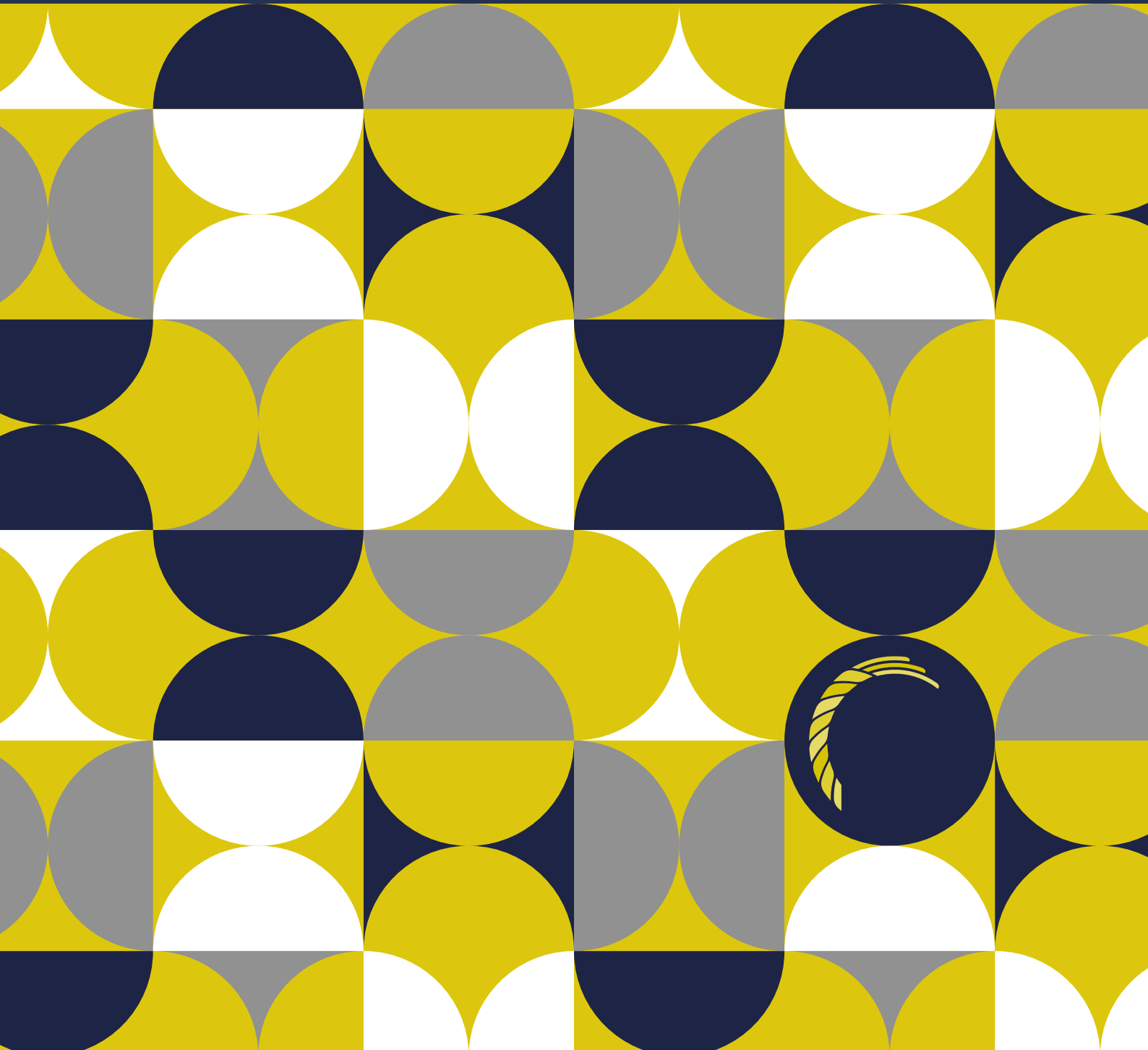


FOR THE YEAR ENDED 31 MARCH 2023



Annual Report and Accounts



Definitions

Company or DSW Capital or DSW	DSW Capital plc, registered as a public company in England and Wales, with registered number: 07200401
Group or DSW Group	The Company and its Subsidiary, Dow Schofield Watts Services LLP (Registered number: OC397251)
Network or DSW Network	The Group and its licensees

OUR VISION

DSW Capital PLC's vision is for the DSW Network to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses.

DSW Network KPIs



£18.3m

Network Revenue¹
(FY22: £18.3m)



10.2%

YoY growth in Fee
Earners
(FY22: 14.3%)



14.2%

of Network Revenue
generated through
cross-referral
(FY22: 13.9%)



£193k

Revenue per
Fee Earner
(FY22: £227k)



97

Fee Earners
(FY22: 88)



4.6 FEs

per licensee business
(FY22: 4.4 FEs)



13.9%

3-year Network
Revenue CAGR
(FY22: 28.2%)

Market Recognition

11th

Most active financial
adviser in the UK in 2022²
(2021: 18th)

2nd

Most active financial
adviser in the North-West
in 2022 (2021: 2nd)

8th

Most active financial
adviser in the Midlands in
2022 (2021: 11th)

9th

Most active financial
adviser in Yorkshire in 2022
(H1 2021: 10th)

10th

Most active financial
adviser in the South-West
in 2022 (2021: 28th)

48th

In Accountancy Age's Top
50+50 accountancy firms
in 2022³ (2021: 49th)



