

**LLP Registration No. OC328794**

**DWF LLP**

**Annual Report and  
Financial Statements**

**For the year ended 30 April 2018**

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## Statutory Information

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**Incorporation No.**  
OC328794

**Registered Office**  
1 Scott Place  
2 Hardman Street  
Manchester  
United Kingdom  
M3 3AA

**Designated Members**  
P A Berry (non-designated from 3 October 2018)  
C Bowler  
A R Leaitherland  
S J Miles  
P R Rimmer  
H Ross

**Bankers**  
Lloyds Banking Group Plc  
5 St Pauls Square  
Liverpool  
L3 9SJ

HSBC  
4 Hardman Square  
Manchester  
M3 3EB

**Auditor**  
Deloitte LLP  
Statutory Auditor  
London

# Strategic Report

## Review of the business including key performance indicators

Revenue increased by £37.2 million, 18.6%, to £236.5 million in the financial year ended 30 April 2018 from £199.3 million in the financial year ended 30 April 2017. Of this increase, £19.2 million was attributable to organic growth and £18.0 million was attributable to the impact of acquisitions, with £9.0 million, £5.3 million, £4.5 million and £0.4 million of the increase in organic revenue in the International, Insurance, Commercial Services and Connected Services divisions, respectively. The increase in organic revenue was driven by all four divisions with strong performance in the International division, in particular, as a result of growth in Germany and Ireland. The Group also experienced a strong organic performance in the Group's core Insurance and Commercial divisions. Net revenue per average full-time equivalent partner and partner equivalent in the financial year ended 30 April 2018 was £787,000, an increase of £21,000, 2.7%, compared with the financial year ended 30 April 2017.

Direct costs increased by £17.4 million, 25.7%, to £85.4 million in the financial year ended 30 April 2018 from £68.0 million in the financial year ended 30 April 2017. This increase related largely to the annualised effect on direct costs of the businesses acquired by the International and Connected Services division businesses in the prior year. The number of partner and partner equivalents in the financial year ended 30 April 2018 was 301, an increase of 41, 15.8%, compared with the financial year ended 30 April 2017.

Administrative expenses increased by £14.0 million, or 15.7%, to £103.0 million in the financial year ended 30 April 2018 from £89.0 million in the financial year ended 30 April 2017, largely due to the full year effect of the additional support staff acquired as part of the Triton Global Limited acquisition in January 2017. The number of support staff in the financial year ended 30 April 2018 was 936, an increase of 97, 11.6%, compared with the financial year ended 30 April 2017.

The Group's cost: income ratio improved to 43.5% for the financial year ended 30 April 2018 from 44.7% for the financial year ended 30 April 2017.

Administrative expenses for the financial year ended 30 April 2018 also included £1.9 million of non-underlying items in relation to transaction costs for acquisitions and corporate restructuring activities (2017: £0.3m).

Members' remuneration charged as an expense increased by £2.4 million, 10.5%, to £25.5 million in the financial year ended 30 April 2018 from £23.0 million in the financial year ended 30 April 2017. The increase was principally driven by an increase in the number of Members.

The Group's management monitors lock-up and lock-up days on an ongoing basis as a measure of effective cash collection and working capital management. The following table illustrates the amount of the Group's lock-up as at 30 April 2018 and 2017.

	2018 / £'000	2017 / £'000
WIP & disbursements	43,003	35,673
Gross debtors	86,658	74,767
<b>Lock-up</b>	<b>129,661</b>	<b>110,440</b>

The table below shows the WIP days, debtor days and lock-up days as at 30 April 2018 and 30 April 2017.

	2018 / days	2017 / days
WIP & disbursements	66	65
Gross debtors	134	137
<b>Lock-up</b>	<b>200</b>	<b>202</b>

Efficient working capital management through the billing and collection of WIP and gross debtors, respectively, and reducing lock-up days is a feature across the legal sector and DWF regularly monitors its performance against industry benchmarks. The Group also has other programmes underway to target a reduction in its lock-up days (which are often impacted by the type of work performed rather than jurisdictional factors), including new partner initiatives, hiring additional finance team members, as well as internal trainings to optimise certain operational aspects relating to the lock-up, which has contributed to the reduction in lock-up days to 200 as at 30 April 2018, with plans to reduce further into the following financial year.

## Strategic Report (continued)

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Net cash from operating activities before transactions with Members was £37.7 million in the financial year ended 30 April 2018, being a £2.9 million reduction from £40.2 million in the financial year ended 30 April 2017. This was due to an investment in working capital, principally an increase in trade and other receivables to support the growth in the business and the impact of acquisitions undertaken in the prior year.

Net cash from financing activities was £16.6 million for the financial year ended 30 April 2018, principally as a result of draw-down of the existing revolving credit facility (following an increase in the facility), and other facilities including the supplier payment facility, totalling £75.9 million which was used to repay previous borrowings of £59.1 million.

### Future developments

The Group has historically made acquisitions and plans to continue to do so where available in line with the Group's strategy. The members expect the general level of activity to increase in the forthcoming year reflecting the impact of the growth of the business and the recent acquisitions.

### Management of risk factors

#### ***The failure to attract or retain partners, senior management, legal talent and other key personnel***

DWF's executive management team's commitment to those common values enables DWF to continue to recruit, retain and develop high quality people who are experts in their field. Additionally DWF's common values have and will continue to provide an important reference point for DWF's successful acquisition selection and people integration strategy.

More recently, management has led a rigorous review of partners across the firm, focused on improving certain key performance indicators such as net revenue per average full-time equivalent partner and partner equivalent while maintaining cultural fit and focus on achieving DWF's core values. As a result, since the financial year ended 30 April 2015 and through the financial year ended 30 April 2018, 136 partners have joined DWF, while 124 partners and partner equivalents have exited the business over the same period.

#### ***A significant portion of the Group's revenue is derived from clients in the insurance industry and the Group could be negatively impacted by adverse market conditions or other factors in that industry.***

DWF has a diverse client base and has diversified its offering. DWF has had notable success in its client-led approach across various sectors such as insurance, financial services and retail food and hospitality, contributing to a strong brand recognition and many longstanding client relationships driving significant repeat clients and with a considerable opportunity for DWF to increase the types of services it provides to such clients, particularly through its services and solutions available from its Connected Services division. DWF's 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. DWF's clients include established international blue chip corporate names.

### Liquidity

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has 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 demand when a Member leaves or were to leave), retained earnings, cash and bank borrowing facilities. Management undertakes 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.

## Strategic Report (continued)

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### Brexit


The United Kingdom's decision to invoke Article 50 of the Lisbon Treaty to notify the European Union of its decision to withdraw from the European Union ("Brexit") by 29 March 2019 could impact the Group. The commercial, regulatory and legal environment existing at the time scheduled for Brexit, and to which the Group would be subject, is difficult to predict, and uncertainty regarding the outcome of Brexit continues and may continue even after 29 March 2019. Any new commercial, regulatory or legal arrangements arising out of Brexit may result in certain changes in the way that the Group is structured or conducts its business, which could result in increased costs. 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 impact demand for the Group's 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.

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 the new rules. It is estimated that the total value of Brexit-related work that needs to be undertaken by the legal sector in the UK alone is approximately £270 million per year on average over the period 2017 – 2025 (assuming a "soft" Brexit) (Source: Law Society, Legal services sector forecasts).

To the extent that any Brexit consequences result in decreased demand for the Group's services or increased costs which have a greater impact than any increased demand the Group experiences for its services as a result of advising on Brexit-related matters, the Group's financial performance could be negatively impacted.

### Approval

This report was approved by the members and signed on their behalf by:



**A R Leatherland**  
Designated Member  
31 January 2019

## Members' Report

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The Board, on behalf of the members, presents its annual report on the affairs of DWF LLP and its subsidiaries (together referred to as 'DWF Group'), together with the financial statements and auditor's report, for the year ended 30 April 2018. Future developments are included within the Strategic report on page 3.

### **Group structure**

DWF LLP is a Limited Liability Partnership under the Limited Liability Partnerships Act 2000 registered in England & Wales. The financial statements consolidate the accounts of DWF LLP (including foreign branches: DWF Brussels, DWF Italy, DWF Qatar and DWF Singapore) and all its subsidiary undertakings, drawn up to 30 April each year.

### **Principal activity**

DWF Group is principally engaged in the provision of legal and related support services globally. There were no significant changes in these activities during the year. The subsidiary and associated undertakings all affecting the profits or net assets of DWF Group in the year are listed in note 9 to the financial statements.

### **Review of the business and future developments**

### **Financial performance**

The financial performance of the Group has been discussed in the Strategic report on page 3.

### **Financing**

DWF Group is funded by a combination of fixed capital, retained current accounts of our members, and external borrowings. At year end 30 April 2018, the external borrowings comprised a revolving credit facility ('RCF'), overdraft, corporate purchasing card facility and term loans, the RCF being committed until May 2021. DWF Group continues to place significant emphasis on optimising lockup management to reduce borrowing costs and to increase funds for working capital requirements.

For details regarding DWF Group as a going concern, please refer to note 1.4 within the Group notes.

### **Designated members and the Board**

The designated members (as defined in the Limited Liability Partnerships Act 2000) during the year are included in statutory information on page 2.

The Board comprises the Designated Members together with the following:

Non-Executive Chairman - Alan Benzie (resigned 30 September 2017)

Non-Executive Chairman - Sir Nigel Knowles (appointed 30 September 2017)

Non-Executive Director - David Gray

Chief Financial Officer - Chris Stefani

Chief People Officer - Catherine Williams (resigned 31 July 2017)

Chief People Officer - Helen Hill (appointed 30 September 2017)

## Members' Report (continued)

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### Members' drawings and capital policy

The Members' policy on drawings is determined by the Board. A conservative level of monthly drawings is established at the start of the financial year which enables each Member to draw a proportion of their post-tax profit during the accounting year with further distributions being made once the financial results for the year and allocation of profit have been finalised; the timing of which is dependent upon the working capital requirements of the firm. With the consent of Members, DWF LLP retains a provision for tax from their profit shares which is paid to HM Revenue & Customs on their behalf. The capital requirements of DWF LLP are kept under review by the Board with any proposed changes being approved by the Members. The level of Equity Members' capital contribution is linked to his or her share of profit. The capital contribution of Fixed Share Members is fixed at a standard rate, in line with HM Revenue & Customs legislation guidelines.

### Auditor

The board of members at the date of approval of this report confirms that:

- So far as each member is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- Each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant information and to establish that the Group's auditor is aware of that information.

Deloitte LLP has indicated their willingness to be reappointed for another term and are deemed reappointed under section 487 of the Companies Act 2006.

Approved by the members and signed on their behalf by:



**A R Leaitherland**  
Designated Member  
31 January 2019



## Statement of Members' Responsibilities

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The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the Group financial statements in accordance with IFRSs as adopted by the European Union and the parent LLP financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". The financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

In preparing the parent LLP financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 members:

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- 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.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the Board on behalf of the members.

# Independent Auditor's Report to the Members of DWF LLP

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## Report on the audit of the financial statements

### *Opinion*

In our opinion:

- the financial statements of DWF LLP (the 'parent limited liability partnership') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent limited liability partnership's affairs as at 30 April 2018 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 limited liability partnership 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 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the Group Statement of Profit or Loss and Other Comprehensive Income;
- the Group and LLP Statement of Financial Position;
- the Group and LLP Statements of Changes in Members' Interest;
- the Group Statement of Cash Flows;
- the related Group notes 1 to 22; and
- the related LLP notes 1 to 14.

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 limited liability partnership financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 of the parent limited liability partnership 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Conclusions relating to going concern*

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### *Other information*

The members 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 we do not express any form of assurance conclusion thereon.

## Independent Auditor's Report to the Members of DWF LLP (continued)

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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.

We have nothing to report in respect of these matters.

### ***Responsibilities of members***

As explained more fully in the statement of members' responsibilities, the members 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 members 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 members are responsible for assessing the Group's and the parent limited liability partnership'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 members either intend to liquidate the group or the parent limited liability partnership 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 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### ***Report on other legal and regulatory requirements***

#### ***Matters on which we are required to report by exception***

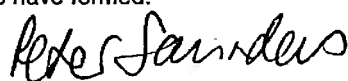
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

### ***Use of our report***

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Saunders (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
31 January 2019

## Group Statement of Profit or Loss and Other Comprehensive Income Year ended 30 April 2018

	Notes	2018 £'000	Restated 2017 £'000	Restated 2016 £'000
<b>Revenue</b>	<b>2</b>	<b>236,488</b>	<b>199,322</b>	<b>186,850</b>
Direct costs		(85,388)	(67,951)	(60,870)
<b>Gross profit</b>		<b>151,100</b>	<b>131,371</b>	<b>125,980</b>
Administrative expenses		(102,994)	(89,026)	(78,144)
Gain on bargain purchase	3	-	1,273	-
<b>Operating profit</b>	<b>3</b>	<b>48,106</b>	<b>43,618</b>	<b>47,836</b>
<b>Adjusted operating profit</b>		<b>56,338</b>	<b>48,575</b>	<b>54,134</b>
Depreciation and amortisation	3	(6,328)	(5,919)	(6,181)
Non-underlying items	3	(1,904)	962	(117)
Finance income	4	405	355	312
Finance expense	4	(1,843)	(1,617)	(1,137)
<b>Net finance expense</b>		<b>(1,438)</b>	<b>(1,262)</b>	<b>(825)</b>
<b>Profit before taxation and Members' remuneration and profit shares</b>		<b>46,668</b>	<b>42,356</b>	<b>47,011</b>
Corporate and other entity based taxation	6	(92)	(37)	(898)
<b>Profit before Members' remuneration and profit shares</b>		<b>46,576</b>	<b>42,319</b>	<b>46,113</b>
Members' remuneration charged as an expense	5	(25,452)	(23,025)	(23,169)
<b>Profit for the year after members' remuneration charged as an expense and available for discretionary division among Members</b>		<b>21,124</b>	<b>19,294</b>	<b>22,944</b>
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences – foreign operations		(392)	221	(159)
Income tax on items that are or may be reclassified subsequently to profit or loss		-	-	-
<b>Total other comprehensive income for the year, net of income tax</b>		<b>(392)</b>	<b>221</b>	<b>(159)</b>
<b>Total comprehensive income for the year available for discretionary division amongst members</b>		<b>20,732</b>	<b>19,515</b>	<b>22,785</b>

