
Profit for the year					**12,184**

For year ended 30 April 2018

	Commercial Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Total £'000
Segment net revenue	102,769	88,552	30,192	14,975	236,488
Direct costs	(39,110)	(43,089)	(18,453)	(10,188)	(110,840)
Gross profit	63,659	45,463	11,739	4,787	125,648
Administrative expenses					(103,139)
Operating profit					22,509
Net finance expense					(1,293)
Profit before tax					21,216
Taxation					(92)
Profit for the year					21,124

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:

	2019 £'000	2018 £'000
UK	**220,486**	208,188
Rest of Europe	**24,033**	17,466
Middle East	**9,871**	4,281
Rest of World	**17,971**	6,553
Net revenue	**272,361**	236,488

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

4. Operating profit and auditor's remuneration

	Notes	2019 £'000	2018 £'000
Recognised in the income statement			
Members' remuneration charged as an expense		**31,014**	25,452
Depreciation of tangible assets	12	**4,348**	5,316
Depreciation of assets held under finance lease	12	**–**	375
Amortisation of intangible assets	11	**1,017**	637
Impairment of intangible assets	11	**–**	5
Operating lease cost on land and buildings		**12,261**	10,285
Operating lease cost of other leases		**1,202**	753
Net foreign exchange loss		**545**	145
Non-underlying items		**(12,569)**	(1,904)
Share based payments expense		**(1,202)**	–
Auditor's remuneration			
Audit of the Group financial statements		**250**	206
Amounts payable to the Company's auditor and its associates in respect of:			
Audit of financial information of subsidiaries, subsidiary undertakings and partnerships of the DWF Group plc		**120**	107
Other assurance services		**2,500**	320
Tax advisory services		**626**	77
Other services		**105**	112
Total fees		**3,601**	822

Net foreign exchange loss is included in administrative expenses. This was previously stated in net finance expense. The prior year comparative has been restated accordingly.

Non-underlying items comprises IPO professional fees being £12,569,000 (2018: £1,451,000) and transaction costs of £nil (2018: £453,000) that relate to the acquisition of Kaden Boriss.

Other assurance services includes the reporting accountant work completed as part of the IPO of DWF Group plc, which was completed in advance of the listing on 15 March 2019.

Tax advisory includes the tax advisory work completed as part of the IPO of DWF Group plc. All work was completed in advance of the listing on 15 March 2019.

Other audit services include reporting under the SRA Account Rules 2011, and other advisory services.

Fees payable to Deloitte LLP and its associates for non-audit services to DWF Group plc are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. No services were provided pursuant to contingent fee arrangements.

5. Net finance expense

	2019 £'000	2018 £'000
Finance income		
Interest receivable	**293**	240
	293	240
Finance expense		
Interest payable on bank borrowings	**1,057**	1,082
Interest payable on finance leases	**–**	42
Other interest payable	**279**	107
Bank and other charges	**1,088**	302
	2,424	1,533
Net finance expense	**2,131**	1,293

Consolidated notes to the financial statements continued

6. Taxation

	2019 £'000	2018 £'000
UK corporation tax on profit	**237**	–
Foreign tax on profit	**145**	92
Adjustments in respect of prior periods	**53**	–
Current tax expense	**435**	92
Deferred tax credit	**(297)**	–
Taxation	**138**	92

Factors affecting the tax charge for the year:

The effective tax rate is lower (2018: lower) than the average rate of corporate tax in the UK of 19.0% (2018: 19.0%). The difference is explained below:

	2019 £'000	2018 £'000
Profit before taxation	**12,322**	21,216
Tax on Group profit at standard UK corporation tax rate of 19% (2018: 19%)	**2,341**	4,031
Tax borne by individual members of partnerships within the Group	**(4,708)**	(3,939)
Foreign tax rate differences	**20**	–
Non-deductible expenses	**2,479**	–
Adjustments in respect of prior periods	**53**	–
Effect on deferred tax of change in corporation tax rate	**(47)**	–
Group total tax charge for the year	**138**	92

UK corporation tax in respect of the legal trade is only payable in respect of the profits generated post the pre-IPO reorganisation on 9 March 2019. As such, a large proportion of the FY19 profits (i.e. the 45 weeks of the legal trade prior to the reorganisation) are taxable on the partners, disclosed above as 'Tax borne by individual members of partnerships within the Group' in the statutory effective tax reconciliation.

On 26 October 2015, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017 and a further change was announced on 23 November 2016 to reduce the rate from 19% to 17% from 1 April 2020. These changes have been substantively enacted at the statement of financial position date and are reflected in the financial statements. Deferred tax assets are measured at the rates that are expected to apply in the periods of the reversal. Deferred tax balances at 30 April 2019 have been calculated using the above rates.