Nominated for Best
Newcomer at the AIM
Awards 2022

20th

In Accountancy Age's first
Mid-Tier Power Index
in 2022⁴



Nominated for Flotation of
the Year at the Northwest
Dealmaker Awards 2022

¹Network Revenue is revenue generated by the licensees | ²www.dswcapital.com/dsw-ranks-11th-in-the-uks-deals-advisers-in-2022

³www.accountancyage.com/rankings/top-5050-accountancy-firms-2022 | ⁴www.accountancyage.com/rankings/mid-tier-power-index-2022

DSW Capital KPIs



£3.0m

Total income from licensees*
↑ 0.3% YoY growth



£1.2m

DSW Capital Adjusted Profit After Tax**
↓ 30.7% YoY decrease



£8.0m

Net Assets
(FY22: £8.0m)



£1.4m

Cash Generated from Operations
(FY22: £1.4m)



£4.6m

Cash
(FY22: £4.7m)

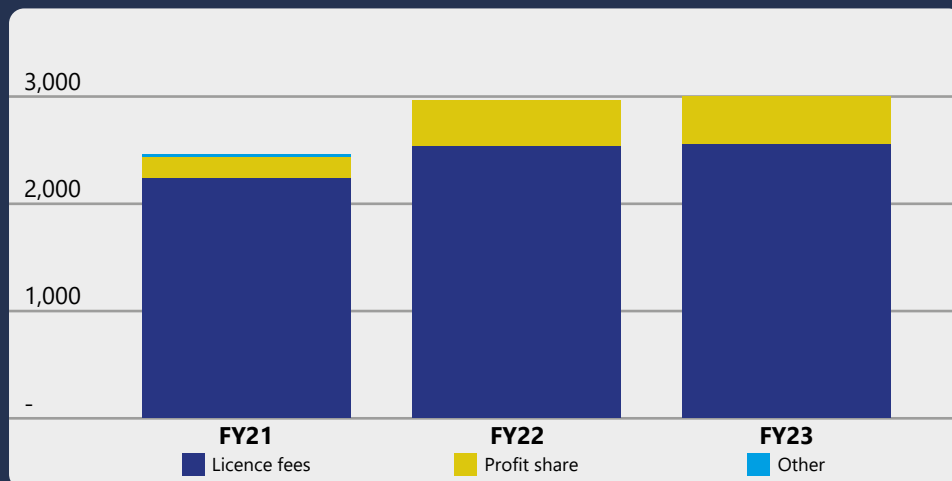


£0.7m

Profit before tax
(FY22: £0.03m loss)

Income from Licensees (£'000)

FY22 record revenue levels maintained despite difficult economic conditions in H2



Note: Profit share figure is calculated using the profit share figure included in Revenue (Note 4) and the Share of results of Associates.

*Total income from licensees represents statutory revenue plus share of results of associates.

** Our adjusted profit after tax declined 30.7% to £.1.2m (FY22 £1.7m) reflecting a full year's plc costs and investment in additional central resource.

CONTENTS

Strategic Report

Business Review	1
Market Overview	7
Chair's Statement	12
Chief Executive Officer's Review	15
Chief Financial Officer's Review	18
Environmental, Social and Governance (ESG) Report	23
Risk Management	27

Corporate Governance

The Board of Directors	30
Corporate Governance Statement	32
Audit & Risk Committee Report	35
Remuneration & Nominations Committee Report	37
Directors' Report	40
Statement of Directors' Responsibilities	45

Financial Statements

Independent Auditor's Report	46
Consolidated Statement of Comprehensive Income	53
Consolidated Statement of Financial Position	54
Company Statement of Financial Position	55
Consolidated Statement of Changes in Equity	56
Company Statement of Changes in Equity	57
Consolidated Cash Flow Statement	58
Notes to the Financial Statements	59

Innovative business model

Autonomy and flexibility are at the heart of DSW's model. Licensees have complete autonomy over their businesses and are free to run it as they choose, directly benefiting from their efforts.

Scalable platform

DSW has multiple growth avenues for scaling the business: the acquisition of licence fees; expanding existing teams; and through service line and geographical expansion.

Collaborative culture

Our supportive and collaborative culture, including the cross-referral opportunities, are key reasons why professionals are attracted to us and remain with us.

BUSINESS REVIEW

DSW

DSW Capital plc, owner of the Dow Schofield Watts brand, is a profitable, fast growing, mid-market, challenger professional services network with a cash generative business model and scalable platform for growth.