## Group Statement of Financial Position As at 30 April 2018

	Notes	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
<b>Non-current assets</b>					
Property, plant and equipment	7	14,184	16,286	17,555	19,709
Intangible assets and goodwill	8	3,801	2,683	1,708	876
Investments	9	254	254	-	-
<b>Total non-current assets</b>		<b>18,239</b>	<b>19,223</b>	<b>19,263</b>	<b>20,585</b>
<b>Current assets</b>					
Trade and other receivables	10	140,975	122,573	103,419	102,884
Cash at bank and in hand	11	5,130	3,327	9,976	2,905
<b>Total current assets</b>		<b>146,105</b>	<b>125,900</b>	<b>113,395</b>	<b>105,789</b>
<b>Total assets</b>		<b>164,344</b>	<b>145,123</b>	<b>132,658</b>	<b>126,374</b>
<b>Current liabilities</b>					
Trade and other payables	13	41,665	42,674	29,986	28,735
Accruals and deferred income		9,549	7,563	8,079	12,990
Tax payable		23	-	483	524
Other interest bearing loans and borrowings	12	9,704	1,264	896	32,107
Provisions	15	1,371	1,930	3,984	3,707
Members' capital	1	29,071	25,193	24,071	25,932
Other amounts due to members	1	6,644	5,318	5,892	10,909
<b>Total current liabilities</b>		<b>98,027</b>	<b>83,942</b>	<b>73,391</b>	<b>114,904</b>
<b>Non-current liabilities</b>					
Other interest bearing loans and borrowings	12	49,522	40,192	40,463	975
Trade and other payables	13	-	200	-	-
Accruals and deferred income		11,489	12,902	14,186	12,141
<b>Total non-current liabilities</b>		<b>61,011</b>	<b>53,294</b>	<b>54,649</b>	<b>13,116</b>
<b>Total liabilities</b>		<b>159,038</b>	<b>137,236</b>	<b>128,040</b>	<b>128,020</b>
<b>Net assets/(liabilities)</b>		<b>5,306</b>	<b>7,887</b>	<b>4,618</b>	<b>(1,646)</b>
<b>Equity</b>					
Other reserves	1	5,306	7,887	4,618	(1,646)
<b>Equity</b>		<b>5,306</b>	<b>7,887</b>	<b>4,618</b>	<b>(1,646)</b>

## Group Statement of Financial Position As at 30 April 2018 (continued)

	Notes	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
<b>Total Members' interests</b>					
Members' capital classed as a liability		29,071	25,193	24,071	25,932
Other amounts due to members classed as a liability		6,644	5,318	5,892	10,909
Other reserves classed as equity		5,306	7,887	4,618	(1,646)
<b>Total Members' interests</b>		<b>41,021</b>	<b>38,398</b>	<b>34,581</b>	<b>35,195</b>

The consolidated financial statements of DWF LLP (registered number OC328794) were approved by the board on 31 January 2019 and signed on its behalf by:



**A R Leaitherland**  
Designated Member



## Group Statement of Changes in Equity

### Year ended 30 April 2018

	(Restated)	£'000	Other reserves £'000
<b>At 1 May 2015</b>			<b>(1,646)</b>
Profits for the financial year available for division among Members		22,944	
Unrealised foreign exchange translation differences		(159)	
Total comprehensive income			22,785
Allocation of profit			(16,521)
<b>At 30 April 2016</b>			<b>4,618</b>

	(Restated)	£'000	Other reserves £'000
<b>At 1 May 2016</b>			<b>4,618</b>
Profits for the financial year available for division among Members		19,294	
Unrealised foreign exchange translation differences		221	
Total comprehensive income			19,515
Allocation of profit			(16,246)
<b>At 30 April 2017</b>			<b>7,887</b>

		£'000	Other reserves £'000
<b>At 1 May 2017</b>			<b>7,887</b>
Profits for the financial year available for division among Members		21,124	
Unrealised foreign exchange translation differences		(392)	
Total comprehensive income			20,732
Allocation of profit			(23,313)
<b>At 30 April 2018</b>			<b>5,306</b>

## Group Statement of Cash Flows

### Year ended 30 April 2018

	Notes	2018 £'000	Restated 2017 £'000	Restated 2016 £'000
<b>Cash flows from operating activities</b>				
Profit before Members' remuneration and profit shares		46,576	42,319	46,113
<i>Adjustments for:</i>				
Depreciation, amortisation and impairment	7,8	6,333	5,919	6,181
Gain on bargain purchase	3	-	(1,273)	-
Finance income	4	(405)	(355)	(312)
Finance expense	4	1,843	1,617	1,137
Taxation	6	92	37	898
		<b>54,439</b>	<b>48,264</b>	<b>54,017</b>
(Increase)/decrease in trade and other receivables		(15,956)	(9,722)	1,510
Increase/(decrease) in trade and other payables		60	4,023	(2,546)
(Decrease)/increase in provisions		(559)	(2,054)	277
Corporation tax paid		(69)	(520)	(939)
Effect of foreign exchange rate changes		(227)	221	(159)
<b>Net cash from operating activities before transactions with Members</b>		<b>37,688</b>	<b>40,212</b>	<b>52,160</b>
Payments to members		(47,439)	(39,845)	(44,707)
<b>Net cash from operating activities</b>		<b>(9,751)</b>	<b>367</b>	<b>7,453</b>
<b>Cash flows from investing activities</b>				
Interest received		240	291	312
Acquisition of subsidiary, net of cash acquired		(1,376)	(1,962)	(1,941)
Acquisition of property, plant and equipment		(4,211)	(3,501)	(3,798)
Acquisition of other intangible assets		(1,028)	(581)	(234)
Acquisition of investments		-	(254)	-
<b>Net cash flows from investing activities</b>		<b>(6,375)</b>	<b>(6,007)</b>	<b>(5,661)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		75,911	-	39,781
Interest paid		(2,110)	(1,667)	(1,137)
Repayment of borrowings		(59,115)	(271)	(20,436)
Payment of finance lease liabilities		-	(862)	(293)
Acquisition of subsidiary, deferred consideration		(897)	-	-
Capital contributions by Members		7,780	3,996	2,975
Repayments to former Members		(3,902)	(2,874)	(4,836)
<b>Net cash flows from/(used in) financing activities</b>		<b>17,667</b>	<b>(1,678)</b>	<b>16,054</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>1,541</b>	<b>(7,318)</b>	<b>17,846</b>
<b>Cash and cash equivalents at the beginning of period</b>	11	<b>2,772</b>	<b>9,976</b>	<b>(7,870)</b>
Effects of foreign exchange rate changes on cash and cash equivalents		(85)	114	-
<b>Cash and cash equivalents at the end of period</b>	11	<b>4,228</b>	<b>2,772</b>	<b>9,976</b>



# Group Notes to the Financial Statements

## Year ended 30 April 2018

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### **1 Accounting policies**

#### **1.1 General information and basis of accounting**

DWF LLP (the "LLP") is incorporated, domiciled and registered in England and Wales in the UK as a Limited Liability Partnership under the Limited Liability Partnership Act 2000. The registered address is 1 Scott Place, 2 Hardman Street, Manchester, M3 3AA.

The Group financial statements consolidate those of the LLP and its subsidiaries (together referred to as the "Group").

The Group financial statements have been prepared and approved by the Board in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), together with the requirements of the Companies Act 2006 applicable to Limited Liability Partnerships.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Group financial statements and in preparing the opening IFRS statement of financial position at 1 May 2015 for the purposes of the transition to IFRS. 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 from 1 May 2018.

The functional currency of the Group is considered to be 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 pounds sterling. Foreign operations are included in accordance with the policies set out below.

#### **1.2 Transition to new accounting frameworks**

The Group has prepared its financial statements in accordance with IFRSs for the first time and consequently has applied IFRS 1. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 22.

IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 May 2015 have not been restated.
- Cumulative translation differences – Cumulative translation differences for all foreign operations have been set to zero at 1 May 2015.

#### **1.3 Measurement convention**

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

#### **1.4 Going concern**

The Group has committed credit facilities of £57.2m. This includes a £50.0m revolving credit facility which is committed for 3 years through to May 2021. Since 30 April 2018, the Group has secured a further £10 million of committed facilities. Furthermore, the Group meets its day to day funding requirements through both committed and non-committed facilities (together 'the financing facilities'). Non-committed facilities, including overdrafts, total £17.9m.

Having reviewed the Group's forecasts, which includes an analysis of both short term cash flow forecasts and longer term cash flow forecasts, the risk and uncertainties surrounding the current and future demand for legal services, and other reasonably possible variations in trading performance, the members expect to operate within the Group's finance arrangements and in accordance with the covenants set out in those facility agreements.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact our future performance such as lower levels of revenue growth, lower than forecast receipts of cash, and reduced levels of gross margin expansion. In addition, the members have also considered mitigating actions such as lower capital expenditure and other short-term cash management activities within the Group's control. On this basis, the members have a reasonable basis to conclude that the Group is forecast to continue to trade in line with existing financing facilities for the foreseeable future.

Accordingly the Members continue to adopt the going concern basis of accounting in preparing the financial statements.

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### **1 Accounting policies (continued)**

#### **1.5 Basis of consolidation**

##### *Subsidiary undertakings*

Subsidiary 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. The financial information of subsidiaries 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.

#### **1.6 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 statement of profit or loss. 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, Sterling, 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.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS (1 May 2015).

#### **1.7 Non-underlying items**

Non-underlying items are non-trading, non-cash or one-off items disclosed separately in the Consolidated Statement of Profit or Loss where the quantum, nature or volatility of such items would otherwise distort the underlying performance of the Group. The following are included by the Group in its assessment of non-underlying items:

- Certain share based payment charges
- Gains on bargain purchase
- Transaction costs associated with mergers and acquisitions

#### **1.8 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.

##### *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.

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 1 Accounting policies (continued)

#### 1.8 Non-derivative financial instruments (continued)

##### *Unbilled revenue*

Services provided to client, 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 client. In respect of contingent fee engagements unbilled revenue is only recognised once the contingent event occurs.

##### *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.

##### *Investments*

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call 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.

##### *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.

##### *IFRS 9*

The Group will adopt 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 1.20.

#### 1.9 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 statement of profit or loss 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
- Fixture and fittings          10 years
- Computer equipment        4 years
- Office equipment            5 years

Assets under construction are not depreciated until brought into use.

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

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### **1 Accounting policies (continued)**

#### **1.10 Business combinations**

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. 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.

##### *Acquisitions on or after 1 May 2015*

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 the 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 profit or loss.

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 remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

##### *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 save 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.

#### **1.11 Intangible assets and goodwill**

##### *Development expenditure*

Expenditure on research activities is recognised in the statement of profit or loss as an expense as 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 statement of profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the statement of profit or loss 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

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### **1 Accounting policies (continued)**

#### **1.12 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 profit or loss.

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 1.20.

##### *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.

#### **1.13 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 statement of profit or loss 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.



# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 1 Accounting policies (continued)

#### 1.14 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.

#### 1.15 Revenue

Revenue is measured based on the consideration specified in a contract with a customer 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, exclusive of disbursements and value added taxes.

A contract with a customer 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 fee earners. 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 will be based on historic recoverability rates, contingencies, agreements with clients and potential credit earners. Income on contingent engagements is generally recognised when the contingent event is successful.

Revenue is recognised over time as the client simultaneously receives and consumes the benefits of rendered services throughout the contract term.

IFRS 15 Revenue from contracts with customers became effective from 1 January 2018. This will be adopted by the Group from 1 May 2018.

#### 1.16 Expenses

##### *Operating lease payments*

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

##### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### *Financing income and expenses*

Financing expenses comprise interest payable, finance charges on finance leases recognised as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the statement of profit or loss (see foreign currency accounting policy – note 1.6). 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, dividend income, and net foreign exchange gains.

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

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### **1 Accounting policies (continued)**

#### **1.17 Taxation**

The taxation on profits earned by DWF LLP is generally the personal liability of the Members, although payment of such liabilities is administered by the Group on behalf of the Members. Consequently, neither taxation nor related deferred taxation is accounted for in the historical financial information, other than to the extent described below.

The tax expense represents the current tax relating to the corporate subsidiaries. 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 statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

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

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

#### **1.18 Members' interests**

Members' capital is repayable on retirement of the Member and is therefore classified as liability. As Members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, Members' capital is shown as being due within one year.

Other amounts due to members classified as a liability relate to undistributed profits and Members' taxation reserves.

Other reserves classified as equity relate to unallocated profit or losses and would rank *pari passu* with other creditors in the event of winding up.

Other reserves classified as equity and other amounts due to members classified as a liability would rank *pari passu* with other creditors who are unsecured in the event of a winding up.

#### **1.19 Divisible profits and members' remuneration**

Under the terms of the members agreement, Members' monthly drawings on account, based upon the Members agreement, are automatically divided as drawn and are shown as Members' remuneration charged as an expense to the statement of profit or loss in arriving at profit available for discretionary distribution among Members.

The remainder of profit shares, which have not been allocated until after the statement of financial position date, are undivided at the statement of financial position date and included within other reserves.

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

### 1 Accounting policies (continued)

#### 1.20 Adopted IFRS not yet applied

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

IFRS 9	<i>Financial Instruments (effective 1 January 2018, to be adopted 1 May 2018)</i>
IFRS 15	<i>Revenue from Contracts with Customers (and the related Clarifications) (effective 1 January 2018, to be adopted 1 May 2018)</i>
IFRS 16	<i>Leases (effective 1 January 2019, to be adopted 1 May 2019)</i>
IFRS 17	<i>Insurance Contracts (effective 1 January 2021, to be adopted 1 May 2021)</i>
IFRS 2 (amendments)	<i>Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018, to be adopted 1 May 2018)</i>
IFRS 4 (amendments)	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018, to be adopted 1 May 2018)</i>
IAS 40 (amendments)	<i>Transfers of Investment Property (effective 1 January 2018, to be adopted 1 May 2018)</i>
Annual Improvements to IFRSs 2014-2016 Cycle	<i>Amendments to IFRS 1 First-time Adoption of IFRS and IFRS 28 Investments in Associates and Joint Ventures (effective 1 January 2018, to be adopted 1 May 2018)</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Asset between an Investor and its Associate or Joint Venture (effective date is yet to be set by the IASB)</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration (effective 1 January 2018, to be adopted 1 May 2018)</i>
IFRS 23	<i>Uncertainty over Income Tax Treatment (effective 1 January 2019, to be adopted 1 May 2019)</i>

The Group does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

#### IFRS 9 Financial Instruments

The Group will apply IFRS 9 from 1 May 2018. The Group has elected not to restate comparatives on initial application of IFRS 9. The full impact of adopting IFRS 9 on the Group's consolidated financial statements will depend on the financial instruments that the Group has during 2018 as well as on economic conditions and judgements made as at the year end. The Group has performed a preliminary assessment of the potential impact of adopting IFRS 9 based on the financial instruments as at 1 May 2018. The Group understands the material change to be in respect of the impairment loss model and its application to the Group's receivables. The estimated impact on the Group's receivables would result in an increase in the allowance for doubtful receivables as £2,510,000 at the statement of financial position date.