7. Dividends

A dividend was not paid during the year ended 30 April 2019.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting in September 2019 and 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 30 August 2019. The total estimated dividend to be paid is 1.0p per share. 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:

	2019 £'000	2018 £'000
Earnings from continuing operations for the purpose of basic earnings per share	**12,184**	21,124

	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**269,221,068**	269,221,068
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	**3,969,034**	3,969,034
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**273,190,102**	273,190,102
Basic earnings per share	**4.5p**	7.8p
Diluted earnings per share	**4.5p**	7.7p

Adjusted earnings per share is included as an Alternative Performance Measure ('APM'). Adjusted earnings per share has been calculated using adjusted earnings calculated as profit after taxation but before:

- non-underlying items;
- share based payment expense;
- the tax effect of non-underlying items and share based payments expense; and
- 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:

	2019 £'000	2018 £'000
Earnings from continuing operations for the purpose of adjusted earnings per share	**12,184**	21,124
Add/(remove):		
Non-underlying items	**12,569**	1,904
Share based payments expense	**1,202**	–
Tax effect of adjustments above	**(204)**	–
Pro-forma tax adjustment	**(5,275)**	(4,393)
Adjusted earnings for the purposes of adjusted earnings per share	**20,476**	18,635

	Number	Number
Weighted average number of ordinary shares for the purposes of adjusted earnings per share	**269,221,068**	269,221,068
Add:		
Additional shares held in trust	**26,809,898**	26,809,898
Weighted average number of ordinary shares for the purposes of adjusted basic earnings per share	**296,030,966**	296,030,966
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	**3,969,034**	3,969,034
Weighted average number of ordinary shares for the purposes of adjusted diluted earnings per share	**300,000,000**	300,000,000
Adjusted basic earnings per share	**6.9p**	6.3p
Adjusted diluted earnings per share	**6.8p**	6.2p

Tax adjustments of £5,275,000 (2018: £4,393,000) have been made in arriving at the adjusted earnings per share. This is based on an estimated full year equivalent effective tax rate of 21.0%, which is largely driven by the UK corporation tax rate of 19.0% 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.

Consolidated notes to the financial statements continued

9. Results of DWF Group plc

DWF Group plc, the parent company, recorded a loss of £3,324,000 during the period to 30 April 2019.

10. Acquisitions of subsidiaries

Acquisitions in the year to 30 April 2019
There have been no material acquisitions during the year.

Acquisitions in the year to 30 April 2018
On 1 May 2017, the Group laterally hired the staff of and acquired the trade receivables of NeoLaw from Keelys LLP for total consideration of £469,000. This consideration comprised of £469,000 cash. The principal activity of the team is Connected Services. The acquisition of NeoLaw has enabled the Group to expand the existing Birmingham cost team, contributing to the continued growth in the Connected Services division. The assets of the acquisition were hived up into DWF LLP.

On 1 December 2017, the Group acquired 100% control of Kaden Boriss an unlimited partnership, whose principal activity is that of Legal Services, for total consideration of £911,000. This consideration comprised of £365,000 cash and £546,000 of deferred consideration. Professional fees incurred in regards to the acquisition have been recognised in operating expenses in the income statement in amount of £205,600. Revenue generated post acquisition was £2,049,000 leading to the profit of £10,600 which has been included in the consolidated income statement and other comprehensive income. If the acquisition had taken place at the start of the year revenue and profit would have been £4,917,600 and £25,440 respectively. The acquisition of Kaden Boriss has provided the Group with expanded access to the Australian legal services market. The company became a wholly owned subsidiary of DWF LLP from the date shown above. The assets and liabilities of the acquisition were subsequently hived up into DWF (Australia).

Effect of acquisitions
The acquisitions had the following effect on the Group's assets and liabilities.

	NeoLaw Recognised fair value on acquisition £'000	Kaden Boriss Recognised fair value on acquisition £'000
Acquiree's net assets at acquisition date		
Tangible assets	–	104
Intangible assets	–	1
Trade and other receivables	464	1,982
Cash	–	391
Trade and other payables	–	(588)
Other interest bearing loans and borrowings	–	(979)
Total net assets	464	911
Consideration paid		
Initial cash consideration paid	469	365
Deferred consideration at fair value	–	546
Total consideration	469	911
Goodwill	5	–

11. Intangible assets and goodwill

	Goodwill £'000	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

	Goodwill £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
Cost				
At 1 May 2017	2,022	358	1,060	3,440
Additions through acquisitions	5	9	–	14
Additions – internally developed	–	–	431	431
Additions – externally purchased	–	576	–	576
Transfers*	–	–	1,189	1,189
Effect of movements in foreign exchange	25	–	(1)	24
At 30 April 2018	2,052	943	2,679	5,674
Amortisation and impairment				
At 1 May 2017	313	41	403	757
Additions through acquisitions	–	8	–	8
Amortisation for the year	–	103	534	637
Impairment charge	5	–	–	5
Transfers*	–	–	463	463
Effect of movements in foreign exchange	3	–	–	3
At 30 April 2018	321	152	1,400	1,873
Net book value				
At 30 April 2018	1,731	791	1,279	3,801
At 1 May 2017	1,709	317	657	2,683

* Transfers relate to capitalised development costs previously recognised in computer equipment in property, plant and equipment. These have been transferred to intangibles during the year at net book value.

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

11. Intangible assets and goodwill continued

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:

	2019 £'000	2018 £'000
Connected Services	**917**	382
International	**686**	682
Insurance Services	**667**	667
	2,270	1,731

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.

The recoverable amounts of each of the above 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. 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.

No reasonably possible change in assumption would cause an impairment, as such no charge has been recognised in any of the disclosed periods, the recoverable amount of the goodwill in each case being in excess of the carrying amount.