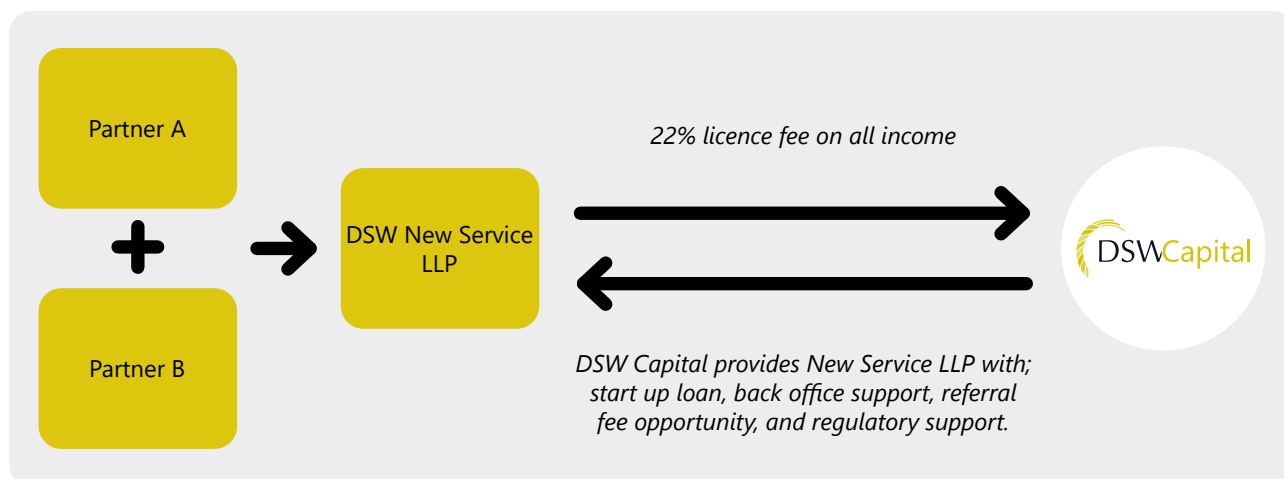
Our Model - Empowering Professionals

DSW has a unique business model which is very attractive to individuals seeking greater operational freedom, wanting improved flexibility around their work commitments without billing targets, and those who prefer a model with no requirement to invest partnership capital. We empower professionals to run their businesses under the DSW brand.

DSW is one of the first platform models disrupting the traditional model of accounting professional services firms. At 31 March 2023, the Network included 21 licensee businesses and 97 Fee Earners ("FEs"), across seven offices in England and two in Scotland. These trade primarily under the Dow Schofield Watts brand.

First conceived in 2008, our licence model allows licensees to use the DSW brand. We provide professionals with start-up funding and can take care of all aspects associated with the running of the "office" including IT, compliance guidance, accounting, marketing, recruitment and banking support. This model enables our partners to hit the ground running and focus on growing their respective businesses, maximising their profit capabilities. In return, DSW receives a percentage of the licensee's revenue, and in some cases a percentage of the licensee's profits. Licensees are responsible for collecting their own cash from clients to fund partner drawings and pay employees, which drives strong cash collections across the Group. DSW usually has the right to terminate any of the licence agreements with three months' notice.

An example licensee



BUSINESS REVIEW

Central Initiatives

Our purpose is 'to empower our people to reach their potential and develop sustainable businesses which best serve the needs of their clients and local communities'. In order to do this, we need to continually challenge ourselves to be the best that we can be, to enable our partners and their teams to be the best that they can be.

In the current year we have propelled the business forward, significantly enhancing and bolstering the strengths of our unique model and the value we bring to both existing and prospective licensees through the implementation of a number of initiatives and the rollout of our ESG strategy.

Our initiatives this year have sought to strengthen our business in three key areas;

1. To make the DSW business model more attractive to new recruits and enhance the support and value provided to existing licensee businesses.
2. To help to retain and develop existing talent through investment in central training & resources, and embed a culture which reflects our people and their priorities.
3. To increase collaboration across the DSW Network, and deliver enhanced success for all, including increasing the proportion of Network Revenue generated through cross-referrals.

The initiatives below highlight the progress we've made over the last twelve months.

- Launch of our DSW Future Leaders Programme, which is a six-month personal development journey to prepare the next generation of DSW leaders.
- Introduction of a new DSW Appraisal framework to equip our licensees with the tools they need to run an effective appraisal process.
- Established our DSW Mentoring Scheme, pairing individuals with our most senior partners across the DSW Network.
- Introduction of additional training workshops and a tailored e-learning programme.
- Hosting six-monthly Partner Conferences, quarterly employee networking events and a busy calendar of social & wellbeing events.
- Conducted our first Engagement Survey, to allow us to create a forum for open feedback and identify opportunities to further drive engagement across the network.
- Introduced network of Mental Health First Aiders, to provide support and guidance to the DSW Network.
- Investment in additional compliance support, providing relevant guidance and tailored risk management workshops.
- Quarterly training sessions covering legal and regulatory topics.
- Investment in an additional senior IT resource to help shape and implement our IT Strategy.

Further details can be found in our ESG report on pages 23 to 26.

The benefits of a licence model to DSW

To DSW Capital

High levels of regular revenues

In the absence of fixed remuneration, our partners are incentivised to deliver a consistent level of income, even in a downturn. The quality of our income stream is high as our licence fee is based on revenue, limiting DSW's exposure to licensee profits. Furthermore, given the diversity of the licensee businesses, not all work is M&A transaction related, with many businesses offering counter-cyclical services within the corporate insolvency space. During the current financial year, 32% of the Group's revenue related to non-M&A related transactions (2022: 30%).

Limited exposure to fixed costs

Property and employee costs, the two biggest drivers of operational gearing in the professional services sector, are borne by the licensees. The central office function currently employs just ten people excluding Directors, operating from one premises.

Back-office infrastructure allows partners to focus on winning and executing client work

The provision of IT and back-office support is a big attraction for many professionals. The administration burden of running your own business is performed by DSW's head office team allowing professionals to focus on excellent client service and building their own business, which maximises licence fee potential. Furthermore, the greater central support provided, the less likely partners are to leave.

DSW's licence model appeals to the more ambitious entrepreneurial professionals; self-starters who drive their own profitability. If they want to do well, they need to bring in the work. This helps sustain good levels of billings without the need for DSW to be prescriptive, or for billing targets.