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date. The Group expects the impairment provision under IFRS 9 to be higher than under current accounting policies and is currently estimating the quantitative impact of the change.



# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 1 Accounting policies (continued)

#### 1.20 Adopted IFRS not yet applied (continued)

##### 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 customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group will adopt IFRS 15 from 1 May 2018, 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).

Revenue is measured based on the consideration specified in a contract with a customer 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 customer 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 LLP. 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 expected to be the recognition of recoverable expenses in revenue as these are deemed to be a component of the transaction price with a customer as defined by IFRS 15. 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 profit and loss account. Net revenue is presented as this relates to the revenue generated by the activity of the LLP on which the LLP earns a margin. As such, this change will not have any impact on the Group's statement of financial position, statement of profit or loss, or statement of other comprehensive income.

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 an adjustment to reserves as at 1 May 2018 of £997,000.

##### 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 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The Group currently expects to adopt IFRS 16 for the year ending 30 April 2020. No decision has been made about whether to use any of the transitional options in IFRS 16.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off statement of financial position) and finance leases (on statement of financial position) 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.

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 1 Accounting policies (continued)

#### 1.20 Adopted IFRS not yet applied (continued)

##### IFRS 16 Leases (continued)

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 2018, the Group has non-cancellable operating lease commitments of £78,927,000. 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 17. 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 members are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the members complete the review.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor (for operating leases), the members do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

#### 1.21 Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires management to make judgments, estimates and assumptions which affect the financial statements. 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, and professional indemnity provisions.

##### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### *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 claims 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.

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 1 Accounting policies (continued)

#### 1.21 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### *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.

##### *Trade receivables provision*

The valuation of amounts recoverable and not recoverable on trade debtors involves significant judgement. 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. For amounts aged between 180 days and 599 days provisions are made based on the specific circumstances of each debt. For amounts aged 600 days and over 100% provision is made. Bad debt provision amounting to £3,854,000 was provided at reporting date (2017: £2,964,000). Further details of trade receivables ageing and provision movement are provided in note 10.

### 2 Operating segments

#### Reporting Segments

The Chief Operating Decision Maker ("CODM") is the Chief Executive Officer. 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:

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

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

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 2 Operating segments (continued)

For year ended 30 April 2018

	Commerical Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Total £'000
Segment revenue	102,769	88,552	30,192	14,975	236,488
Direct costs	(26,852)	(34,842)	(13,818)	(9,876)	(85,388)
Internally reported partner remuneration	(19,363)	(13,939)	(5,357)	(323)	(38,982)
<b>Internal gross profit</b>	<b>56,554</b>	<b>39,771</b>	<b>11,017</b>	<b>4,776</b>	<b>112,118</b>
Internally reported partner remuneration reversal					38,982
<b>Gross profit</b>					<b>151,100</b>
Administrative expenses					(102,994)
<b>Operating profit</b>					<b>48,106</b>
Finance income					405
Finance expense					(1,843)
<b>Net finance expense</b>					<b>(1,438)</b>
<b>Profit before taxation and Members' remuneration and profit shares</b>					<b>46,668</b>
Corporate and other entity based taxation					(92)
<b>Profit before Members' remuneration and profit shares</b>					<b>46,576</b>

For year ended 30 April 2017

	Commerical Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Total £'000
Segment revenue	98,576	79,620	13,749	7,377	199,322
Direct costs	(27,802)	(31,011)	(5,553)	(3,585)	(67,951)
Internally reported partner remuneration	(20,781)	(11,812)	(2,034)	(29)	(34,656)
<b>Internal gross profit</b>	<b>49,993</b>	<b>36,797</b>	<b>6,162</b>	<b>3,763</b>	<b>96,715</b>
Internally reported partner remuneration reversal					34,656
<b>Gross profit</b>					<b>131,371</b>
Administrative expenses					(89,026)
Gain on bargain purchase					1,273
<b>Operating profit</b>					<b>43,618</b>
Finance income					355
Finance expense					(1,617)
<b>Net finance expense</b>					<b>(1,262)</b>
<b>Profit before taxation and Members' remuneration and profit shares</b>					<b>42,356</b>
Corporate and other entity based taxation					(37)
<b>Profit before Members' remuneration and profit shares</b>					<b>42,319</b>

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 2 Operating segments (continued)

For year ended 30 April 2016

	Commerical Services £'000	Insurance Services £'000	International £'000	Connected Services £'000	Total £'000
Segment revenue	100,508	77,472	4,044	4,826	186,850
Direct costs	(25,833)	(30,763)	(2,369)	(1,905)	(60,870)
Internally reported partner remuneration	(22,347)	(12,925)	(414)	(27)	(35,713)
<b>Internal gross profit</b>	<b>52,328</b>	<b>33,784</b>	<b>1,261</b>	<b>2,894</b>	<b>90,267</b>
Internally reported partner remuneration reversal					35,713
<b>Gross profit</b>					<b>125,980</b>
Administrative expenses					(78,144)
<b>Operating profit</b>					<b>47,836</b>
Finance income					312
Finance expense					(1,137)
<b>Net finance expense</b>					<b>(825)</b>
<b>Profit before taxation and Members' remuneration and profit shares</b>					<b>47,011</b>
Corporate and other entity based taxation					(898)
<b>Profit before Members' remuneration and profit shares</b>					<b>46,113</b>

#### Revenue by Region

	2018 £'000	2017 £'000	2016 £'000
UK	208,188	187,593	182,810
Rest of Europe	17,466	7,922	2,760
Middle East	4,281	3,023	1,280
Rest of World	6,553	784	-
<b>Total revenue</b>	<b>236,488</b>	<b>199,322</b>	<b>186,850</b>

No Statement of Financial Position analysis is provided on a segmental basis as no such information is provided to the Chief Operating Decision Maker (CODM).

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 3 Operating profit and auditor's remuneration

	Notes	2018 £'000	Restated 2017 £'000	Restated 2016 £'000
<b>Recognised in profit or loss</b>				
Depreciation of tangible assets	7	5,316	5,241	5,562
Depreciation of assets held under finance lease	7	375	472	492
Amortisation of intangible assets	8	637	206	127
Impairment of intangible assets	8	5	-	-
Operating lease cost on land and buildings		10,285	9,634	5,997
Operating lease cost of other leases		753	691	984
<i>Non-underlying items</i>				
Transaction costs associated to mergers and acquisitions		(1,904)	(311)	(117)
Gain on bargain purchase		-	1,273	-
<b>Auditor's remuneration</b>				
Audit of the Group financial statements		136	94	55
<i>Amounts payable to the LLP's auditor and its associates in respect of:</i>				
Audit of financial information of subsidiaries of the DWF LLP		107	38	25
Other assurance services		250	8	9
Tax advisory services		77	64	45
Other services		112	133	50
<b>Total fees</b>		<b>682</b>	<b>337</b>	<b>184</b>

Transaction costs items relate to the acquisitions of BridgehouseLaw Germany Holding GbR in the year ended 30 April 2016, the acquisition of Triton Global Limited in the year ended 30 April 2017 and the acquisition of Kaden Boriss in the year ended 30 April 2018.

The gain on bargain purchase relates to the acquisition of Triton Global Limited.

Other audit services include reporting under the Solicitors' Accounting Rules 1998 (since 6 October 2011 - SRA Account Rules), and other advisory services.

Fees payable to Deloitte LLP and its associates for non-audit services to DWF LLP 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.



## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 4 Finance income and expense

	2018 £'000	2017 £'000	2016 £'000
<b>Recognised in profit or loss</b>			
<i>Finance income</i>			
Other interest receivable	240	291	312
Net foreign exchange gains	165	64	-
<b>Total finance income</b>	<b>405</b>	<b>355</b>	<b>312</b>
<i>Finance expense</i>			
Interest payable on bank borrowings	1,082	737	748
Interest payable on finance leases	42	25	55
Other interest payable	107	133	33
Bank and other charges	302	297	301
Net foreign exchange loss	310	425	-
<b>Total finance expense</b>	<b>1,843</b>	<b>1,617</b>	<b>1,137</b>

#### 5 Members and employee information

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

	2018	2017	2016
Legal advisers	1,548	1,394	1,267
Support staff	1,108	807	770
	<b>2,656</b>	<b>2,201</b>	<b>2,037</b>
	£'000	£'000	£'000
Wages and salaries	101,976	87,134	75,131
Social security costs	9,628	8,685	7,985
Contributions to defined contribution plans	3,107	2,750	2,206
	<b>114,711</b>	<b>98,569</b>	<b>85,322</b>

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

	2018	2017	2016
Average number of members during the year	236	210	228
	£'000	£'000	£'000
Members' profit share charged as an expense	25,452	23,025	23,169
Average profit share per Member	108	110	102

The basis on which profits are shared among the Members is set out in the principal accounting policies. The average profit per Member was £108,000 (2017: £110,000; 2016: £102,000).

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 6 Corporate and other entity based taxation

	2018 £'000	2017 £'000	2016 £'000
UK corporation tax on profit	-	29	898
Foreign tax on profit	92	8	-
<b>Current tax expense</b>	<b>92</b>	<b>37</b>	<b>898</b>

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2018 £'000	2017 £'000	2016 £'000
<b>Profit before taxation and Members' remuneration and profit shares</b>	<b>46,668</b>	<b>42,356</b>	<b>47,011</b>
Tax on Group profit at standard UK corporation tax rate of 19% (2017 and 2016: 20%)	8,867	8,048	8,932
Tax borne by individual members	(8,775)	(8,011)	(8,034)
<b>Group total tax charge for the year</b>	<b>92</b>	<b>37</b>	<b>898</b>

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future tax charges accordingly.

Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

#### 7 Property, plant and equipment

(Restated)	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 1 May 2015	13,891	5,802	28,833	-	48,526
Additions through acquisitions	-	102	-	-	102
Additions	128	55	2,726	889	3,798
At 30 April 2016	14,019	5,959	31,559	889	52,426
<b>Accumulated depreciation</b>					
At 1 May 2015	6,357	3,629	18,831	-	28,817
Charge for the year	1,465	367	4,222	-	6,054
At 30 April 2016	7,822	3,996	23,053	-	34,871
<b>Net book value</b>					
At 1 May 2015	7,534	2,173	10,002	-	19,709
At 30 April 2016	6,197	1,963	8,506	889	17,555



## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 7 Property, plant and equipment (continued)

(Restated)	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 1 May 2016	14,019	5,959	31,559	889	52,426
Additions through acquisitions	365	474	104	-	943
Additions	215	1,011	2,275	-	3,501
Transfers	889	-	-	(889)	-
At 30 April 2017	15,488	7,444	33,938	-	56,870
<b>Accumulated depreciation</b>					
At 1 May 2016	7,822	3,996	23,053	-	34,871
Charge for the year	1,084	537	4,092	-	5,713
At 30 April 2017	8,906	4,533	27,145	-	40,584
<b>Net book value</b>					
At 1 May 2016	6,197	1,963	8,506	889	17,555
At 30 April 2017	6,582	2,911	6,793	-	16,286

	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Net book value</b>					
At 1 May 2017	6,582	2,911	6,793	-	16,286
At 30 April 2018	5,080	4,587	4,517	-	14,184

\*Transfers relate to capitalised development costs previously recognised in computer equipment. These have been transferred to intangibles during the year at net book value.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 8 Intangible assets and goodwill

(Restated)	Goodwill £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
<b>Cost</b>				
At 1 May 2015	695	57	548	1,300
Additions through acquisitions	721	-	-	721
Additions – internally developed	-	-	234	234
Effect of movements in foreign exchange	4	-	-	4
At 30 April 2016	1,420	57	782	2,259
<b>Amortisation and impairment</b>				
At 1 May 2015	313	13	98	424
Amortisation for the year	-	14	113	127
At 30 April 2016	313	27	211	551
<b>Net book value</b>				
At 1 May 2015	382	44	450	876
At 30 April 2016	1,107	30	571	1,708

(Restated)	Goodwill £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
<b>Cost</b>				
At 1 May 2016	1,420	57	782	2,259
Additions through acquisitions	600	-	-	600
Additions – internally developed	-	-	278	278
Additions – externally purchased	-	301	-	301
Effect of movements in foreign exchange	2	-	-	2
At 30 April 2017	2,022	358	1,060	3,440
<b>Amortisation and impairment</b>				
At 1 May 2016	313	27	211	551
Amortisation for the year	-	14	192	206
At 30 April 2017	313	41	403	757
<b>Net book value</b>				
At 1 May 2016	1,107	30	571	1,708
At 30 April 2017	1,709	317	657	2,683

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 8 Intangible assets and goodwill (continued)

(Restated)	Goodwill £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
<b>Cost</b>				
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	<b>2,052</b>	<b>943</b>	<b>2,679</b>	<b>5,674</b>
<b>Amortisation and impairment</b>				
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	<b>321</b>	<b>152</b>	<b>1,400</b>	<b>1,873</b>
<b>Net book value</b>				
At 1 May 2017	<b>1,709</b>	<b>317</b>	<b>657</b>	<b>2,683</b>
At 30 April 2018	<b>1,731</b>	<b>791</b>	<b>1,279</b>	<b>3,801</b>

\*Transfers relate to capitalised development costs previously recognised in computer 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 customers of the Group.

#### Goodwill

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

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Connected Services	382	382	382	382
International	682	660	658	-
Insurance Services	667	667	67	-
	<b>1,731</b>	<b>1,709</b>	<b>1,107</b>	<b>382</b>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of each of the above CGU's are determined from value in use calculations. The calculations have been based on a discounted cash flow model covering a period of 3 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 15%.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 8 Intangible assets and goodwill (continued)

##### Goodwill (continued)

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.