12. Property, plant and equipment

	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

	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 May 2017	15,488	7,444	33,938	56,870
Additions through acquisitions	45	59	–	104
Additions	226	2,363	1,630	4,219
Disposals	(44)	(3)	–	(47)
Effect of movements in foreign exchange	(11)	5	(2)	(8)
Transfers*	–	–	(1,189)	(1,189)
At 30 April 2018	15,704	9,868	34,377	59,949
Accumulated depreciation				
At 1 May 2017	8,906	4,533	27,145	40,584
Charge for the year	1,762	751	3,178	5,691
Disposals	(44)	(3)	–	(47)
Transfers*	–	–	(463)	(463)
At 30 April 2018	10,624	5,281	29,860	45,765
Net book value				
At 30 April 2018	5,080	4,587	4,517	14,184
At 1 May 2017	6,582	2,911	6,793	16,286

* Transfers relate to capitalised development costs previously recognised in computer equipment. These have been transferred to intangibles during the year at net book value.

13. Investments

	2019 £'000	2018 £'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
Direct subsidiaries				
DWF Holdings Limited	i	UK	Investment holding	100%
Indirect subsidiaries				
DWF (TG) Limited[4]	i	UK	Investment holding	Note 1
DWF LLP	i	UK	Law services	Note 2
DWF Law LLP[3]	i	UK	Law services	Note 1
DWF (NI) LLP	ii	UK	Law services	Note 2
Vueity Limited[1]	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[3,4]	i	UK	Connected services	Note 1
DWF Connected Services Holdings Ltd[3,4]	i	UK	Connected services	Note 1
DWF Company Secretarial Services Limited[3,4]	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
DWF Connected Services Limited[4]	i	UK	Dormant	Note 2
DWF Connected Services Group 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
DWF Pension Trustees Limited	iv	UK	Provision of pension trustees services	Note 2
DWF 360 Limited	v	UK	Software provider	Note 1
EBT[3]	xxi	UK	Trustees	+
RST[3]	xxi	UK	Trustees	+

	Registered address	Principal place of business	Nature of business	Proportion of ownership
Indirect subsidiaries continued				
DWF (France) AARPI[2]	vi	France	Law services	Note 2
DWF Claims (France) SAS[1,3]	vi	France	Dormant	Note 1
DWF Holding GbR	vii	Germany	Investment holding	Note 2
DWF Germany RmbH	viii	Germany	Law services	Note 2
DWF LLP Studio Legale Associato	ix	Italy	Law services	Note 2
DWF Claims (Italy) S.r.L.[3]	ix	Italy	Connected services	Note 1
DWF GP	x	ROI	Law services	Note 2
DWF Claims (Ireland) Limited	x	ROI	Connected services	Note 1
DWF Law Australia Pty Limited[3]	xi	Australia	Law services	Note 1
DWF Australia Holdings Pty Ltd[3]	xi	Australia	Law services	Note 1
DWF Claims (Australia) Pty Limited	xii	Australia	Connected services	Note 1
DWF Adjusting (Australia) Pty Limited[3]	xii	Australia	Connected services	Note 1
DWF Claims (Canada) Limited	xiii	Canada	Connected services	Note 1
DWF Adjusting (Canada) Limited[3]	xiii	Canada	Connected services	Note 1
DWF Compliance (Singapore) Pte Limited[3]	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	Law services	Note 1
DWF Claims (USA) LLC	xviii	USA	Connected services	Note 1
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. These entities were incorporated during the year.
4. Entities have claimed audit exemption for the year to 30 April 2019 under Section 479A of the Companies Act 2006.

+ These trusts are consolidated as if they were subsidiaries of the Group.
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.

(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) 150 Minories, London, EC3N 1LS
(vi) 137-139 rue de l'Université, 75007, Paris
(vii) Habsburgerring 2, Cologne, DE-50674
(viii) Prinzregentenstraße 78, Munich, DE-81675
(ix) Via dei Bossi 6, Milan, 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, Singapore, 048424
(xvi) 25/F, OTB Building, 160 Gloucester Road, Wanchai, 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) 13-14 Esplanade, St Helier, Jersey, JE1 1EE

14. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables (net of allowance for doubtful receivables)	**86,022**	82,804
Other receivables	**5,108**	4,064
Amounts recoverable from clients in respect of unbilled revenue	**53,996**	37,854
Unbilled disbursements	**6,279**	5,149
Prepayments and accrued income	**11,911**	10,252
Reimbursement asset*	**852**	852
	164,168	140,975
Non-current		
Other receivables	**152**	–
Deferred tax asset	**933**	–
	1,085	–

* Reimbursement asset attributable to FOIL provision, see note 18.

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.

Ageing of trade receivables

	2019 £'000	2018 £'000
Trade receivables not past due	**33,656**	28,714
Trade receivables past due		
0–90 days	**37,368**	40,354
91–180 days	**7,548**	7,052
181–270 days	**4,820**	2,990
271–365 days	**2,172**	1,642
More than 365 days	**6,992**	5,906
	92,556	86,658

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

Movement in allowance for doubtful receivables

	2019 £'000	2018 £'000
Brought forward provision	**3,854**	2,964
Impact of transition to IFRS 9	**2,510**	–
Provision utilised and other movements	**(2,206)**	(1,368)
Charges to profit and loss	**2,376**	2,258
	6,534	3,854

These balances are held against trade receivables.

15. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	**12,912**	5,130
Bank overdrafts	**(2,090)**	(902)
Cash and cash equivalents per cash flow statement	**10,822**	4,228

16. Trade and other payables

	2019 £'000	2018 £'000
Trade payables	**24,756**	23,306
Other payables	**7,657**	5,447
Other taxation and social security	**9,879**	9,969
Accruals and deferred income	**10,291**	9,024
Deferred consideration – cash settled	**1,625**	1,110
Operating lease incentives	**1,412**	525
	55,620	49,381
Non-current		
Deferred consideration – cash settled	**208**	1,833
Operating lease incentives	**10,072**	11,489
	10,280	13,322

17. 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 19.