Flexibility and autonomy appeal to a wide pool of professionals

Autonomy and flexibility are at the heart of our model. This often proves to be an attractive proposition to many who are used to the restraints of working for bigger firms where they are required to meet specified targets, have constraints on their ability to recruit and reward their teams, and often are subject to glass ceilings. This allows DSW to attract, recruit and retain high quality partners.

The agility of the model also enables our partners to respond and adapt to macro-economic pressures, often leading to increased resilience.

To licensees

DSW provides the initial funding

DSW offers a range of flexible funding options for its new joiners, each tailored to meet their specific needs. DSW will typically provide the initial capital required to cover recruitment fees, start-up costs, drawings and working capital. In the current year we have also launched our "Breakout incentive" to attract teams to join the Network. This provides the business with an initial free-cash injection.

All licensee partners are initially remunerated at a below market rate to motivate the right behaviours towards the business owner. The security of an initial fixed level of income whilst the business is established de-risks the proposition from the candidate's perspective and allows DSW to attract a younger, ambitious demographic. Furthermore, this proposition is often viewed more favourably versus the substantial loans required when entering partnerships at larger firms.

Raised profile as part of a well-established brand

Joining DSW as a licensee automatically carries a certain level of credibility and recognition in the market. Not only does this help licensees bring in new work, but it also helps them win higher-quality work, benefiting both the licensees and DSW. In turn this translates into the ability to command higher billing rates. In addition, licensees find it easier to recruit higher quality professionals into their teams by being part of a larger brand and network.

Hit the ground running

When new businesses/professionals join DSW, all the back-office functions and regulatory guidance are provided, including all recruitment, marketing, IT, compliance, accounting and banking services, allowing licensees to focus purely on billing and winning work. This creates an extremely efficient environment for professionals, optimising the amount of time they spend on revenue generating activities.

Greater autonomy and flexibility

Licensees have complete autonomy over their businesses and are free to run it as they choose, directly benefiting when their efforts translate into results. Licensees are free to make their own business decisions, whether that be what they charge their clients, how much they pay their employees or who they recruit to join their teams. They may also choose where to work, whether that be at one of DSW's regional offices or another location of their choice.

BUSINESS REVIEW

The benefits of a licence model to DSW

To DSW Capital

Capital light and highly cash generative

None of the start-up investments have required capital greater than £0.25m and the average payback period is three years. The model drives strong cash conversion as the working capital requirement is borne by the licensee businesses and partners are only paid when their invoices are paid.

To licensees

Cross-referrals from the DSW network, helped by a service line incentive scheme

Due to the broad range of specialist expertise offered by the licensee businesses, there is a significant opportunity for the licensees to refer work to one another in return for a referral fee. Providing opportunities for Fee Earners to network with one another is important to facilitate cross-referrals. DSW hosts six-monthly partner conferences, quarterly employee networking meetings, group led training and various social events throughout the year.

See details below:

£2.6m of Network Revenue generated through cross-referrals in FY23 (FY22: £2.5m)

14.2% of Network Revenue generated through cross-referrals in FY23 (FY22: 13.9%)

Average license fee is **16.6%** therefore the fee paid by licensees is almost self-funded from cross-referrals across the Network



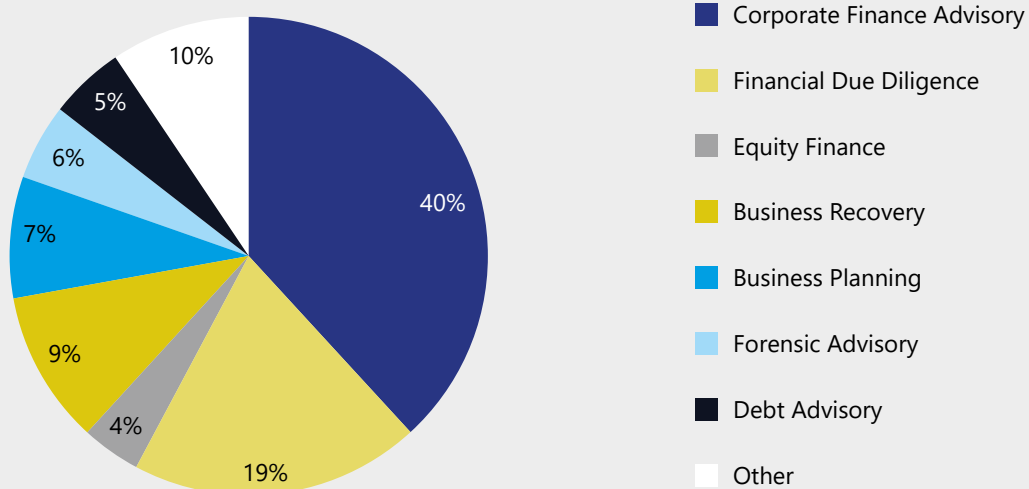
DSW Corporate Finance young professionals at our Daresbury office.