#### 9 Investments

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>Investments</b>				
At start of the period	254	-	-	-
Additions	-	254	-	-
<b>At the end of the period</b>	<b>254</b>	<b>254</b>	<b>-</b>	<b>-</b>

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 subsidiary undertakings, all are held as ordinary shares:

	Registered address	Principle place of business	Nature of business	Proportion of ownership
<b>Subsidiaries</b>				
<b>Direct</b>				
Davies Wallis Foyster Limited***	i	UK	Non trading	100%
DWF Services Limited***	i	UK	Provision of employment services	100%
Resolution Law Limited*	i	UK	Dormant	100%
DWF Pension Trustees Limited***	viii	UK	Provision of pension trustees services	100%
Davies Wallis (unlimited)*	i	UK	Dormant	100%
DWF Solicitors Limited*	i	UK	Dormant	100%
DWF (Nominees) 2013 Limited*	i	UK	Dormant	100%
DWF (Trustee) Limited*	i	UK	Dormant	100%
Bailford EBT Trustees Limited*	ix	UK	Dormant	100%
Bailford Trustees Limited*	ix	UK	Dormant	100%
DWF Directors (Scotland) Limited*	ix	UK	Dormant	100%
DWF Secretarial Services (Scotland) Limited*	ix	UK	Dormant	100%
DWF Trustee (Scotland) Limited*	ix	UK	Dormant	100%
DWF Connected Services Limited	i	UK	Dormant	100%
DWF (TG) Limited	i	UK	Dormant	100%
DWF Connected Services Group Limited	i	UK	Dormant	100%
DWF Germany Holding GbR **/**	iv	Germany	Law services	100%
DWF (Dublin) ***	iii	ROI	Law services	100%
DWF (Middle East) LLP ***	v	UAE	Law services	100%
DWF (NI) LLP	vi	UK	Law services	100%
DWF (France) AARPI	vii	France	Law services	100%
DWF (Australia)	xvii	Australia	Law services	100%
DWF LLP Studio Legale Associato *	xviii	Italy	Law services	100%

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

### 9 Investments (continued)

	Registered address	Principle place of business	Nature of business	Proportion of ownership
<b>Indirect</b>				
DWF Secretarial Services Limited*	i	UK	Dormant	100%
DWF Nominees Limited*	i	UK	Dormant	100%
DWF Advocacy Limited****	i	UK	Connected services	100%
DWF Costs Limited****	i	UK	Connected services	100%
DWF Forensic Limited****	i	UK	Connected services	100%
DWF Ventures Limited****	i	UK	Connected services	100%
DWF Claims Limited	i	UK	Connected services	100%
DWF Loss Adjusting Limited	i	UK	Connected services	100%
Vueity Limited	i	UK	Connected services	100%
DWF 360 Limited	ii	UK	Software provider	100%
DWF Middle East Group LLP*	i	UK	Dormant	100%
DWF Claims (Ireland) Limited	iii	ROI	Connected services	100%
DWF Claims (USA) LLC	xi	USA	Connected services	100%
DWF Claims (Canada) Limited	xii	Canada	Connected services	100%
DWF Claims (Australia) Pty Limited	xiii	Australia	Connected services	100%
DWF Claims (Hong Kong) Pty Limited	xiv	Hong Kong	Dormant	100%
DWF Claims (Asia) Pte Limited	xv	Singapore	Dormant	100%
DWF Connected Services Group Limited****	i	UK	Connected services	100%
DWF Dublin Secretarial Limited****	iii	ROI	Dormant	100%
DWF Resource Limited****	i	UK	Connected services	100%
<b>Other Investments</b>				
Dealscoper Limited	x	UK	Software provider	10%
Mercantile Ports & Logistics Limited	xvi	Guernsey	Asset investment	<0.1%

\* Subsidiary undertakings have been excluded from the consolidation on the basis of immateriality.

\*\* The statutory year end for DWF Germany Holding GbR in the period being reported is 31 December.

\*\*\* These entities are related entities of DWF LLP since the majority of its Members are also Members of DWF LLP. In substance they are controlled by DWF LLP and so their results are included in the consolidation.

\*\*\*\* These entities were incorporated during the year.

- (i) 1 Scott Place, 2 Hardman Street, Manchester, United Kingdom, M3 3AA
- (ii) 150 Minorities, London, EC3N 1LS
- (iii) 5 George's Dock, IFSC, Dublin
- (iv) Prinzregentenstraße 78, Munich, DE-81675
- (v) P.O. Box 507104, Office 901 & 904, Tower 2, Al Fattan Currency House, DIFC, Dubai
- (vi) 42 Queen Street, Belfast, BT1 6HL
- (vii) 15 Avenue d'Iéna, FR-75116, Paris
- (viii) 5 St. Paul's Square, Old Hall Street, Liverpool, L3 9AE
- (ix) 110 Queen Street, Glasgow, Scotland, G1 3HD
- (x) Harrow House, 23 West Street, Haslemere, Surrey, GU27 2AB
- (xi) 740 Waukegan Road, Deerfield, Chicago, Illinois, 60015
- (xii) 111 Queen Street East, Suite 450, Toronto, Ontario, M5C 1S2
- (xiii) 48 Hunter Street, Sydney
- (xiv) 25/F, OTB Building, 160 Gloucester Road, Wanchai, Hong Kong
- (xv) 8 Cross Street, Singapore, 048424
- (xvi) Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB
- (xvii) Level 6, 231 George Street, Brisbane, QLD 4000
- (xviii) Via dei Bossi 6, Milano

All of these entities are related entities of DWF LLP since the majority of its Members are also Members of DWF LLP. In substance it is controlled by DWF LLP and so its results are included in the consolidation as required under IFRS 10 *Consolidated financial statements*.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 10 Trade and other receivables

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Trade receivables	82,804	71,803	62,505	61,385
Amounts due from subsidiary undertakings*	-	-	-	-
Other receivables	4,064	5,293	4,149	3,952
Amounts recoverable from clients in respect of unbilled revenue	37,854	30,906	21,347	21,868
Unbilled disbursements	5,149	4,767	3,434	4,191
Prepayments and accrued income	10,252	9,472	9,615	8,053
Reimbursement asset**	852	332	2,369	3,435
	<b>140,975</b>	<b>122,573</b>	<b>103,419</b>	<b>102,884</b>

\* Amounts due from subsidiary entities are interest free and repayable on demand.

\*\* Reimbursement asset attributable to FOIL provision, see note 15.

All trade and other receivables are due within one year.

Advances for which related work has not started, and billings in excess of costs incurred and recognised profits are presented as deferred income and amounted to £nil at 30 April 2018 (2017: £277,000).

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

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Trade receivables not past due	28,714	26,975	26,655	26,682
<i>Trade receivables past due</i>				
0 – 90 days	40,354	33,722	26,341	24,716
91 – 180 days	7,052	4,256	3,792	4,239
181 – 270 days	2,990	2,785	2,412	2,455
271 – 365 days	1,642	1,642	1,444	772
More than 365 days	5,906	5,387	4,270	5,493
	<b>86,658</b>	<b>74,767</b>	<b>64,914</b>	<b>64,357</b>



## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 10 Trade and other receivables (continued)

*Movement in allowance for doubtful receivables*

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Brought forward provision	2,964	2,409	2,972	1,792
Provision utilised and other movements	(1,368)	(1,716)	(2,513)	(1,407)
Charges to profit and loss	2,258	2,271	1,950	2,587
	<b>3,854</b>	<b>2,964</b>	<b>2,409</b>	<b>2,972</b>

These balances are held against trade receivables.

#### 11 Cash and cash equivalents

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Cash at bank and in hand	5,130	3,327	9,976	2,905
Bank overdrafts	(902)	(555)	-	(10,775)
<b>Cash and cash equivalents per cash flow statement</b>	<b>4,228</b>	<b>2,772</b>	<b>9,976</b>	<b>(7,870)</b>

#### 12 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 16.

*Obligations under interest bearing loans and borrowings*

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>Non-current liabilities</b>				
Bank loans	49,522	40,192	40,324	975
Finance lease liabilities	-	-	139	-
	<b>49,522</b>	<b>40,192</b>	<b>40,463</b>	<b>975</b>
<b>Current liabilities</b>				
Bank loans	3,872	551	433	21,289
Finance lease liabilities	-	158	463	43
Corporate purchasing card facility	4,930	-	-	-
Bank overdrafts	902	555	-	10,775
	<b>9,704</b>	<b>1,264</b>	<b>896</b>	<b>32,107</b>
	<b>59,226</b>	<b>41,456</b>	<b>41,359</b>	<b>33,082</b>

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 12 Other interest-bearing loans and borrowings (continued)

##### *Obligations under finance leases*

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>Future payments of finance lease</b>				
Within one year	-	158	139	43
Between one and five years	-	-	463	-
<b>Total future payments of finance lease</b>	-	158	602	43
<b>Future finance lease interest expenses</b>	-	-	-	-
<b>Present value of the finance lease liabilities</b>	-	158	602	43
<b>Present value of the finance lease liabilities</b>				
Within one year	-	158	602	43
Between one and five years	-	-	-	-
<b>Total present value of the finance lease liabilities</b>	-	158	602	43

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. No asset is being pledged to secure these finance lease contracts.

All lease obligations are denominated in sterling.



## Group Notes to the Financial Statements Year ended 30 April 2018 (continued)

### 12 Other interest bearing loans and borrowings (continued)

*Contractual terms of interest bearing loans and borrowings*

	Currency	Nominal interest rate	Year of maturity	2018 Fair value £'000	2018 Carrying amount £'000	2017 Fair value £'000	2017 Carrying amount £'000	2016 Fair value £'000	2016 Carrying amount £'000	2015 Fair value £'000	2015 Carrying amount £'000
Unsecured bank loans	GBP	LIBOR+1.35%	2021	47,740	47,740	40,172	40,172	40,757	40,757	-	-
Unsecured bank loans	GBP	3.75%	2019	192	192	385	385	-	-	22,264	22,264
Unsecured bank loans	EUR	2.00%	2020	138	138	186	186	-	-	-	-
Unsecured bank loans	AUD	6.50%	2021	872	872	-	-	-	-	-	-
Unsecured bank loans	GBP	1.77 % - 8.50 %	2019-21	4,452	4,452	-	-	-	-	-	-
Finance lease liabilities	GBP	0.00%	2018	-	-	158	158	602	602	43	43
Corporate purchasing card facility	GBP	No rate	2019	4,930	4,930	-	-	-	-	-	-
Bank overdrafts	GBP	Base+1.15%	2019	902	902	555	555	-	-	10,775	10,775
				<b>59,226</b>	<b>59,226</b>	<b>41,456</b>	<b>41,456</b>	<b>41,359</b>	<b>41,359</b>	<b>33,082</b>	<b>33,082</b>

\*DWF LLP acts as Guarantor for all loans denominated in AUD and EUR.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 13 Trade and other payables

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Trade payables	23,306	23,533	20,176	16,516
Other payables	8,390	10,545	2,270	1,839
Other taxation and social security	9,969	8,596	7,540	10,380
	<b>41,665</b>	<b>42,674</b>	<b>29,986</b>	<b>28,735</b>
<b>Non-current</b>				
Other payables	-	200	-	-
	-	<b>200</b>	-	-

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

#### 14 Employee benefits

##### Defined contribution plans

The Group operates a number of defined contribution pension plans.

The amounts charged to the profit and loss account in respect of this scheme represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution scheme was £3,107,000 at 30 April 2018 (30 April 2017: £2,750,000; 30 April 2016: £2,206,000) and the outstanding balance at period end was £550,000 at 30 April 2018 (30 April 2017: £420,000; 30 April 2016: £318,000).

#### 15 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 sporadically over 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 10, resulting in net exposure of £400,000 as at 30 April 2018 (2017: £920,000, 2016: £1,338,000). The enquiry is ongoing and therefore it is not possible to estimate when the provision will crystallise.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 15 Provisions (continued)

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
<b>Dilapidations provision</b>				
Balance at beginning of the year	678	277	-	23
Provisions made during the year	613	958	277	266
Provisions used during the year	(655)	(200)	-	(289)
Provisions reversed during the year	(517)	(357)	-	-
<b>Balance at the end of the year</b>	<b>119</b>	<b>678</b>	<b>277</b>	<b>-</b>
Non-current	-	-	-	-
Current	119	678	277	-
	<b>119</b>	<b>678</b>	<b>277</b>	<b>-</b>
<b>FOIL provision</b>				
Balance at beginning of the year	1,252	3,707	3,707	3,707
Provisions reversed during the year	-	(2,455)	-	-
<b>Balance at the end of the year</b>	<b>1,252</b>	<b>1,252</b>	<b>3,707</b>	<b>3,707</b>
Non-current	-	-	-	-
Current	1,252	1,252	3,707	3,707
	<b>1,252</b>	<b>1,252</b>	<b>3,707</b>	<b>3,707</b>
<b>Total provisions</b>				
Balance at beginning of the year	1,930	3,984	3,707	3,730
Provisions made during the year	613	958	277	266
Provisions used during the year	(655)	(200)	-	(289)
Provisions reversed during the year	(517)	(2,812)	-	-
<b>Balance at the end of the year</b>	<b>1,371</b>	<b>1,930</b>	<b>3,984</b>	<b>3,707</b>
Non-current	-	-	-	-
Current	1,371	1,930	3,984	3,707
	<b>1,371</b>	<b>1,930</b>	<b>3,984</b>	<b>3,707</b>

# Group Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 16 Financial instruments

#### Financial risk management

The members have overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the members, who also monitor the status of agreed actions to mitigate risks.

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

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer 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 customers and ongoing monitoring takes place for existing customers.

#### 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.

DWF LLP 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 facilities are a £50m revolving credit facility ('RCF') and a £5m overdraft facility. Details of amounts drawn can be found in note 12. Management undertake rolling thirteen week cash flow forecasts to ensure visibility of short term liquidity and manage facility usage, in addition to annual budgets and longer term forecasts. The RCF facility matures in 2021 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, 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.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 16 Financial instruments (continued)

	Notes	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Cash and cash equivalents	11	4,228	2,772	9,976	(7,870)
<i>Loans and receivables:</i>					
Trade and other receivables	10	130,723	113,101	93,804	94,831
<i>Available-for-sale:</i>					
Investments	9	254	254	-	-
<b>Total financial assets</b>		<b>135,205</b>	<b>116,127</b>	<b>103,780</b>	<b>86,961</b>
<i>Measured at amortised cost:</i>					
Trade and other payables	13	41,665	42,874	29,986	28,735
Borrowings	12	58,324	40,901	41,359	22,307
Amounts due to members classified as a liability		35,715	30,511	29,963	36,841
<b>Total financial liabilities</b>		<b>135,704</b>	<b>114,286</b>	<b>101,308</b>	<b>87,883</b>

#### 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 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 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 statement of profit or loss and other comprehensive income and equity would be:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Impact on profit or loss	(478)	(410)	(369)	(330)

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.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 16 Financial instruments (continued)

##### *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 statement of profit or loss and other comprehensive income and equity would be:

		2018 £'000	2017 £'000	2016 £'000	2015 £'000
Impact on equity		(24)	(169)	(67)	(74)
Impact on profit or loss		(229)	12	35	68
Impact on gross assets		(1,646)	(846)	(126)	(280)
Impact on gross liabilities		1,622	677	59	206

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.



## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 17 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:

	Land and buildings	Others	Restated Land and buildings	Restated Others
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Within one year	11,849	964	10,636	543
Between one and five years	40,923	643	40,927	-
More than five years	25,191	-	28,665	-
	<b>77,963</b>	<b>1,607</b>	<b>80,228</b>	<b>543</b>

	Land and buildings	Others	Land and buildings	Others
	2016	2016	1 May 2015	1 May 2015
	£'000	£'000	£'000	£'000
Within one year	10,834	1,015	9,763	1,015
Between one and five years	34,576	-	30,579	-
More than five years	36,721	-	33,348	-
	<b>82,131</b>	<b>1,015</b>	<b>73,690</b>	<b>1,015</b>

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 year and are disclosed in note 3.

#### 18 Related parties

##### *Compensation paid to key management personnel*

The Group considers the Strategic Board Members as the key management personnel. The total remuneration for key management personnel for the year was £4,670,000 (2017: £3,500,000; 2016: £3,428,000), of which £209,000 (2017: £nil; 2016: £nil) were other benefits and the remainder short-term employment benefits. The Group has taken the advantage of the exemption to not disclose the transactions between the wholly owned group companies.

#### 19 Ultimate controlling party

In the opinion of the Members, there is no controlling party of DWF LLP.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 20 Members' interests

Members' interests comprises other reserves, Members' capital classified as liabilities and other amounts due to Members as follows:

(Restated)	Members' capital classed as a liability £'000	Other amounts due to members classed as a liability £'000	Total amounts due to members classed as a liability £'000	Other reserves classed as equity £'000	Total Members' interest £'000
<b>At 1 May 2015</b>	<b>25,932</b>	<b>10,909</b>	<b>36,841</b>	<b>(1,646)</b>	<b>35,195</b>
Profits for the financial year available for division among Members	-	-	-	22,944	<b>22,944</b>
Members' remuneration charged as an expense	-	23,169	23,169	-	<b>23,169</b>
Unrealised foreign exchange translation differences	-	-	-	(159)	<b>(159)</b>
<b>After profits for the year</b>	<b>25,932</b>	<b>34,078</b>	<b>60,010</b>	<b>21,139</b>	<b>81,149</b>
Allocation of profit	-	16,521	16,521	(16,521)	-
Introduced by the Members	2,975	-	2,975	-	<b>2,975</b>
Repayments of capital	(4,836)	-	(4,836)	-	<b>(4,836)</b>
Draw ings	-	(44,707)	(44,707)	-	<b>(44,707)</b>
<b>At 30 April 2016</b>	<b>24,071</b>	<b>5,892</b>	<b>29,963</b>	<b>4,618</b>	<b>34,581</b>

(Restated)	Members' capital classed as a liability £'000	Other amounts due to members classed as a liability £'000	Total amounts due to members classed as a liability £'000	Other reserves classed as equity £'000	Total Members' interest £'000
<b>At 1 May 2016</b>	<b>24,071</b>	<b>5,892</b>	<b>29,963</b>	<b>4,618</b>	<b>34,581</b>
Profits for the financial year available for division among Members	-	-	-	19,294	<b>19,294</b>
Members' remuneration charged as an expense	-	23,025	23,025	-	<b>23,025</b>
Unrealised foreign exchange translation differences	-	-	-	221	<b>221</b>
<b>After profits for the year</b>	<b>24,071</b>	<b>28,917</b>	<b>52,988</b>	<b>24,133</b>	<b>77,121</b>
Allocation of profit	-	16,246	16,246	(16,246)	-
Introduced by the Members	3,996	-	3,996	-	<b>3,996</b>
Repayments of capital	(2,874)	-	(2,874)	-	<b>(2,874)</b>
Draw ings	-	(39,845)	(39,845)	-	<b>(39,845)</b>
<b>At 30 April 2017</b>	<b>25,193</b>	<b>5,318</b>	<b>30,511</b>	<b>7,887</b>	<b>38,398</b>

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 20 Members' interests (continued)

	Members' capital classed as a liability £'000	Other amounts due to members classed as a liability £'000	Total amounts due to members classed as a liability £'000	Other reserves classed as equity £'000	Total Members' interest £'000
<b>At 1 May 2017</b>	<b>25,193</b>	<b>5,318</b>	<b>30,511</b>	<b>7,887</b>	<b>38,398</b>
Profits for the financial year available for division among Members	-	-	-	21,124	<b>21,124</b>
Members' remuneration charged as an expense	-	25,452	25,452	-	<b>25,452</b>
Unrealised foreign exchange translation differences	-	-	-	(392)	<b>(392)</b>
<b>After profits for the year</b>	<b>25,193</b>	<b>30,770</b>	<b>55,963</b>	<b>28,619</b>	<b>84,582</b>
Allocation of profit	-	23,313	23,313	(23,313)	-
Introduced by the Members	7,780	-	7,780	-	<b>7,780</b>
Repayments of capital	(3,902)	-	(3,902)	-	<b>(3,902)</b>
Draw ings	-	(47,439)	(47,439)	-	<b>(47,439)</b>
<b>At 30 April 2018</b>	<b>29,071</b>	<b>6,644</b>	<b>35,715</b>	<b>5,306</b>	<b>41,021</b>

#### 21 Acquisitions of subsidiaries

##### Acquisitions in the current period

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 principle activity of the team is Connected Services. The acquisition of NeoLaw will enable 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 statements of profit or loss 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 statement of profit or loss 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 will provide the Group with expanded access to the Australian legal services market. The company became a wholly owned subsidiary from the date shown above. The assets and liabilities of the acquisition were hived up into DWF (Australia).

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 21 Acquisitions of subsidiaries (continued)

##### 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
<b>Acquiree's net assets at acquisition date</b>		
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)
<b>Total net assets</b>	<b>464</b>	<b>911</b>
<b>Consideration paid</b>		
Initial cash consideration paid	469	365
Capital consideration	-	-
Deferred consideration at fair value	-	546
<b>Total consideration</b>	<b>469</b>	<b>911</b>
<b>Goodwill</b>	<b>5</b>	<b>-</b>

##### Acquisitions in the year to 30 April 2017

On 1 May 2016, the Group acquired 100% control of Trevor Fox T/A Fox Hartley a sole trade for total consideration of £1,009,000. This consideration comprised £409,000 cash consideration and £600,000 contingent consideration. The contingent consideration is payable in equal annual instalments over a three year earn out period with reference to earn out revenue target. The principal activity is Legal Services. The acquisition of Trevor Fox T/A Fox Hartley provided the Group with access to the Fox Hartley customer base. The goodwill is attributable to the technical skills of Trevor Fox T/A Fox Hartley's work force and the synergies expected to be achieved from integrating the business into the Group's existing business.

On 1 December 2016, the Group acquired 100% control of C&H Jefferson LLP a sole trade for total consideration of £3,927,000. This consideration comprised £1,167,000 cash and £2,760,000 deferred consideration. The principal activity is Legal Services. In the 5 months to 30 April 2017, the subsidiary contributed operating profit of £538,000 and revenue of £2,787,000. If the acquisition had occurred on 1 May 2016, revenue would have been £6,422,000 and net profit would have been £1,240,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The acquisition of C&H Jefferson LLP provided the Group with access to the Northern Irish legal services market. The company became a wholly owned subsidiary from the date shown above. The assets and liabilities of the acquisition were hived up into DWF (Northern Ireland) LLP.

On 1 January 2017, the Group acquired 100% control of Heenan Paris a partnership for total consideration of £170,000. This consideration comprised £170,000 deferred consideration. The principal activity is Legal Services. In the 4 months to 30 April 2017, the subsidiary contributed operating profit of £211,000 and revenue of £833,000. If the acquisition had occurred on 1 May 2016, revenue would have been £2,500,000 and net profit would have been £633,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The acquisition of Heenan Paris provided the Group with access to the French legal services market. The company became a wholly owned subsidiary from the date shown above. The assets and liabilities of the acquisition were hived up into DWF (France) AARPI.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 21 Acquisitions of subsidiaries (continued)

On 24 January 2017, the Group acquired 100% control of Triton Global Limited and its subsidiaries for total consideration of £1,193,000. This consideration comprised cash of £263,000 and £930,000 deferred consideration. Contractual receivables associated with the acquisition amounted to £5,395,000. The principal activity is Legal Services. In the 3 months to 30 April 2017, the subsidiary contributed operating profit of £457,000 and revenue of £5,504,000. If the acquisition had occurred on 1 May 2016, revenue would have been £17,864,000 and net profit would have been £1,483,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2016. The gain on bargain purchase arising on acquisition has been recognised immediately to the profit and loss account in accordance with IFRS 3. The acquisition of Triton Global Limited provided the Group with an expanded claims management offering. The acquired entity became a wholly owned subsidiary from the date shown above. The assets and liabilities of the acquisition were hived up into DWF (TG) Limited, DWF Claims Limited, DWF Claims (Ireland) Limited, DWF Claims USA LLC, DWF Claims (Canada) Limited, and DWF Claims (Australia) Pty Limited.

#### Effect of acquisitions

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

	FoxHartley Recognised fair value on acquisition £'000	C&H Jefferson Recognised fair value on acquisition £'000	Hennan Paris Recognised fair value on acquisition £'000	Triton Group Recognised fair value on acquisition £'000
<b>Acquiree's net assets at acquisition date</b>				
Tangible assets	31	371	234	307
Intangible assets	-	-	-	-
Trade and other receivables	616	4,149	628	4,039
Cash	128		5	79
Trade and other payables	(366)	(593)	(697)	(1,959)
<b>Total net assets</b>	<b>409</b>	<b>3,927</b>	<b>170</b>	<b>2,466</b>
<b>Consideration paid</b>				
Initial cash consideration paid	409	1,167	-	263
Capital consideration	-	-	-	-
Deferred consideration at fair value	600	2,760	170	930
<b>Total consideration</b>	<b>1,009</b>	<b>3,927</b>	<b>170</b>	<b>1,193</b>
<b>Goodwill / (Gain on bargain purchase)</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>(1,273)</b>

#### Acquisitions in the year to 30 April 2016

On 15 May 2015, the Group acquired 100% control of Watmores Solicitors Limited for total consideration of £1,089,000. This consideration comprised £480,000 cash and £609,000 deferred consideration. The company's principal activity is Legal Services. The acquisition of Watmores Solicitors Limited provided the Group with access to the Watmores Solicitors Limited customer base. The company became a wholly owned subsidiary from the date shown above. The assets and liabilities of the acquisition were hived up into DWF LLP.

## Group Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 21 Acquisitions of subsidiaries (continued)

On 1 January 2016, the Group acquired 100% control of BridgehouseLaw Germany holding GbR and BridgehouseLaw Germany RmbH for total consideration of £1,069,000. This consideration comprised £819,000 cash and £250,000 deferred consideration. The company's principal activity is Legal Services. In the 4 months to 30 April 2016, the subsidiary contributed operating profit of £189,000 and revenue of £970,000. If the acquisition had occurred on 1 May 2015, revenue would have been £2,910,000 and operating profit would have been £567,000. In determining these amounts, management has assumed that any fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 May 2015. The acquisition of BridgehouseLaw Germany holding GbR provided the Group with access to the German legal services market. The goodwill is attributable to the technical skills of the acquired work force and market access. The company became a wholly owned subsidiary from the date shown above. The assets and liabilities of the acquisition were hived up into DWF Germany Rechtsanwaltsgesellschaft mbH.

#### Effect of acquisitions

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

	Watmores Recognised fair value on acquisition £'000	BridgehouseLaw Recognised fair value on acquisition £'000
<b>Acquiree's net assets at acquisition date</b>		
Tangible assets		102
Intangible assets		4
Trade and other receivables	1,481	564
Cash	33	82
Trade and other payables	(492)	(337)
<b>Total net assets</b>	<b>1,022</b>	<b>415</b>
<b>Consideration paid</b>		
Initial cash consideration paid	480	819
Deferred consideration at fair value	609	250
<b>Total consideration</b>	<b>1,089</b>	<b>1,069</b>
<b>Goodwill</b>	<b>67</b>	<b>654</b>

#### 22 Explanation of transition to IFRS

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 April 2018, the comparative information presented in these financial statements for the year ended 30 April 2017 and 30 April 2016 and in the preparation of an opening IFRS statement of financial position at 1 May 2015 (the Group's date of transition).

In preparing its opening IFRS Statement of Financial Position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.