Obligations under interest bearing loans and borrowings

	2019 £'000	2018 £'000
Current liabilities		
Bank loans	**4,655**	3,872
Corporate purchasing card facility	**2,283**	4,930
Bank overdrafts	**2,090**	902
	9,028	9,704
Non-current liabilities		
Bank loans	**39,791**	49,782
Capitalised loan arrangement fees	**(595)**	(260)
	39,196	49,522
	48,224	59,226

	2019 £'000	2018 £'000
Terms of repayment of bank loans and overdrafts		
Within one year	**9,028**	9,704
Between one and five years	**39,196**	49,522
Total bank loans and overdrafts	**48,224**	59,226

Contractual terms of interest bearing loans and borrowings

	Currency	Nominal interest rate	Year of maturity	Fair value £'000	2019 Carrying amount £'000	Fair value £'000	2018 Carrying amount £'000
RCF	GBP	LIBOR+1.4%	2022	**38,405**	**38,405**	47,740	47,740
Unsecured bank loans	GBP	3.75%	2020	**109**	**109**	192	192
Unsecured bank loans	EUR	2.00%	2020	**79**	**79**	138	138
Unsecured bank loans	AUD	6.50%	2021	**563**	**563**	872	872
Unsecured bank loans	GBP	1.77%–2.84%	2019–21	**4,695**	**4,695**	4,452	4,452
Corporate purchasing card facility	GBP	No rate	2019	**2,283**	**2,283**	4,930	4,930
Bank overdrafts	GBP	Base+1.15%	2019	**2,090**	**2,090**	902	902
				48,224	**48,224**	59,226	59,226

DWF LLP acts as Guarantor for all loans denominated in AUD and EUR.

18. Provisions

Dilapidations provision
Dilapidation provisions are established for 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 14, resulting in net exposure of £400,000 as at 30 April 2019 (2018: £400,000). The enquiry is ongoing and therefore it is not possible to estimate when the provision will crystallise.

	2019 £'000	2018 £'000
Dilapidations provision		
Balance at beginning of the year	119	678
Provisions made during the year	1,440	613
Provisions used during the year	(200)	(655)
Provisions reversed during the year	(30)	(517)
Balance at the end of the year	1,329	119
Non-current	1,329	119
Current	–	–
	1,329	119
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	1,371	1,930
Provisions made during the year	1,440	613
Provisions used during the year	(200)	(655)
Provisions reversed during the year	(30)	(517)
Balance at the end of the year	2,581	1,371
Non-current	1,329	119
Current	1,252	1,252
	2,581	1,371

19. 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 is 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 17. Management undertake rolling 13-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.

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 linked 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	**2019 £'000**	2018 £'000
Cash and cash equivalents	15	**10,822**	4,228
Measured at amortised cost:			
Trade and other receivables	14	**152,257**	130,723
Fair value through the profit or loss:			
Investments	13	**254**	254
Total financial assets		**163,333**	135,205
Measured at amortised cost:			
Trade and other payables	16	**55,609**	53,679
Borrowings	17	**46,134**	58,324
Amounts due to members of partnerships in the Group	29	**38,071**	35,715
Total financial liabilities		**139,814**	147,718

19. Financial instruments continued

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.

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

	2019 £'000	2018 £'000
Impact on profit or loss	**(501)**	(478)

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:

	2019 £'000	2018 £'000
Impact on equity	**(1,316)**	(24)
Impact on profit or loss	**(1,001)**	(229)
Impact on gross assets	**(3,078)**	(1,646)
Impact on gross liabilities	**1,762**	1,622

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.

20. Deferred tax asset

The deferred tax asset as at 30 April 2019 is as follows:

	2019 £'000	2018 £'000
Non-current assets		
Balance at beginning of year	**–**	–
Arising on Group restructure	**636**	–
Deferred tax credit in the income statement for the year	**297**	–
Balance at the end of the year	**933**	–

The Group deferred tax asset arises as a result of tax on share based payments: £0.2m and future deductions available on property, plant and equipment £0.6m. 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 £0.6m has not been recognised relating to overseas tax losses.

21. 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**

DWF Group plc was incorporated on 10 September 2018 with 1 ordinary share of £1. The Group has applied merger accounting (see note 1.2) and therefore the share capital issued as part of the share for share exchange, as noted below, has been reflected in the comparative year in the consolidated financial statements.

On 11 March 2019, the 1 ordinary share was subdivided into 100 shares of £0.01 each.

On the same day, DWF Group plc issued 238,524,490 ordinary shares in a share-for-share exchange with the shareholders of DWF Holdings Limited creating share capital of £2,385,245. DWF Group plc then issued 1 bonus share with a nominal value of £225,042,865. This share was subsequently cancelled which created distributable reserves in the parent Company of £225,042,865.

On 15 March 2019, DWF Group plc issued 61,475,410 ordinary shares as part of the Initial Public Offering in exchange for £75,000,000 of cash, represented by share capital of £614,754 and share premium of £74,385,246.

Issuance costs of £11,218,000 were recognised against share premium in accordance with the Companies Act 2006, section 610.

30,778,932 of treasury shares are held by the Group's employee share trusts, of which 2,600,798 are held in the name of employees under restricted rewards. The cost to the trusts of acquiring the shares was £308.

22. 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.