BUSINESS REVIEW

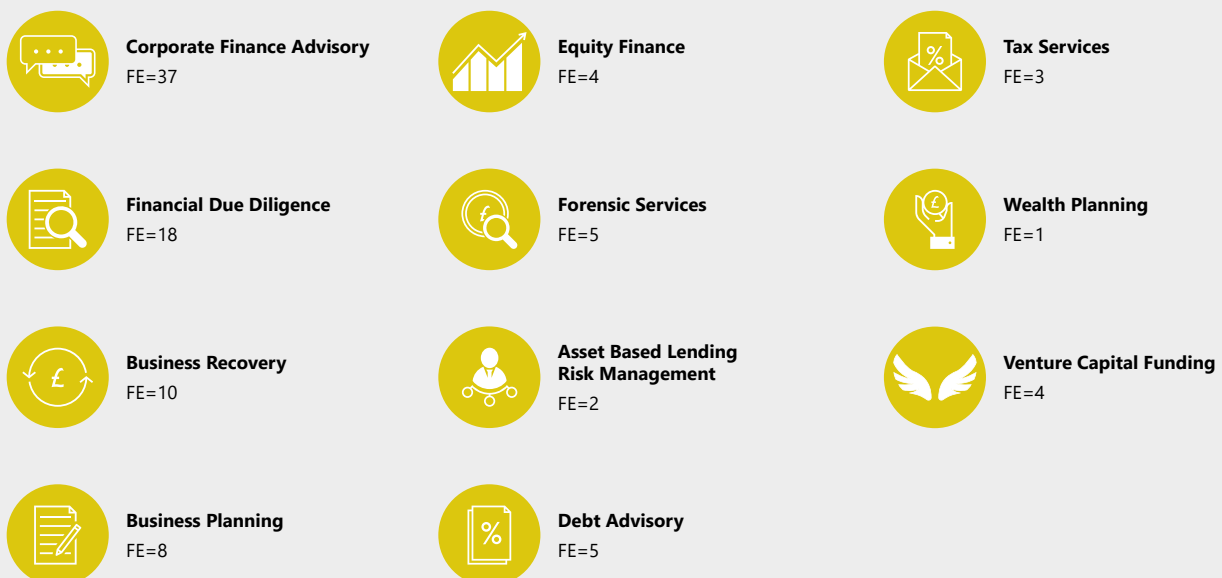
Our Network

At 31 March 2023, DSW had 97 FEs across its network of 21 licensee businesses, giving an average of 4.6 FEs per business. These licensees cover 11 service lines including mid-market corporate finance advisory work and other complementary advisory services.

Service Line by Fee Earners

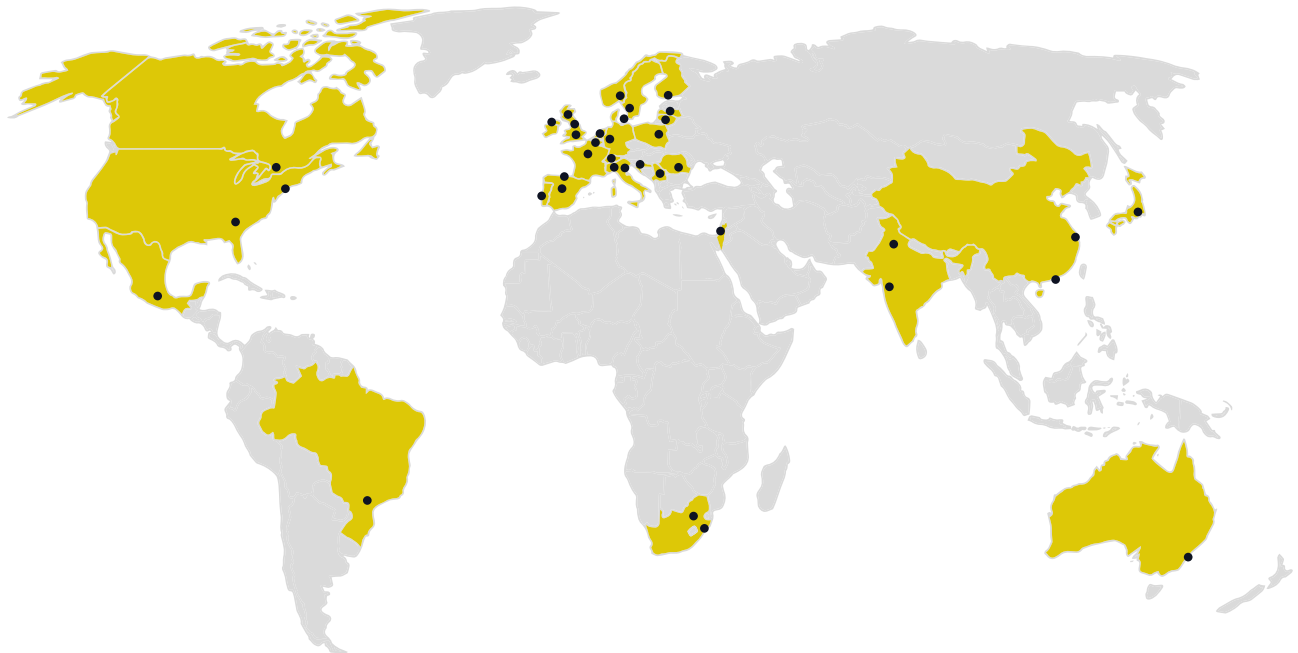


DSW Service Lines



Global reach through a network of advisory firms

Whilst the UK is DSW's primary market, it has established a partnership network of global advisory firms referred to as "Pandea Global M&A". Pandea Global M&A is a global network of selected independent firms with a primary focus on the origination and execution of middle-market M&A activities. Typically, this will be focused on transaction values between €5m and €500m. The network, which has recently become the eighth-largest international M&A advisor network, covers 33 countries and is comprised of over 300 professionals. It gives DSW enhanced access to overseas buyers, investors and local knowledge while allowing its UK-based clients access to an enhanced pool of acquisition targets and advisors to support overseas expansion. We view the network as another potential growth avenue and source of new business for DSW.