# Group Notes to the Financial Statements Year ended 30 April 2018 (continued)

## 22 Explanation of transition to IFRS (continued)

### Reconciliation of Equity

	Notes	1 May 2015				30 April 2016				30 April 2017			
		FRS 102	Effect of transition	Effect of historical corrections	Adopted IFRSs	FRS 102	Effect of transition	Effect of historical corrections	Adopted IFRSs	FRS 102	Effect of transition	Effect of historical corrections	Adopted IFRSs
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>													
Property, plant and equipment		19,709	-	-	19,709	17,555	-	-	17,555	16,286	-	-	16,286
Intangible assets and goodwill	a	876	-	-	876	915	793	-	1,708	1,665	1,018	-	2,683
Investments		-	-	-	-	-	-	-	-	254	-	-	254
<b>Total non-current assets</b>		20,585	-	-	20,585	18,470	793	-	19,263	18,205	1,018	-	19,223
<b>Current assets</b>													
Trade and other receivables	c	99,449	-	3,435	102,884	101,050	-	2,369	103,419	120,634	-	1,939	122,573
Cash and cash equivalents		2,905	-	-	2,905	9,976	-	-	9,976	3,327	-	-	3,327
<b>Total current assets</b>		102,354	-	3,435	105,789	111,026	-	2,369	113,395	123,961	-	1,939	125,900
<b>Total assets</b>		122,939	-	3,435	126,374	129,496	793	2,369	132,658	142,166	1,018	1,939	145,123
<b>Current liabilities</b>													
Trade and other payables	c	29,007	-	(272)	28,735	31,323	278	(1,615)	29,986	42,527	200	(53)	42,674
Accruals and deferred income	b	13,751	(761)	-	12,990	8,094	(242)	227	8,079	7,181	(152)	534	7,563
Tax payable		524	-	-	524	483	-	-	483	-	-	-	-
Bank overdraft		10,775	-	-	10,775	-	-	-	-	555	-	-	555
Other interest bearing loans and borrowings		21,332	-	-	21,332	896	-	-	896	709	-	-	709
Provisions	c	-	-	3,707	3,707	-	-	3,984	3,984	-	-	1,930	1,930
Members' capital		25,932	-	-	25,932	24,071	-	-	24,071	25,193	-	-	25,193
Other amounts due to members		10,909	-	-	10,909	5,892	-	-	5,892	5,318	-	-	5,318
<b>Total current liabilities</b>		112,230	(761)	3,435	114,904	70,759	36	2,596	73,391	81,483	48	2,411	83,942

# Group Notes to the Financial Statements Year ended 30 April 2018 (continued)

## 22 Explanation of transition to IFRS (continued)

### Reconciliation of Equity (continued)

		1 May 2015				30 April 2016				30 April 2017			
	Notes	FRS 102 £'000	Effect of transition £'000	Effect of historical corrections £'000	Adopted IFRSs £'000	FRS 102 £'000	Effect of transition £'000	Effect of historical corrections £'000	Adopted IFRSs £'000	FRS 102 £'000	Effect of transition £'000	Effect of historical corrections £'000	Adopted IFRSs £'000
<b>Non-current liabilities</b>													
Other interest bearing loans and borrowings		975	-	-	975	40,463	-	-	40,463	40,192	-	-	40,192
Trade and other payables		-	-	-	-	-	-	-	-	-	200	-	200
Accruals and deferred income	b	5,118	7,023	-	12,141	10,342	3,844	-	14,186	8,905	3,997	-	12,902
<b>Total non-current liabilities</b>		6,093	7,023	-	13,116	50,805	3,844	-	54,649	49,097	4,197	-	53,294
<b>Total liabilities</b>		118,323	6,262	3,435	128,020	121,564	3,880	2,596	128,040	130,580	4,245	2,411	137,236
<b>Net assets</b>		<b>4,616</b>	<b>(6,262)</b>	<b>-</b>	<b>(1,646)</b>	<b>7,932</b>	<b>(3,087)</b>	<b>(227)</b>	<b>4,618</b>	<b>11,586</b>	<b>(3,227)</b>	<b>(472)</b>	<b>7,887</b>
<b>Equity</b>													
Other reserves		4,616	(6,262)	(12,524)	(1,646)	7,932	(3,314)	(6,995)	4,618	11,586	(3,699)	(8,016)	7,887
<b>Equity</b>		<b>4,616</b>	<b>(6,262)</b>	<b>(12,524)</b>	<b>(1,646)</b>	<b>7,932</b>	<b>(3,314)</b>	<b>(6,995)</b>	<b>4,618</b>	<b>11,586</b>	<b>(3,699)</b>	<b>(8,016)</b>	<b>7,887</b>
<b>Total Members' interests</b>													
Members' capital classed as a liability		25,932	-	-	25,932	24,071	-	-	24,071	25,193	-	-	25,193
Other amounts due to members classed as a liability		10,909	-	-	10,909	5,892	-	-	5,892	5,318	-	-	5,318
Other reserves classed as equity		4,616	(6,262)	-	(1,646)	7,932	(3,087)	(227)	4,618	11,586	(3,227)	(472)	7,887
<b>Total Members' interests</b>		<b>41,457</b>	<b>(6,262)</b>	<b>-</b>	<b>35,195</b>	<b>37,895</b>	<b>(3,087)</b>	<b>(227)</b>	<b>34,581</b>	<b>42,097</b>	<b>(3,227)</b>	<b>(472)</b>	<b>38,398</b>

# Group Notes to the Financial Statements Year ended 30 April 2018 (continued)

## 22 Explanation of transition to IFRS (continued)

Reconciliation of profit or loss

	Notes	30 April 2016				30 April 2017			
		FRS 102 £'000	Effect of transition £'000	Effect of historical corrections £'000	Adopted IFRSs £'000	FRS 102 £'000	Effect of transition £'000	Effect of historical corrections £'000	Adopted IFRSs £'000
<b>Revenue</b>		<b>186,850</b>	-	-	<b>186,850</b>	<b>199,322</b>	-	-	<b>199,322</b>
Direct costs		(60,870)	-	-	(60,870)	(67,951)	-	-	(67,951)
<b>Gross profit</b>		<b>125,980</b>	-	-	<b>125,980</b>	<b>131,371</b>	-	-	<b>131,371</b>
Administrative expenses	a, b	(80,716)	2,799	(227)	(78,144)	(89,018)	237	(245)	(89,026)
Gain on bargain purchase		-	-	-	-	1,273	-	-	1,273
<b>Operating profit</b>		<b>45,264</b>	<b>2,799</b>	<b>(227)</b>	<b>47,836</b>	<b>43,626</b>	<b>237</b>	<b>(245)</b>	<b>43,618</b>
Finance income		312	-	-	312	355	-	-	355
Finance expense		(1,137)	-	-	(1,137)	(1,617)	-	-	(1,617)
<b>Net finance expense</b>		<b>(825)</b>	-	-	<b>(825)</b>	<b>(1,262)</b>	-	-	<b>(1,262)</b>
<b>Profit before taxation and Members' remuneration and profit shares</b>		<b>44,439</b>	<b>2,799</b>	<b>(227)</b>	<b>47,011</b>	<b>42,364</b>	<b>237</b>	<b>(245)</b>	<b>42,356</b>
Corporate and other entity based taxation		(898)	-	-	(898)	(37)	-	-	(37)
<b>Profit before Members' remuneration and profit shares</b>		<b>43,541</b>	<b>2,799</b>	<b>(227)</b>	<b>46,113</b>	<b>42,327</b>	<b>237</b>	<b>(245)</b>	<b>42,319</b>
Members' remuneration charged as an expense		(23,169)	-	-	(23,169)	(23,025)	-	-	(23,025)
<b>Profit for the period after Members' remuneration charged as an expense and available for discretionary division among Members</b>		<b>20,372</b>	<b>2,799</b>	<b>(227)</b>	<b>22,944</b>	<b>19,302</b>	<b>237</b>	<b>(245)</b>	<b>19,294</b>

## Group Notes to the Financial Statements Year ended 30 April 2018 (continued)

### 22 Explanation of transition to IFRS (continued)

Reconciliation of profit or loss (continued)

	Notes	Year ended 30 April 2016			Year ended 30 April 2017		
		FRS 102	Effect of transition	Effect of historical corrections	Adopted IFRSs	Effect of transition	Effect of historical corrections
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Other comprehensive income</b>							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences – foreign operations		(159)	-	-	(159)	-	-
<b>Total other comprehensive income for the period, net of income tax</b>		<b>(159)</b>	<b>-</b>	<b>-</b>	<b>(159)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period available for discretionary division amongst Members</b>		<b>20,213</b>	<b>2,799</b>	<b>(227)</b>	<b>22,785</b>	<b>237</b>	<b>(245)</b>
					<b>19,523</b>		<b>19,515</b>

Notes to the reconciliation of profit

Transition from UK GAAP to IFRS

- Goodwill amortisation – goodwill amortisation recognised under FRS 102 has been reversed under IFRS and goodwill frozen at the date of the acquisition and subject to impairment testing on an annual basis. In addition, negative goodwill recognised under FRS 102 has been reversed and the resulting gain on bargain purchase credited to the statement of profit or loss.
- Lease incentives – an adjustment has been made to spread lease incentives over the term of lease. A grandfathering exemption was taken under FRS 102 to not re-state old leases which is not available under IFRS 1.

Historical corrections

- Annual licenses – an adjustment has been made to re-apportion annual software license payments across correct accounting periods.
- Provisions – an adjustment has been made to recognise the full liability due in relation to claims and regulatory proceedings and separately the asset in relation to the amounts recoverable under the Group's insurance cover. The liability has been recognised in current liabilities and the insurance asset in current assets.

Explanation of material adjustments to the cash flow statement

There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under FRS 102.

## DWF LLP Statement of Financial Position

### As at 30 April 2018

	Notes	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
<b>Non-current assets</b>					
Property, plant and equipment	2	13,023	15,310	17,445	19,682
Intangible assets and goodwill	3	2,172	983	97	44
Investments	4	1,076	1,063	423	8
<b>Total non-current assets</b>		<b>16,271</b>	<b>17,356</b>	<b>17,965</b>	<b>19,734</b>
<b>Current assets</b>					
Trade and other receivables	5	139,478	115,804	104,197	102,172
Cash at bank and in hand	6	2,932	1,952	8,800	2,731
<b>Total current assets</b>		<b>142,410</b>	<b>117,756</b>	<b>112,997</b>	<b>104,903</b>
<b>Total assets</b>		<b>158,681</b>	<b>135,112</b>	<b>130,962</b>	<b>124,637</b>
<b>Current liabilities</b>					
Trade and other payables	8	46,898	44,336	37,397	32,382
Accruals and deferred income		7,562	5,929	5,468	11,314
Bank overdraft	7	319	138	-	10,775
Other interest bearing loans and borrowings	7	8,260	451	896	21,332
Provisions	10	1,372	1,931	3,984	3,707
Members' capital	1	27,460	23,582	23,437	25,932
Other amounts due to members	1	287	363	2,217	9,940
<b>Total current liabilities</b>		<b>92,158</b>	<b>76,730</b>	<b>73,399</b>	<b>115,382</b>
<b>Non-current liabilities</b>					
Other interest bearing loans and borrowings	7	48,862	39,944	40,463	975
Trade and other payables	8	-	200	-	-
Accruals and deferred income		11,414	12,833	14,186	12,141
<b>Total non-current liabilities</b>		<b>60,276</b>	<b>52,977</b>	<b>54,649</b>	<b>13,116</b>
<b>Total liabilities</b>		<b>152,434</b>	<b>129,707</b>	<b>128,048</b>	<b>128,498</b>
<b>Net assets/(liabilities)</b>		<b>6,247</b>	<b>5,405</b>	<b>2,914</b>	<b>(3,861)</b>
<b>Equity</b>					
Other reserves	1	6,247	5,405	2,914	(3,861)
<b>Equity</b>		<b>6,247</b>	<b>5,405</b>	<b>2,914</b>	<b>(3,861)</b>

## DWF LLP Statement of Financial Position As at 30 April 2018 (continued)

	Notes	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
<b>Total Members' interests</b>					
Members' capital classed as a liability		27,460	23,582	23,437	25,932
Other amounts due to members classed as a liability		287	363	2,217	9,940
Other reserves classed as equity		6,247	5,405	2,914	(3,861)
<b>Total Members' interests</b>		<b>33,994</b>	<b>29,350</b>	<b>28,568</b>	<b>32,011</b>

DWF LLP has taken advantage of section 408 of the Companies House Act 2006, as applied to Limited Liability Partnerships (Accounts and Audit) (Application of Companies House Act 2006) Regulations 2008 and has not included its own profit or loss in these financial statements. Its own profit for the year available for discretionary division among Members was £22,467,000 (2017: £17,064,000).

The financial statements of DWF LLP (registered number OC328794) were approved by the board on 31 January 2019.



**A R Leatherland**  
Designated Member



## DWF LLP Statement of Changes in Members' Interests

### Year ended 30 April 2018

(Restated)	Members' capital classed as a liability £'000	Other amounts due to members classed as a liability £'000	Total amounts due to members classed as a liability £'000	Other reserves classed as equity £'000	Total Members' interest £'000
<b>At 1 May 2015</b>	<b>25,932</b>	<b>9,940</b>	<b>35,872</b>	<b>(3,861)</b>	<b>32,011</b>
Profits for the financial year available for division among Members	-	-	-	19,877	<b>19,877</b>
Members' remuneration charged as an expense	-	23,004	23,004	-	<b>23,004</b>
<b>After profits for the year</b>	<b>25,932</b>	<b>32,944</b>	<b>58,876</b>	<b>16,016</b>	<b>74,892</b>
Allocation of profit	-	13,102	13,102	(13,102)	-
Introduced by the Members	2,108	-	2,108	-	<b>2,108</b>
Repayments of capital	(4,603)	-	(4,603)	-	<b>(4,603)</b>
Draw ings	-	(43,829)	(43,829)	-	<b>(43,829)</b>
<b>At 30 April 2016</b>	<b>23,437</b>	<b>2,217</b>	<b>25,654</b>	<b>2,914</b>	<b>28,568</b>

(Restated)	Members' capital classed as a liability £'000	Other amounts due to members classed as a liability £'000	Total amounts due to members classed as a liability £'000	Other reserves classed as equity £'000	Total Members' interest £'000
<b>At 1 May 2016</b>	<b>23,437</b>	<b>2,217</b>	<b>25,654</b>	<b>3,141</b>	<b>28,795</b>
Profits for the financial year available for division among Members	-	-	-	17,064	<b>17,064</b>
Members' remuneration charged as an expense	-	20,841	20,841	-	<b>20,841</b>
<b>After profits for the year</b>	<b>23,437</b>	<b>23,058</b>	<b>46,495</b>	<b>20,205</b>	<b>66,700</b>
Allocation of profit	-	14,007	14,007	(14,007)	-
Other amounts	-	-	-	(793)	<b>(793)</b>
Introduced by the Members	3,019	-	3,019	-	<b>3,019</b>
Repayments of capital	(2,874)	-	(2,874)	-	<b>(2,874)</b>
Draw ings	-	(36,702)	(36,702)	-	<b>(36,702)</b>
<b>At 30 April 2017</b>	<b>23,582</b>	<b>363</b>	<b>23,945</b>	<b>5,405</b>	<b>29,350</b>

## DWF LLP Statement of Changes in Members' Interests

### Year ended 30 April 2018 (continued)

	Members' capital classed as a liability £'000	Other amounts due to members classed as a liability £'000	Total amounts due to members classed as a liability £'000	Other reserves classed as equity £'000	Total Members' interest £'000
<b>At 1 May 2017</b>	<b>23,582</b>	<b>363</b>	<b>23,945</b>	<b>5,877</b>	<b>29,822</b>
Profits for the financial year available for division among Members	-	-	-	22,467	<b>22,467</b>
Members' remuneration charged as an expense	-	21,961	21,961	-	<b>21,961</b>
<b>After profits for the year</b>	<b>23,582</b>	<b>22,324</b>	<b>45,906</b>	<b>28,344</b>	<b>74,250</b>
Allocation of profit	-	20,752	20,752	(20,752)	-
Other amounts	-	-	-	(1,345)	<b>(1,345)</b>
Introduced by the Members	7,780	-	7,780	-	<b>7,780</b>
Repayments of capital	(3,902)	-	(3,902)	-	<b>(3,902)</b>
Draw ings	-	(42,789)	(42,789)	-	<b>(42,789)</b>
<b>At 30 April 2018</b>	<b>27,460</b>	<b>287</b>	<b>27,747</b>	<b>6,247</b>	<b>33,994</b>

# DWF LLP Notes to the Financial Statements

## Year ended 30 April 2018

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### 1 Accounting policies

#### 1.1 General information and basis of accounting

DWF LLP (the 'LLP') is incorporated, domiciled and registered in England and Wales in the UK as a Limited Liability Partnership under the Limited Liability Partnership Act 2000. The registered address is 1 Scott Place, 2 Hardman Street, Manchester, M3 3AA.