23. Share based payments

Charge to the income statement

The charge to the income statement is set out below:

	2019 £'000
Share plans	
Equity Incentive Plan IPO award – shares granted in the year	**193**
Buy-As-You-Earn Plan award – shares granted in the year	**860**
	1,053
Social security expenses	**149**
Total expense	**1,202**

During the period ended 30 April 2019, the Group operated the following share based payment plans, all of which are equity settled.

23. Share based payments continued

Share awards under the DWF Group plc 2019 Equity Incentive Plan ('EIP')

Details of Directors' share awards are set out in the Directors' Remuneration report. In addition to Directors, a limited number of the senior management team received EIP share awards.

During the period ending 30 April 2019 an IPO share award was granted on Admission, consisting of conditional and restricted share awards made to a certain Director and a limited number of the senior management team.

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

Year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 15 March 2019	Awards granted during the period	Awards vested during the period	Awards lapsed during the period	**Number of shares for which awards outstanding 30 April 2019**
2019	1.25	Nil	July 2020	–	633,306	–	–	**633,306**
2019	1.25	Nil	July 2021	–	633,306	–	–	**633,306**
2019	1.25	Nil	July 2022	–	633,306	–	–	**633,306**
2019	1.25	Nil	July 2023	–	633,306	–	–	**633,306**
2019	1.25	Nil	July 2024	–	633,306	–	–	**633,306**

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

The 2019 EIP IPO awards were valued using the Black-Scholes method with the following assumptions:
- Expected volatility (%) 14.19 (average volatility across the tranches granted)
- Expected life (years) 3.34 (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 Group's 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 2019 Buy-As-You-Earn Plan ('BAYE')

During the period ending 30 April 2019 an IPO share award was granted on Admission, consisting of free share awards made to eligible employees.

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

Year of grant	Share price per award	Exercise price per award	Date of vesting	Number of shares for which awards outstanding 15 March 2019	Awards granted during the period	Awards vested during the period	Awards lapsed during the period	**Number of shares for which awards outstanding 30 April 2019**
2019	1.25	Nil	July 2020	–	5,815,415	–	–	**5,815,415**
2019	1.25	Nil	July 2021	–	5,815,415	–	–	**5,815,415**

The weighted average fair value of these awards granted during the period was £1.14 per award.

The 2019 BAYE IPO free share awards were valued using the Black-Scholes method with the following assumptions:
- Expected volatility (%) 13.49 (average volatility across the tranches granted)
- Expected life (years) 1.84 (average life across the tranches granted)
- Expected dividend yield (%) 5.00

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 Group's shares. The expected life used is the vesting date of the award. There is no entitlement to receive dividends or dividend equivalents. The expected dividend yield is a management assumption. Management estimate that there will be 10% annualised leavers from the Plan.

24. Operating leases

At the statement of financial position date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Buildings 2019 £'000	Others 2019 £'000	Buildings 2018 £'000	Others 2018 £'000
Within one year	**11,367**	**1,124**	11,849	964
Between one and five years	**37,990**	**749**	40,923	643
More than five years	**21,982**	**–**	25,191	–
	71,339	**1,873**	77,963	1,607

Operating lease payments represent rentals payable by the Group of its office properties. Leases are negotiable for an average term of 10 years and rentals are fixed for an average of 10 years with an option to extend for a further 10 years at the then prevailing market rate.

Lease payments under operating leases are recognised as an expense in the income statement in the year and are disclosed in note 4.

25. Related parties and ultimate controlling party

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

By virtue of being on the Executive Board, Jason Ford is considered to be a related party of the Company. In July 2017 and July 2018, loan agreements (the 'July 2017 Loan Agreement' and 'July 2018 Loan Agreement', respectively) were made 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 2019, the total aggregate outstanding loan amount owed by the Borrowers to DWF LLP under the July 2017 Loan Agreement and July 2018 Loan Agreement was £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 2019 was £100,000.

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

26. Key management personnel

Compensation paid to key management personnel

	2019 £'000	2018 £'000
Remuneration of Executive Board		
Short-term employee benefits	**3,368**	2,145
Termination benefits	**–**	209
	3,368	2,354

27. 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:

	2019 Number	2018 Number
Legal advisers	**1,626**	1,548
Support staff	**1,089**	1,108
	2,715	2,656

	2019 £'000	2018 £'000
Wages and salaries	**110,156**	101,976
Social security costs	**11,369**	9,628
Contributions to defined contribution plans	**4,854**	3,107
	126,379	114,711

Defined contribution plans

The Group operates a number of defined contribution pension plans. The amounts charged to the income statement in respect of these scheme represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution scheme was £4,854,000 at 30 April 2019 (30 April 2018: £3,107,000) and the outstanding balance at year end was £914,000 at 30 April 2019 (30 April 2018: £550,000).