**33**

Countries

58

Offices

2,500+

Deals Closed

€30BN

Deal Value

300

Professionals

MARKET OVERVIEW

Overview of the Financial, Professional and Business Services Sector

The UK is a global hub for activity in the Financial, Professional and Business Services ("FPBS") sector, being one of the largest and most developed markets internationally. This is due to the existence of a well-developed eco-system of complementary professional services. Consequently, the sector is an important contributor to the UK economy, both in terms of value added to other businesses and sectors, and its own contribution to GDP.

Collectively, the sector contributed £275bn to UK gross value added (GVA) in 2022, representing around £12 of every £100 of economic output.⁶ The FPBS sector is also a large provider of employment for the UK economy: there are more than 2.45 million jobs in the sector, with 1.11 million in financial services⁷ and just over 1.34 million in related professional services⁸. Two thirds of these jobs are outside of London in finance hubs such as Birmingham, Edinburgh, Leeds, and Manchester⁹. DSW has a strong regional focus, and this is central to its geographical expansion strategy.

UK Market

The UK market covers a range of diverse knowledge-intensive industries which provide specialised support to businesses. The FPBS industry is often characterised in terms of hosting top international firms such as the "Big 4" accountancy and professional services networks, however the Directors believe the UK market can be broadly divided into three segments:

- "Big 4" – large companies, with significant scale, offering a wide and diversified catalogue of services, with a large regional and international footprint.
- The "mid-market" – firms with substantially less scale than the "Big 4" but still offering a number of different services, often with a number of offices across the UK. The larger of these firms may also have an international presence.
- The "high-street" market – small owner managed businesses, often specialising in one service line, usually operating in one location.



⁶ The City UK: Key Facts about UK-based financial and related professional services 2023

⁷ ONS (2022)

⁸ TheCityUK calculations based on data from NISRA, 'Business Register and Employment Survey', (9 November 2022), available at: www.nisra.gov.uk/statistics/annual-employee-jobs-surveys/business-register-and-employment-survey

⁹ City of London Corporation (2022)

MARKET OVERVIEW

Market Dynamics

There are a number of themes and trends in the professional services sector which we believe present some exciting opportunities for DSW with its differentiated proposition in a rapidly evolving market.

Big 4 shake-up – an opportunity for DSW

The Financial Reporting Council (FRC) has now effectively banned the Big 4 from providing advisory services to public interest audit clients and instructed them to split off their audit divisions by 2024. No doubt, there will be more restructuring as more service lines are put up for sale as regulators look to drive more competition in the market and reduce the dominance of the Big 4. Furthermore, in the current year we have seen greater uncertainty in the large firms as they struggle to navigate the regulatory requirements, for example with the failed split at Ernst and Young. We have seen signs that these changes and uncertainty are impacting staff retention levels as it is possible some staff will not like the new arrangements if their service line is sold and put under new ownership. Furthermore, some may decide to leave and set up their own practices, which, in addition to increasing competition in the market, has the potential to create some exciting opportunities. At 31 March 2023, 61% of employees and partners across the DSW Network previously worked at the Big 4 and we believe our Network average revenue per fee earner is comparable to most of the Big 4 based on their latest published accounts and on an all service line basis¹⁰.

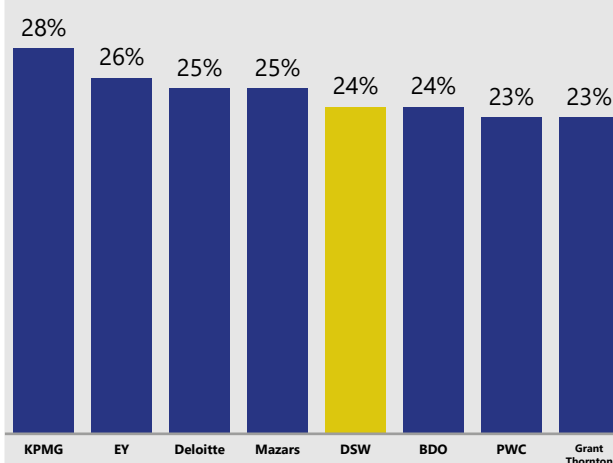
Professionals seek greater flexibility

There has been widespread criticism regarding the lack of diversity and long-hours culture present at the big firms. Those growing tired of these trends represent another talent pool to tap into. The flexibility and autonomy offered by our model is a unique selling point in the market when it comes to recruitment, particularly as professionals start to reassess their career ambitions and work-life balance in a post-Covid world.

Females under-represented at senior levels

We take pride in our ability to attract female partners, with 24% of our current partners being female, which positions us ahead of other mid-tier accountancy firms and PwC. It is also worth noting that the percentage of female partners shown below is across all service lines. M&A typically has lower female representation, making DSW's level of female partner representation even more impressive.

Female Partner Representation %



We have created a model with true flexibility, agility and autonomy which we believe creates an environment to appeal to a diverse range of candidates and we believe that we have an opportunity to lead the field in this respect.