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

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

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

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

As the consolidated financial statements of the Group include the equivalent disclosures, DWF LLP 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 LLP; 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 LLP has also taken the exemptions under section 408(4) of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) regulations 2008, not to present its individual statement of profit or loss and related notes as part of these financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the LLP financial statements and in preparing an opening FRS 101 IFRS statement of financial position at 30 April 2018 for the purposes of the transition to FRS 101.

# **DWF LLP Notes to the Financial Statements**

## **Year ended 30 April 2018 (continued)**

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### **1 Accounting policies (continued)**

#### **1.2 Measurement convention**

The financial statements have been prepared on the historical cost basis except where FRS 101 requires an alternative treatment.

#### **1.3 Going concern**

The LLP has committed credit facilities of £57.2m. This includes a £50.0m revolving credit facility which is committed for 3 years through to May 2021. Since 30 April 2018, the LLP has secured a further £10 million of committed facilities. Furthermore, the LLP meets its day to day funding requirements through both committed and non-committed facilities (together 'the financing facilities'). Please refer to the going concern accounting policy as disclosed within the Group financial statements, note 1.4

Having reviewed the LLP's forecasts, which includes an analysis of both short term cash flow forecasts and longer term cash flow forecasts, the risk and uncertainties surrounding the current and future demand for legal services, and other reasonably possible variations in trading performance, the members expect to operate within the LLP's finance arrangements and in accordance with the covenants set out in those facility agreements.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact our future performance such as lower levels of revenue growth, lower than forecast receipts of cash, and reduced levels of gross margin expansion. In addition, the members have also considered mitigating actions such as lower capital expenditure and other short-term cash management activities within the LLP's control. On this basis, the members have a reasonable basis to conclude that the LLP is forecast to continue to trade in line with existing financing facilities for the foreseeable future.

Accordingly the members continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.4 Foreign currency**

Transactions in foreign currencies are translated to the functional currency of the LLP 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 statement of profit or loss.

#### **1.5 Classification of financial instruments issued by the LLP**

Financial instruments issued by the LLP are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the LLP to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the LLP; and
- b) where the instrument will or may be settled in the LLP's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the LLP's own equity instruments or is a derivative that will be settled by the LLP's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial instruments (including Members' capital) are classified as a financial liability. Profit distributions relating to equity instruments are debited direct to equity.

#### **1.6 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.

##### *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.

# DWF LLP Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 1 Accounting policies (continued)

#### 1.6 Non-derivative financial instruments (continued)

##### *Unbilled revenue*

Services provided to client, 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 client. In respect of contingent fee engagements unbilled revenue is only recognised once the contingent event occurs.

##### *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.

##### *Investments*

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

##### *Cash and cash equivalents*

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

##### *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.

#### 1.7 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 LLP 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. Lease payments are accounted for as described below.

Depreciation is charged to the statement of profit or loss 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
- Fixture and fittings 10 years
- Computer equipment 4 years
- Office equipment 5 years

Assets under construction are not depreciated until brought into use.

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

#### 1.8 Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. 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 LLP.

# DWF LLP Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 1 Accounting policies (continued)

#### 1.8 Business combinations (continued)

##### *Acquisitions on or after 1 May 2015*

For acquisitions on or after 1 May 2015, the LLP 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 the 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 profit or loss.

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 remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

##### *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 LLP and Company 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 save 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.

#### 1.9 Intangible assets and goodwill

##### *Development expenditure*

Expenditure on research activities is recognised in the statement of profit or loss as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the LLP intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the LLP 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 statement of profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the statement of profit or loss 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



# DWF LLP Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### 1 Accounting policies (continued)

#### 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 profit or loss.

##### *Non-financial assets*

The carrying amounts of the LLP'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'). Subject to an operating segment ceiling test, 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. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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 LLP 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 statement of profit or loss 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 LLP 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 LLP 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.

# DWF LLP Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

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### **1 Accounting policies (continued)**

#### **1.13 Members' interests**

Members' capital is repayable on retirement of the Member and is therefore classified as liability. As Members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, Members' capital is shown as being due within one year.

'Other reserves classified as equity' and 'Other amounts' in Total Members' interests would rank *pari passu* with other creditors who are unsecured in the event of a winding up. No restrictions or limitations exist on the ability of the Members to reduce the amount of Members' other interest. These balances relate to undistributed profits and Members' taxation reserves.

#### **1.14 Divisible profits and members' remuneration**

Under the terms of the members agreement, Members' monthly drawings on account are treated as automatically divided as drawn and are treated as Members' remuneration charged as an expense to the statement of profit or loss in arriving at profit available for discretionary distribution among Members.

The remainder of profit shares, which have not been allocated until after the statement of financial position date, are treated in these financial statements as unallocated at the statement of financial position date and included within other reserves.

#### **1.15 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of consolidated financial statements under IFRS requires management to make judgments, estimates and assumptions which affect the financial statements. 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 goodwill, impairment of trade receivables, disbursement provisioning and professional indemnity provisions.

#### **Critical judgements in applying the LLP's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the members have made in the process of applying the LLP's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### *Professional indemnity insurance claims*

The valuation of the probable exposure on the uninsured portion of professional indemnity claims also involves significant judgement. The valuation takes into account known claims and circumstances to the extent that the LLP will be required to commit its excess. The resulting reserves are regularly reviewed but claims are an area of inherent uncertainty. The remaining provision on outstanding claims at the reporting date was £2,187,000 (2017: £1,802,000).

##### **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 items 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.

In the year, the average recovery rate used in the valuation of unbilled revenue was £144 per hour. This methodology covered the valuation of 90% of total unbilled revenue, with the remaining 10% valued on Fee Earner expectations.

# DWF LLP Notes to the Financial Statements

## Year ended 30 April 2018 (continued)

### 1 Accounting policies (continued)

#### 1.15 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Key sources of estimation uncertainty (continued)

##### Trade receivables provision

The valuation of amounts recoverable and not recoverable on trade debtors involves significant judgement. 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). For amounts aged between 180 days and 599 days provisions are made based on the specific circumstances of each debt. For amounts aged 600 days and over 100% provision is made. Bad debt provision amounting to £2,789,000 was provided at reporting date (2017: £2,013,000). Further details of trade receivables ageing and provision movement are provided in note 5.

### 2 Property, plant and equipment

(Restated)	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 1 May 2015	13,891	5,758	28,858	-	48,507
Additions	128	99	2,701	889	3,817
At 30 April 2016	14,019	5,857	31,559	889	52,324
<b>Accumulated depreciation</b>					
At 1 May 2015	6,365	3,629	18,831	-	28,825
Charge for the year	1,465	367	4,222	-	6,054
At 30 April 2016	7,830	3,996	23,053	-	34,879
<b>Net book value</b>					
At 1 May 2015	7,526	2,129	10,027	-	19,682
At 30 April 2016	6,189	1,861	8,506	889	17,445

(Restated)	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 1 May 2016	14,019	5,857	31,559	889	52,324
Additions	226	1,013	2,284	-	3,523
Transfers	889	-	-	(889)	-
At 30 April 2017	15,134	6,870	33,843	-	55,847
<b>Accumulated depreciation</b>					
At 1 May 2016	7,830	3,996	23,053	-	34,879
Charge for the year	1,069	503	4,086	-	5,658
At 30 April 2017	8,899	4,499	27,139	-	40,537
<b>Net book value</b>					
At 1 May 2016	6,189	1,861	8,506	889	17,445
At 30 April 2017	6,235	2,371	6,704	-	15,310

## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 2 Property, plant and equipment (continued)

	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 1 May 2017	15,134	6,870	33,843	-	55,847
Additions	251	2,058	1,604	-	3,913
Disposals	(44)	(3)	-	-	(47)
Transfers*	-	-	(1,189)	-	(1,189)
At 30 April 2018	15,341	8,925	34,258	-	58,524
<b>Accumulated depreciation</b>					
At 1 May 2017	8,899	4,499	27,139	-	40,537
Charge for the year	1,715	610	3,149	-	5,474
Disposals	(44)	(3)	-	-	(47)
Transfers*	-	-	(463)	-	(463)
At 30 April 2018	10,570	5,106	29,825	-	45,501
<b>Net book value</b>					
At 1 May 2017	6,235	2,371	6,704	-	15,310
At 30 April 2018	4,771	3,819	4,433	-	13,023

\*Transfers relate to capitalised development costs previously recognised in computer equipment. These have been transferred to intangibles during the year at net book value.

#### 3 Intangible assets and goodwill

(Restated)	Goodwill £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
<b>Cost</b>				
At 1 May 2015	-	57	-	57
Acquisitions through business combinations	67	-	-	67
At 30 April 2016	67	57	-	124
<b>Amortisation and impairment</b>				
At 1 May 2015	-	13	-	13
Amortisation for the year	-	14	-	14
At 30 April 2016	-	27	-	27
<b>Net book value</b>				
At 1 May 2015	-	44	-	44
At 30 April 2016	67	30	-	97

## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 3 Intangible assets and goodwill (continued)

(Restated)	Goodwill £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
<b>Cost</b>				
At 1 May 2016	67	57	-	124
Acquisitions through business combinations	600	300	-	900
At 30 April 2017	<b>667</b>	<b>357</b>	-	<b>1,024</b>
<b>Amortisation and impairment</b>				
At 1 May 2016	-	27	-	27
Amortisation for the year	-	14	-	14
At 30 April 2017	-	<b>41</b>	-	<b>41</b>
<b>Net book value</b>				
At 1 May 2016	67	30	-	97
At 30 April 2017	<b>667</b>	<b>316</b>	-	<b>983</b>

(Restated)	Goodwill £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
<b>Cost</b>				
At 1 May 2017	667	357	-	1,024
Additions through acquisitions	5	573	295	873
Transfers*	-	-	1,189	1,189
At 30 April 2018	<b>672</b>	<b>930</b>	<b>1,484</b>	<b>3,086</b>
<b>Amortisation and impairment</b>				
At 1 May 2017	-	41	-	41
Amortisation for the year	-	102	303	405
Impairment charge	5	-	-	5
Transfers*	-	-	463	463
At 30 April 2018	<b>5</b>	<b>143</b>	<b>766</b>	<b>914</b>
<b>Net book value</b>				
At 1 May 2017	<b>667</b>	<b>316</b>	-	<b>983</b>
At 30 April 2018	<b>667</b>	<b>787</b>	<b>718</b>	<b>2,172</b>

\*Transfers relate to capitalised development costs previously recognised in computer 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 customers of DWF LLP.

## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 3 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:

	2018 £'000	Restated 2017 £'000	2016 £'000	2015 £'000
Insurance Services	667	667	67	-

#### 4 Investments

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>Subsidiary undertakings</b>				
At start of the period	1,013	423	8	8
Additions	-	590	415	-
Effect of movements in foreign exchange	13	-	-	-
<b>At the end of the period</b>	<b>1,026</b>	<b>1,013</b>	<b>423</b>	<b>8</b>
<b>Other investments</b>				
At start of the period	50	-	-	-
Additions	-	50	-	-
<b>At the end of the period</b>	<b>50</b>	<b>50</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,076</b>	<b>1,063</b>	<b>423</b>	<b>8</b>

Management holds a £50,000 investment (<0.1% interest) in SKIL Global Ports & Logistics Limited; this is deemed to be approximate to the investment's fair value based on management information available.

Acquisitions of subsidiaries have been disclosed in the Group financial statements, note 21.

DWF LLP has investments in the following subsidiary undertakings, all are held as ordinary shares:



## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 4 Investments (continued)

	Registered address	Principle place of business	Nature of business	Proportion of ownership
<b>Subsidiaries</b>				
<b>Direct</b>				
Davies Wallis Foyster Limited***	i	UK	Non trading	100%
DWF Services Limited***	i	UK	Provision of employment services	100%
Resolution Law Limited*	i	UK	Dormant	100%
DWF Pension Trustees Limited***	viii	UK	Provision of pension trustees services	100%
Davies Wallis (unlimited)*	i	UK	Dormant	100%
DWF Solicitors Limited*	i	UK	Dormant	100%
DWF (Nominees) 2013 Limited*	i	UK	Dormant	100%
DWF (Trustee) Limited*	i	UK	Dormant	100%
Bailford EBT Trustees Limited*	ix	UK	Dormant	100%
Bailford Trustees Limited*	ix	UK	Dormant	100%
DWF Directors (Scotland) Limited*	ix	UK	Dormant	100%
DWF Secretarial Services (Scotland) Limited*	ix	UK	Dormant	100%
DWF Trustee (Scotland) Limited*	ix	UK	Dormant	100%
DWF Connected Services Limited	i	UK	Dormant	100%
DWF (TG) Limited	i	UK	Dormant	100%
DWF Connected Services Group Limited	i	UK	Dormant	100%
DWF Germany Holding GbR **/***	iv	Germany	Law services	100%
DWF (Dublin) ***	iii	ROI	Law services	100%
DWF (Middle East) LLP ***	v	UAE	Law services	100%
DWF (NI) LLP	vi	UK	Law services	100%
DWF (France) AARPI	vii	France	Law services	100%
DWF (Australia)	xvii	Australia	Law services	100%
DWF LLP Studio Legale Associato *	xviii	Italy	Law services	100%

## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 4 Investments (continued)

	Registered address	Principle place of business	Nature of business	Proportion of ownership
<b>Indirect</b>				
DWF Secretarial Services Limited*	i	UK	Dormant	100%
DWF Nominees Limited*	i	UK	Dormant	100%
DWF Advocacy Limited****	i	UK	Connected services	100%
DWF Costs Limited****	i	UK	Connected services	100%
DWF Forensic Limited****	i	UK	Connected services	100%
DWF Ventures Limited****	i	UK	Connected services	100%
DWF Claims Limited	i	UK	Connected services	100%
DWF Loss Adjusting Limited	i	UK	Connected services	100%
Vueity Limited	i	UK	Connected services	100%
DWF 360 Limited	ii	UK	Software provider	100%
DWF Middle East Group LLP*	i	UK	Dormant	100%
DWF Claims (Ireland) Limited	iii	ROI	Connected services	100%
DWF Claims (USA) LLC	xi	USA	Connected services	100%
DWF Claims (Canada) Limited	xii	Canada	Connected services	100%
DWF Claims (Australia) Pty Limited	xiii	Australia	Connected services	100%
DWF Claims (Hong Kong) Pty Limited	xiv	Hong Kong	Dormant	100%
DWF Claims (Asia) Pte Limited	xv	Singapore	Dormant	100%
DWF Connected Services Group Limited****	i	UK	Connected services	100%
DWF Dublin Secretarial Limited****	iii	ROI	Dormant	100%
DWF Resource Limited****	i	UK	Connected services	100%
<b>Other Investments</b>				
Dealscoper Limited	x	UK	Software provider	10%
Mercantile Ports & Logistics Limited	xvi	Guernsey	Asset investment	<0.1%

\* Subsidiary undertakings have been excluded from the consolidation on the basis of immateriality.