28. Cash generated from operations

a) Cash used in operations before adjusting items

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit before tax	**12,322**	21,216
Adjustments for:		
Non-underlying items	**12,569**	1,904
Share based payments expense	**1,202**	–
Depreciation, amortisation and impairment	**5,365**	6,333
Net finance expense	**2,131**	1,293
Operating cash flows before movements in working capital	**33,589**	30,746
Increase in trade and other receivables	**(24,601)**	(16,348)
Increase/(decrease) in trade and other payables	**1,455**	(1,391)
Increase/(decrease) in provisions	**1,210**	(559)
Decrease in amounts due to members of partnerships in the Group	**(22,198)**	(21,987)
Cash used in operations before adjusting items	**(10,545)**	(9,539)

Decrease in amounts due to members of partnerships in the Group can be analysed as follows:

	2019 £'000	2018 £'000
Members' remuneration charged as an expense (note 4)	**31,014**	25,452
Drawings (note 29)	**(52,803)**	(47,439)
Decrease in amounts due to members of partnerships in the Group	**(21,789)**	(21,987)

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

	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)**
Corporate purchasing card	(4,930)	2,647	–	–	**(2,283)**
Total net debt	(54,096)	18,450	(11)	345	**(35,312)**

b) Free cash flows

	2019 £'000	2018 £'000
Free cash flows		
Operating cash flows before movements in working capital	**33,589**	30,746
Net working capital movement	**(21,936)**	(18,298)
Amounts due to members of partnerships in the Group	**(22,198)**	(21,987)
Net interest paid	**(2,112)**	(2,133)
Tax paid	**(50)**	(69)
Purchase of property, plant and equipment	**(4,196)**	(4,211)
Purchase of other intangible assets	**(1,222)**	(1,028)
Free cash flows	**(18,125)**	(16,980)

c) Working capital measures

	2019 £'000	2018 £'000
WIP days		
Amounts recoverable from clients in respect of unbilled revenue	**53,996**	37,854
Unbilled disbursements	**6,279**	5,149
Total WIP	**60,275**	43,003
Net revenue	**272,361**	236,488
WIP days	**81**	66
Debtor days		
Trade receivables (net of allowance for doubtful receivables)	**86,022**	82,804
Other receivables	**5,108**	4,064
Total debtors	**91,130**	86,868
Net revenue	**272,361**	236,488
Debtor days	**122**	134
Gross lock-up days		
Total WIP	**60,275**	43,003
Total debtors	**91,130**	86,868
Total gross lock-up	**151,405**	129,871
Net revenue	**272,361**	236,488
Gross lock-up days	**203**	200

29. 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 2018	29,071	6,644	35,715
Profits for the financial year available for division among Members	–	–	–
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**

	Members' capital £'000	Other amounts due to members £'000	Total amounts due to members of partnerships in the Group £'000
At 1 May 2017	25,193	5,318	30,511
Profits for the financial year available for division among Members	–	–	–
Members' remuneration charged as an expense	–	25,452	25,452
Allocation of retained profit	–	23,313	23,313
Introduced by the Members	7,780	–	7,780
Repayments of capital	(3,902)	–	(3,902)
Drawings	–	(47,439)	(47,439)
At 30 April 2018	29,071	6,644	35,715

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

	2019 Number	2018 Number
Average number of members of partnerships held by the Group during the year	**249**	236

	2019 £'000	2018 £'000
Members' profit share charged as an expense	**31,014**	25,452

30. Events after the reporting period

On 20 May 2019, DWF Law LLP, a partnership controlled by DWF Group plc, acquired the Legal Services business K&L Gates Jamka sp.k ('K&L Gates') which is registered and operates in Poland. Consideration equal to the Net Asset Value of the business, provisionally estimated at £3.0m, will be paid in several instalments over the next two years. K&L Gates is expected to generate £7.0m of revenue in the financial year ending 30 April 2020.

Due to the proximity of the approval of these financial statements, it is not practical to include full IFRS 3 'Business Combinations' disclosures. The Group will provide full IFRS 3 disclosures in the Group's Annual Report and Financial statements for the year ending 30 April 2020.

Company statement of financial position

As at 30 April 2019

	Notes	2019 £'000
Non-current assets		
Investments	2	**227,428**
Total non-current assets		**227,428**
Current assets		
Trade and other receivables	3	**100,243**
Cash at bank and in hand		**3,115**
Total current assets		**103,358**
Total assets		**330,786**
Current liabilities		
Trade and other payables	4	**735**
Total current liabilities		**735**
Non-current liabilities		
Other interest bearing loans and borrowings	5	**38,405**
Total non-current liabilities		**38,405**
Total liabilities		**39,140**
Net assets		**291,646**
Equity		
Share capital	6	**3,000**
Share premium	6	**63,167**
Share based payments reserve		**1,053**
Retained earnings		**224,426**
Total equity		**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 2019 was £3,324,000.

These financial statements of DWF Group plc (registered number: 11561594) were approved by the Board on 30 July 2019.

Notes 1 to 9 are an integral part of these financial statements.

A R Leaitherland
Group Chief Executive Officer

C J Stefani
Chief Financial Officer

Company statement of changes in equity

Period ended 30 April 2019

	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)
Exchange rate difference	–	–	–	–	–
Total comprehensive income	–	–	–	(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**

Notes 1 to 9 are an integral part of these financial statements.

Company notes to the financial statements

1. Accounting policies

General information and basis of accounting

DWF Group plc (the 'Company'), formerly known as DWF Group Limited, is a public limited company incorporated on 10 September 2018, domiciled in the United Kingdom under the Companies Act 2006, and registered in England. As of 20 November 2018, the registered office is 20 Fenchurch Street, London, EC3M 3AG. Prior to this date the registered office was 1 Scott Place, 2 Hardman Street, Manchester, Greater Manchester, M3 3AA.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('IFRS'), but has made 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 considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

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, investments, and members' interests;
- 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 policies, unless otherwise stated, have been applied consistently to all periods presented in the Company financial statements.

2. Investment

	2019 £'000
Investments	
At start of the period	–
Additions	**227,428**
At the end of the period	**227,428**

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.