Economic environment

DSW is a resilient business with a long track record of growth in Fee Earners. The business is weighted to M&A advisory and we are financially impacted by deal activity levels in M&A particularly the SME segment. Nevertheless our model is resilient, and our partners can be fleet of foot to react to the economic environment they find themselves in which has resulted in the record levels of Network Revenue in the prior year being maintained.

The economic conditions create opportunities for DSW, as our competitors come under pressure on both cost and wage inflation. Experience shows that this can lead to an increased number of 'push' factors for ambitious professionals to seek out alternative business models, such

¹⁰ Sources: Deloitte - www2.deloitte.com/content/dam/Deloitte/dk/Documents/Annual_report_2022.pdf | PwC - www.pwc.co.uk/annualreport/assets/2022/pwc-uk-financial-statements-2022.pdf | EY - www.assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/ey-uk-2022-impact-report.pdf | KPMG - www.assets.kpmg.com/content/dam/kpmg/uk/pdf/2023/01/members-report-and-financial-statement-2022.pdf

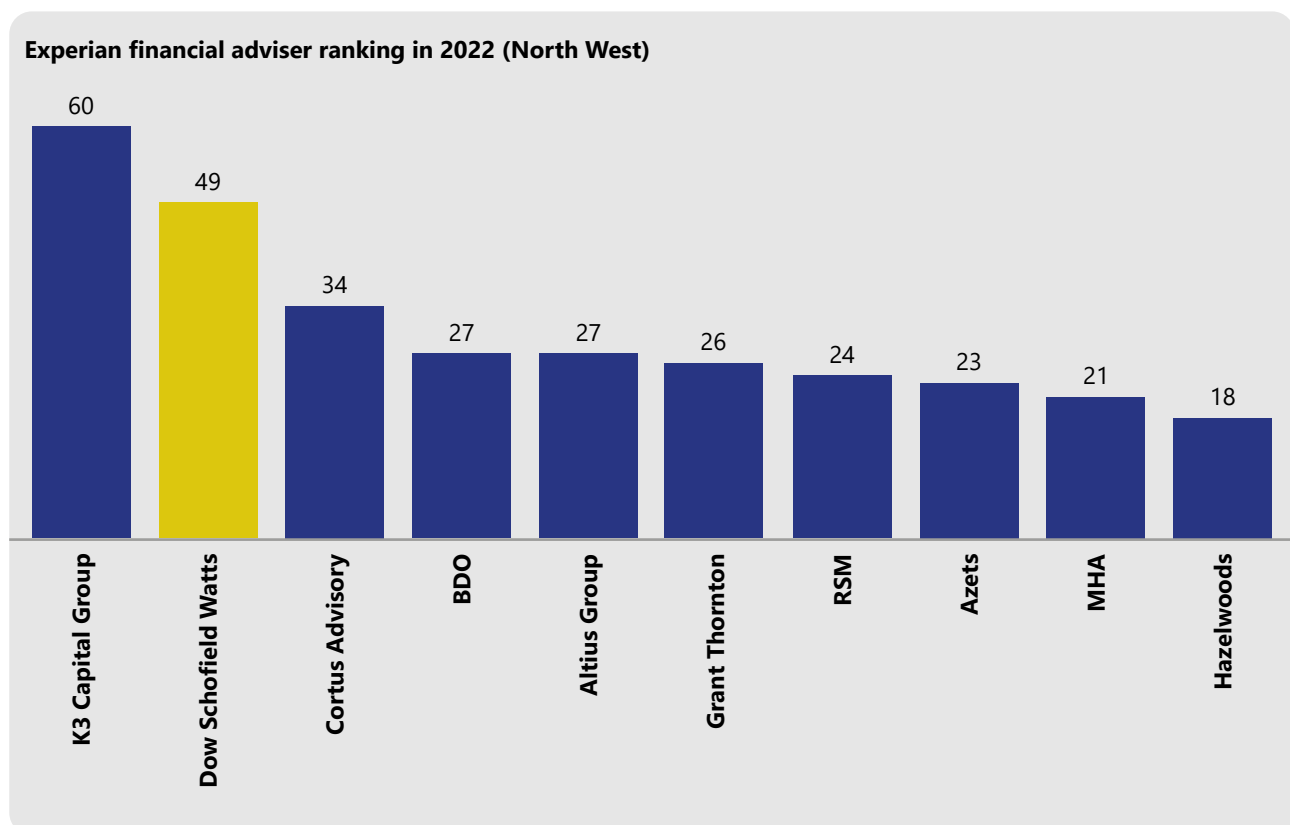
MARKET OVERVIEW

as ours, due to being disappointed on salary, bonuses, and promotions. Our model removes internal politics and allows partners to take home up to 78% of the revenues billed, and empowers them to take control of all operational decision making, providing a more rewarding and fulfilling alternative.

Competitors

The management team considers the group's competitors to be the "Big 4" and other "mid-tier" accounting firms. DSW's market position varies across the UK, with our largest market penetration being in the North West where we are currently ranked the second most active financial adviser by deal volume.

We have also seen significant private equity interest over the last 18 months in the accountancy sector creating new consolidators. This interest is possibly motivated by the opportunities created by AI, but we expect the demand from those consolidators to ultimately switch to target the added-value services sought by DSW.



DSW Capital was also ranked the eleventh most active corporate finance adviser in the UK by Experian in 2022 (2021: 18th). We also ranked eighth in the Midlands, ninth in Yorkshire but the most significant rise was in the South-West where DSW rose 18 places to rank tenth in terms of the number of deals advised on during 2022. This demonstrates that whilst Network Revenues have been flat on the prior year, DSW is improving its market share.