\*\* The statutory year end for DWF Germany Holding GbR in the period being reported is 31 December.

\*\*\* These entities are related entities of DWF LLP since the majority of its Members are also Members of DWF LLP. In substance they are controlled by DWF LLP and so their results are included in the consolidation.

\*\*\*\* These entities were incorporated during the year.

(i) 1 Scott Place, 2 Hardman Street, Manchester, United Kingdom, M3 3AA

(ii) 150 Minories, London, EC3N 1LS

(iii) 5 George's Dock, IFSC, Dublin

(iv) Prinzregentenstraße 78, Munich, DE-81675

(v) P.O. Box 507104, Office 901 & 904, Tower 2, Al Fattan Currency House, DIFC, Dubai

(vi) 42 Queen Street, Belfast, BT1 6HL

(vii) 15 Avenue d'Iéna, FR-75116, Paris

(viii) 5 St. Paul's Square, Old Hall Street, Liverpool, L3 9AE

(ix) 110 Queen Street, Glasgow, Scotland, G1 3HD

(x) Harrow House, 23 West Street, Haslemere, Surrey, GU27 2AB

(xi) 740 Waukegan Road, Deerfield, Chicago, Illinois, 60015

(xii) 111 Queen Street East, Suite 450, Toronto, Ontario, M5C 1S2

(xiii) 48 Hunter Street, Sydney

(xiv) 25/F, OTB Building, 160 Gloucester Road, Wanchai, Hong Kong

(xv) 8 Cross Street, Singapore, 048424

(xvi) Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB

(xvii) Level 6, 231 George Street, Brisbane, QLD 4000

(xviii) Via dei Bossi 6, Milano

## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 5 Trade and other receivables

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Trade receivables	68,924	63,193	60,006	58,952
Amounts due from subsidiary undertakings*	20,116	7,691	4,638	2,832
Other receivables	3,418	4,255	3,356	3,715
Amounts recoverable from clients in respect of unbilled revenue	31,674	26,956	20,862	21,515
Unbilled disbursements	4,873	4,700	3,399	4,112
Prepayments and accrued income	9,621	8,677	9,567	7,611
Reimbursement asset**	852	332	2,369	3,435
	<b>139,478</b>	<b>115,804</b>	<b>104,197</b>	<b>102,172</b>

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

\*\* Reimbursement asset attributable to FOIL provision, see note 10.

All trade and other receivables are due within one year.

Advances for which related work has not started, and billings in excess of costs incurred and recognised profits are presented as deferred income and amounted to £nil at 30 April 2018 (2017: £277,000).

Trade receivables disclosed above include amounts, which are past due at the reporting date but against which the LLP 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

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
0-90	58,991	52,222	49,653	49,012
91 – 180 days	4,383	3,219	5,216	5,149
181 – 270 days	2,382	2,942	2,255	2,226
271 – 365 days	1,286	1,056	1,256	1,240
More than 365 days	4,671	5,767	3,937	3,886
	<b>71,713</b>	<b>65,206</b>	<b>62,317</b>	<b>61,513</b>

## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 5 Trade and other receivables (continued)

*Movement in allowance for doubtful receivables*

	2018 £'000	Restated 2017 £'000	Restated 2016 £'000	Restated 2015 £'000
Brought forward provision	2,013	2,311	2,561	1,792
Provision utilised and other movements	(972)	(1,622)	(2,241)	(1,802)
Charges to profit and loss	1,748	1,324	1,991	2,571
	<b>2,789</b>	<b>2,013</b>	<b>2,311</b>	<b>2,561</b>

These balances are held against trade receivables.

#### 6 Cash and cash equivalents

	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,932	1,952	8,800	2,731
Bank overdrafts	(319)	(138)	-	(10,775)
<b>Cash and cash equivalents per cash flow statement</b>	<b>2,613</b>	<b>1,814</b>	<b>8,800</b>	<b>(8,044)</b>

#### 7 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the LLP's interest-bearing loans and borrowings, which are measured at amortised cost.

*Obligations under interest bearing loans and borrowings*

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>Non-current liabilities</b>				
Bank loans	48,862	39,944	40,324	975
Finance lease liabilities	-	-	139	-
	<b>48,862</b>	<b>39,944</b>	<b>40,463</b>	<b>975</b>
<b>Current liabilities</b>				
Bank loans	3,330	293	433	21,289
Finance lease liabilities	-	158	463	43
Corporate purchasing card facility	4,930	-	-	-
Bank overdrafts	319	138	-	10,775
	<b>8,579</b>	<b>589</b>	<b>896</b>	<b>32,107</b>
	<b>57,441</b>	<b>40,533</b>	<b>41,359</b>	<b>33,082</b>

## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 7 Other interest-bearing loans and borrowings (continued)

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>Terms of repayment of bank loans and overdrafts</b>				
Within one year	8,579	431	433	32,064
Between one and five years	48,862	39,944	40,324	975
<b>Total bank loans and overdrafts</b>	<b>57,441</b>	<b>40,375</b>	<b>40,757</b>	<b>33,039</b>

#### Obligations under finance leases

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<b>Future payments of finance lease</b>				
Within one year	-	158	139	43
Between one and five years	-	-	463	-
<b>Total future payments of finance lease</b>	<b>-</b>	<b>158</b>	<b>602</b>	<b>43</b>
<b>Future finance lease interest expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Present value of the finance lease liabilities</b>	<b>-</b>	<b>158</b>	<b>602</b>	<b>43</b>
<b>Present value of the finance lease liabilities</b>				
Within one year	-	158	602	43
Between one and five years	-	-	-	-
<b>Total present value of the finance lease liabilities</b>	<b>-</b>	<b>158</b>	<b>602</b>	<b>43</b>

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. No asset is being pledged to secure these finance lease contracts.

All lease obligations are denominated in sterling.

## DWF LLP Notes to the Financial Statements Year ended 30 April 2018 (continued)

### 7 Other interest bearing loans and borrowings (continued)

*Contractual terms of interest bearing loans and borrowings*

	Currency	Nominal interest rate	Year of maturity	Fair value £'000	2018 Carrying amount £'000	Fair value £'000	2017 Carrying amount £'000	Fair value £'000	2016 Carrying amount £'000	Fair value £'000	2015 Carrying amount £'000
Unsecured bank loans	GBP	LIBOR+1.35%	2021	52,192	52,192	40,237	40,237	40,757	-	-	-
Secured bank loans	Various	Various	2022	-	-	-	-	-	-	22,264	22,264
Finance lease liabilities	GBP	No rate	2018	-	-	158	158	602	602	43	43
Corporate purchasing card facility	GBP	No rate	2019	4,930	4,930	-	-	-	-	-	-
Bank overdrafts	GBP	Base+1.15%	2019	319	319	138	138	-	-	10,775	10,775
				57,441	57,441	40,533	40,533	41,359	41,359	33,082	33,082



## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 8 Trade and other payables

	2018 £'000	Restated 2017 £'000	2016 £'000	2015 £'000
Trade payables	21,887	22,146	19,708	16,094
Other payables	5,363	5,633	1,247	1,260
Amounts due to subsidiary undertakings*	11,419	8,763	15,815	11,586
Other taxation and social security	8,229	7,794	627	3,442
	<b>46,898</b>	<b>44,336</b>	<b>37,397</b>	<b>32,382</b>
<b>Non-current</b>				
Other payables	-	200	-	-
	-	<b>200</b>	-	-

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

#### 9 Employee benefits

##### Defined contribution plans

DWF LLP operates a number of defined contribution pension plans.

The amounts charged to the profit and loss account in respect of this scheme represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution scheme was £2,300,000 at 30 April 2018 (30 April 2017: £2,472,000; 30 April 2016: £2,206,000) and the outstanding balance at period end was £550,000 at 30 April 2018 (30 April 2017: £420,000; 30 April 2016: £318,000).

#### 10 Provisions

##### Dilapidations provision

Dilapidation provisions are established for property leases, held at the statement of financial position date, over the life of the lease to cover remedial work necessary at lease termination under the terms of the respective leases.

##### 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 5, resulting in net exposure of £400,000 as at 30 April 2018 (2017: £400,000).

Further details of LLP's provision has been disclosed the Group financial statements, note 15.

## DWF LLP Notes to the Financial Statements

### Year ended 30 April 2018 (continued)

#### 11 Operating leases

At the statement of financial position date, the LLP had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	Others	Restated Land and buildings	Restated Others
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Within one year	10,445	964	10,636	543
Between one and five years	37,968	643	40,927	-
More than five years	23,659	-	28,665	-
	<b>72,072</b>	<b>1,607</b>	<b>80,228</b>	<b>543</b>

	Land and buildings	Others	Land and buildings	Others
	2016	2016	1 May 2015	1 May 2015
	£'000	£'000	£'000	£'000
Within one year	10,834	1,015	9,763	1,015
Between one and five years	34,576	-	30,579	-
More than five years	36,721	-	33,348	-
	<b>82,131</b>	<b>1,015</b>	<b>73,690</b>	<b>1,015</b>

Operating lease payments represent rentals payable by the LLP 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.

#### 12 Related parties

The LLP has taken the advantage of the exemption to not disclose the transactions between the wholly owned group companies.

#### 13 Ultimate parent company and parent company of group

In the opinion of the Members, there is no controlling party of DWF LLP.

## **DWF LLP Notes to the Financial Statements**

### **Year ended 30 April 2018 (continued)**

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#### **14 Explanation of transition to FRS 101**

As stated in note 1, these are DWF LLP's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 April 2018, the comparative information presented in these financial statements for the year ended 30 April 2017 and 30 April 2016 and in the preparation of an opening statement of financial position at 1 May 2015 (the date of transition).

In preparing its opening Statement of Financial Position, DWF LLP has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to FRS 101 has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables

# DWF LLP Notes to the Financial Statements Year ended 30 April 2018 (continued)

## 14 Explanation of transition to FRS 101 (continued)

		1 May 2015				30 April 2016				30 April 2017			
	Notes	FRS 102	Effect of transition	Effect of historical corrections	Adopted FRS 101	FRS 102	Effect of transition	Effect of historical corrections	Adopted FRS 101	FRS 102	Effect of transition	Effect of historical corrections	Adopted FRS 101
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>													
Property, plant and equipment		19,682	-	-	19,682	17,445	-	-	17,445	15,310	-	-	15,310
Intangible assets and goodwill	a	44	-	-	44	97	-	-	97	536	447	-	983
Trade and other receivables		-	-	-	-	-	-	-	-	-	-	-	-
Investments	a	8	-	-	8	423	-	-	423	1,211	(148)	-	1,063
<b>Total non-current assets</b>		19,734	-	-	19,734	17,965	-	-	17,965	17,057	299	-	17,356
<b>Current assets</b>													
Trade and other receivables	c	98,737	-	3,435	102,172	101,828	-	2,369	104,197	113,865	-	1,939	115,804
Cash and cash equivalents		2,731	-	-	2,731	8,800	-	-	8,800	1,952	-	-	1,952
<b>Total current assets</b>		101,468	-	3,435	104,903	110,628	-	2,369	112,997	115,817	-	1,939	117,756
<b>Total assets</b>		121,202	-	3,435	124,637	128,593	-	2,369	130,962	132,874	299	1,939	135,112
<b>Current liabilities</b>													
Trade and other payables	c	32,654	-	(272)	32,382	39,012	-	(1,615)	37,397	44,176	200	(40)	44,336
Accruals and deferred income	b	12,075	(761)	-	11,314	5,483	(242)	227	5,468	5,563	(153)	519	5,929
Tax payable		-	-	-	-	-	-	-	-	-	-	-	-
Bank overdraft		10,775	-	-	10,775	-	-	-	-	138	-	-	138
Other interest bearing loans and borrowings		21,332	-	-	21,332	896	-	-	896	451	-	-	451
Provisions	c	-	-	3,707	3,707	-	-	3,984	3,984	-	-	1,931	1,931
Members' capital		25,932	-	-	25,932	23,437	-	-	23,437	23,582	-	-	23,582
Other amounts due to members		9,940	-	-	9,940	2,217	-	-	2,217	363	-	-	363
<b>Total current liabilities</b>		112,708	(761)	3,435	115,382	71,045	(242)	2,596	73,399	74,273	47	2,410	76,730

## 14 Explanation of transition to FRS 101 (continued)

**DWF LLP (OC328794)**

## **DWF LLP Notes to the Financial Statements**

### **Year ended 30 April 2018 (continued)**

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#### **14 Explanation of transition to FRS 101 (continued)**

*Notes to the reconciliation of profit*

*Transition from UK GAAP to IFRS*

- a) Goodwill amortisation – goodwill amortisation recognised under FRS 102 has been reversed under IFRS and goodwill frozen at the date of the acquisition and subject to impairment testing on an annual basis. In addition, negative goodwill recognised under FRS 102 has been reversed and the resulting gain on bargain purchase credited to the statement of profit or loss.
- b) Lease incentives – an adjustment has been made to spread lease incentives over the term of lease. A grandfathering exemption was taken under FRS 102 to not re-state old leases which is not available under IFRS 1.

*Historical corrections*

- a) Annual licenses – an adjustment has been made to re-apportion annual software license payments across correct accounting periods.
- c) Provisions – an adjustment has been made to recognise the full liability due in relation to claims and regulatory proceedings and separately the asset in relation to the amounts recoverable under the Group's insurance cover. The liability has been recognised in current liabilities and the insurance asset in current assets.