3. Trade and other receivables

	2019 £'000
Amounts due from subsidiary undertakings*	**100,243**
	100,243

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

Company notes to the financial statements continued

4. Trade and other payables

	2019 £'000
Other payables	**63**
Other taxation and social security	**149**
Accruals	**523**
	735

5. Other interest bearing loans and borrowings

Further details on the Company's RCF can be found in the consolidated financial statements note 19.

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**

DWF Group plc was incorporated on 10 September 2018 with 1 ordinary share of £1.

On 11 March 2019, the 1 ordinary share was subdivided into 100 shares of £0.01 each.

On the same day, DWF Group plc issued 238,524,490 ordinary shares in a share-for-share exchange with the shareholders of DWF Holdings Limited creating share capital of £2,385,245. This also created a merger reserve of £225,042,865 which is the difference between the market value of the shares acquired by DWF Group plc in the share-for-share exchange with the shareholders of DWF Holdings Limited and the nominal value of the shares issued to acquire them. DWF Group plc then issued 1 bonus share from the merger reserve with a nominal value of £225,042,865. This share was subsequently cancelled which created distributable reserves of £225,042,865.

On 15 March 2019, DWF Group plc issued 61,475,410 ordinary shares as part of the Initial Public Offering in exchange for £75,000,000 of cash, represented by share capital of £614,754 and share premium of £74,385,246.

Issuance costs of £11,218,000 were recognised against share premium in accordance with the Companies Act 2006, section 610.

7. Employee information and directors' remuneration

The Company had no employees (other than directors) employed during the period. No director received remuneration in respect to services to the Company in the period.

8. Related parties

The Company has taken advantage of the exemption not to 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.

Shareholder information

2019 Financial Calendar

Record date for 2019 Final Dividend	30 August 2019
Annual General Meeting	20 September 2019
Payment date for 2019 final dividend	27 September 2019
Announcement of half-year results and 2020 interim dividend	December 2019
Record date for first 2020 interim dividend	22 November 2019
Payment date for first 2020 interim dividend	20 December 2019
Record date for second 2020 interim dividend	24 January 2020
Payment date for second 2020 interim dividend	21 February 2020

Direct credit of dividend payment

DWF is keen to encourage all of its shareholders to have their dividends paid directly into their bank or building society accounts.

If you want your dividends to be paid directly into your UK account you can contact our Registrar, Equiniti for a dividend mandate form or sign up to Shareview, the internet based platform provided by Equiniti which will enable you to register your bank details online.

For overseas shareholders a separate dividend service provided by our Registrar enables shareholders living overseas to have their dividend paid directly into their bank account for a small fee. For further details please visit www.shareview.co.uk

Managing your shareholding online

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 www.shareview.co.uk

Shareholder enquiries

The Company's share register is maintained by Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using one of the methods listed below.

Address: 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 securely email Equiniti with your enquiry)

* Telephone lines are open from 8.30am to 5.30pm UK Time Monday to Friday.

Annual General Meeting (AGM)

The AGM of the Company will be held at 11.00am on Friday 20 September 2019 at the office of the Company at 20 Fenchurch Street London EC3M 3AG.

The Notice of AGM and a proxy form will be sent to shareholders at least 20 working days before the date of the meeting and will be sent with this Annual Report. The Notice can also be found on the Company's website, www.dwf.law.

Electronic communications

The proxy form mentioned above will be accompanied by an election form that allows shareholders to opt for electronic communication in respect of future shareholder documentation. DWF encourages shareholders to read, complete and return this election form to Equiniti as appropriate.

Half-yearly results

As mentioned in the financial calendar above the half-yearly results will be announced to the market in December and will continue to be available on the Company's website from that date in the form of a press release. They will not be issued to shareholders in hard copy.

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 an 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 www.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 www.fca.org.uk/consumer/scams/reports-scam 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

Tel: +44 333 320 2220
www.dwf.law

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA
United Kingdom

UK Telephone: 0371 384 2030
Overseas telephone: +44 (0)121 415 7047

Statutory Auditor
Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

Corporate stockbrokers
Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET
United Kingdom

Jeffries International Limited
68 Upper Thames Street
London
EC4V 3BJ
United Kingdom

Zeus Capital Limited
82 King Street
Manchester
M2 4WQ

Principal UK Bankers
Lloyds Bank plc

Principal offices

United Kingdom
42 Queen Street
Belfast
BT1 6HL

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GA

Redcliff Quay
120 Redcliff Street
Bristol
BS1 6HU

No. 2 Lochrin Square
96 Fountainbridge
Edinburgh
EH3 9QA

110 Queen Street
Glasgow
G1 3HD

Bridgewater Place
Water Lane
Leeds
LS11 5DY

5 St Paul's Square
Old Hall Street
Liverpool
L3 9AE

20 Fenchurch Street
London
EC3M 3AG

1 Scott Place
2 Hardman Street
Manchester
M3 3AA

2nd Floor Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Argentina
DWF in association with VAGEDES & Asociados
Av. Córdoba 487
Piso 6 K
C1054AAD Buenos Aires
Argentina

Australia
Level 36
Riverside Centre
123 Eagle Street
Brisbane QLD 4000
GPO Box 74
Brisbane QLD 4001

Level 45A
600 Bourke Street
Melbourne VIC 3000
PO Box 13221 Law Courts
VIC 8010

Suite 114
Level 1
486 Lower Heidelberg Road
Lower Heidelberg
Melbourne
VIC 3084

Suite 2
Level 6
18 Honeysuckle Drive
Newcastle NSW 2300
PO Box 2277
Dangar NSW 2309

Level 18
363 George Street
Sydney NSW 2000
GPO Box 260
Sydney NSW 2001

Suite 1
Level 1
123 Midson Road
Epping NSW 2121
Australia

Belgium
Avenue Louise 523
B-1050 Brussels
Belgium

Canada
111 Queen Street East
Suite 450
Toronto
ON
M5C 1S2
Canada

France
137-139 rue de l'Université
75007 Paris
France
Toque K0165

Germany
Linkstr. 12
10785 Berlin
Germany

Habsburgerring 2
Westgate
50674 Cologne
Germany

Prinzregentenstraße 78
81675 Munich
Germany

Ireland
5 George's Dock
IFSC
Dublin

Italy
Via dei Bossi 6
20121 - Milano
Italy

Kingdom of Saudi Arabia
Harasani & Alkhamees Law Firm in association with DWF
Sabah Center
Prince Sultan St.
Jeddah
Kingdom of Saudi Arabia

Harasani & Alkhamees Law Firm in association with DWF – Riyadh
AlBarakah Tower 2
Anas Bin Malik St.
Alyasamin District
Riyadh
Kingdom of Saudi Arabia

Poland
plac Stanisława
Małachowskiego 2
00-066 Warszawa
Poland

Qatar
Office 01D04
Mezzanine Floor
Tornado Tower
PO Box 9417
Doha
Qatar

Republic of Panama
DWF in association with Fabrega Molino
BMW Plaza
9th Floor
50 St
P.O. Box 0816-00744
Panama
Rep. of Panama

Singapore
9 Raffles Place
Level 58 Republic Plaza
Singapore
048619

Turkey
OGB (Özkan Gürden Bingöl Attorney Partnership, Istanbul), in association with DWF
Spring Giz Plaza Meydan Sok.
No: 31
Maslak 34398
Istanbul
Turkey

United Arab Emirates
Offices 901 & 904
Tower 2
Al Fattan Currency House
DIFC, PO Box 507104
Dubai
United Arab Emirates

Principal offices continued

United States of America

DWF in association with WSHB
1230 Peachtree Street NE
Suite 925
Atlanta
GA 30309

DWF in association with WSHB
740 Waukegan Road
Suite 340
Deerfield
IL 60015
USA

DWF in association with WSHB
222 South Riverside Plaza
Suite 640
Chicago
IL 60606

DWF in association with WSHB
40 Richards Avenue
3rd Floor
Norwalk
CT 06854

DWF in association with WSHB
901 Main Street
Suite 3670
Dallas
TX 75202

DWF in association with WSHB
1805 Shea Center Drive
Suite 200
Highlands Ranch
CO 80129

DWF in association with WSHB
7112 North Fresno Street
Suite 160
Fresno
CA 93720

DWF in association with WSHB
505 North Brand Boulevard
Suite 1100
Glendale
CA 91203

DWF in association with WSHB
2881 Business Park Court
Suite 200
Las Vegas
NV 89128

DWF in association with WSHB
10960 Wilshire Boulevard
18th Floor
Los Angeles
CA 90024

DWF in association with WSHB
701 Brickell Avenue
Suite 1640
Miami
FL 33131

DWF in association with WSHB
400 Connell Drive
Suite 1100
Berkeley Heights
NJ 07922

DWF in association with WSHB
685 Third Avenue
18th Floor
New York
NY 10017

DWF in association with WSHB
1401 Willow Pass Road
Suite 700
Concord
CA 94520

DWF in association with WSHB
6A Liberty Street
Suite 200
Aliso Viejo
CA 92656

DWF in association with WSHB
1760 Market Street
Suite 1001
Philadelphia
PA 19103

DWF in association with WSHB
2525 E. Camelback Road
Suite 450
Phoenix
AZ 85016

DWF in association with WSHB
12755 SW 69th Avenue
Suite 100
Portland
OR 97223

DWF in association with WSHB
9333 Fairway View Place
Suite 200
Rancho Cucamonga
CA 91730

DWF in association with WSHB
21804 Cactus Avenue
Suite 200
Riverside
CA 92518

DWF in association with WSHB
501 West Broadway
Suite 1200
San Diego
CA 92101

DWF in association with WSHB
520 Pike Street
Suite 1525
Seattle
WA 98101

DWF in association with WSHB
1501 S. Church Avenue
Suite 200
Tampa

DWF in association with WSHB
199 West Hillcrest Drive
Suite 204
Thousand Oaks
CA 91360

South Africa

DWF in association with Thomson Wilks
23 Impala Road
Chislehurston
Sandton

DWF in association with Thomson Wilks
Park 10
Robert House
5 Nollsworth Crescent
Nollsworth Park
La Lucia Office Estate
Durban
4051 KwaZulu-Natal

DWF in association with Thomson Wilks
The Chambers
3rd Floor
50 Keerom Street
Cape Town

DWF in association with Thomson Wilks
20 Rowan Street
Stellenbosch
7600

Spain

DWF in association with RCD
Escoles Pies, 102
08017 Barcelona

DWF in association with RCD
Serrano, 116
28006 Madrid

DWF in association with RCD
Moratín 17
46002 Valencia

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+44 (0)20 7610 6140
www.gather.london

DWF Group plc
London
20 Fenchurch Street
London EC3M 3AG
T: +44 (0)333 320 2220
F: +44 (0)333 320 4440
www.dwf.law