MARKET OVERVIEW

Whilst the firms recognised by Experian operate in the same markets and target the same talent pools, we do not necessarily consider these firms to be direct competitors given the uniqueness of DSW's model. We summarise what we consider to be DSW's main competitive advantages as follows:

- Greater autonomy.
- No billing targets.
- No fixed charge-out rates.
- Access to a wide network of professionals without the responsibilities associated with larger firms.



James Dow at Pandea Global M&A's 2023 conference.



Employees socialising at a DSW Capital young professionals event.



DSW Partner Owen Malton at the Future Leaders closing ceremony.



Delegates at Pandea Global M&A's 2023 conference in Rotterdam.

MARKET OVERVIEW

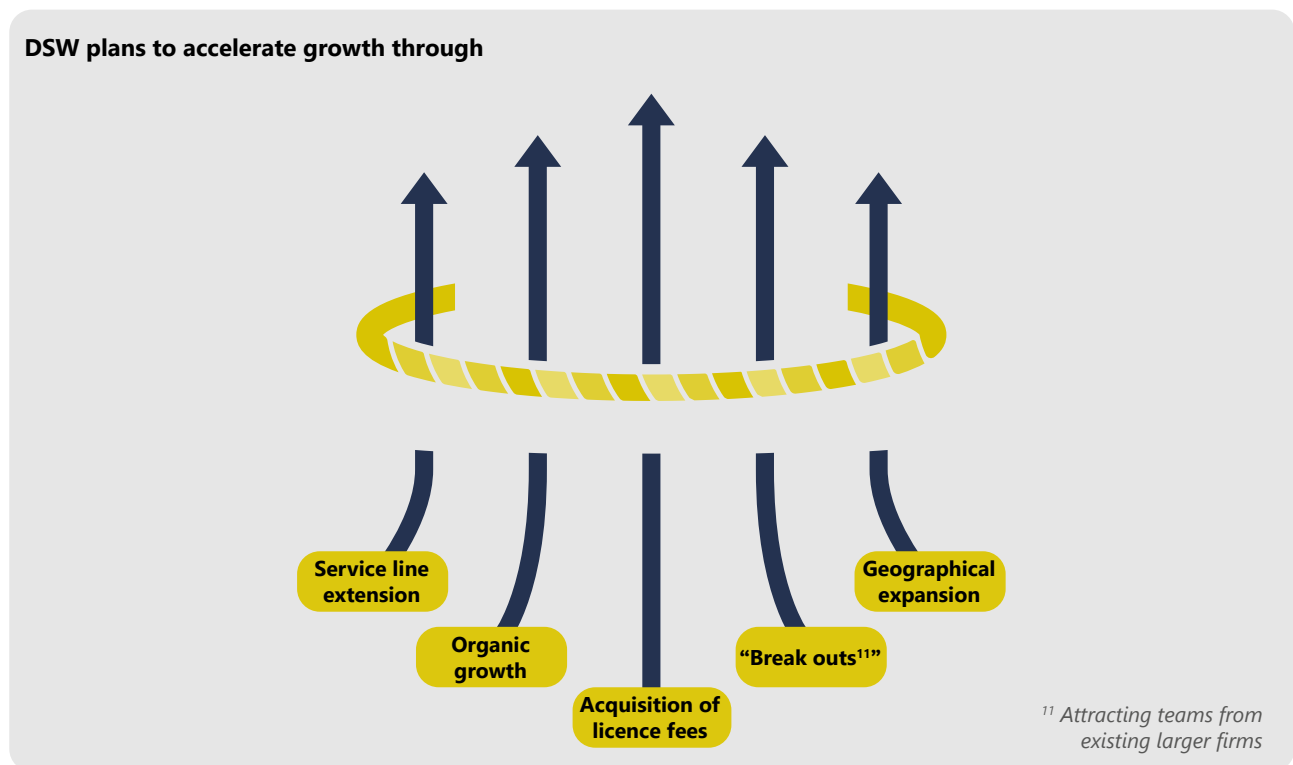
Growth Opportunities

Given that DSW has a large number of corporate finance professionals, the Group has access to a regular pipeline of potential acquisition opportunities. These continue to be evaluated on a reactive basis. The capital raised on the AIM listing continues to enable us to adopt a proactive acquisition search, so we are well positioned to bolster the DSW Network as we identify the right opportunities.

We have a well-established acquisition target database which identifies high margin, high growth, complementary service lines with a strong synergistic fit with our existing portfolio. Target acquisition service lines include:



The current economic conditions are viewed as a catalyst for ambitious professionals to change firm, in order to take advantage of the pickup in activity following a lull. Furthermore, this environment creates push factors which will generate an increase in candidates open to a move, and particularly those looking for an alternative to a typical partnership or employment model. We are therefore investing significantly in recruitment in FY24, despite the tough market; remaining 'greedy whilst others are fearful'. This approach has served us well to date and we believe we will benefit from this investment in subsequent trading periods.



CHAIR'S STATEMENT



On behalf of the Board, I would like to start by thanking all colleagues across the business for their unwavering commitment and support throughout the year. It gives me pleasure to announce DSW Capital's results for the year ended 31 March 2023, and to welcome Bridgewood Financial Solutions Limited ("Bridgewood"), a Corporate Recovery and Insolvency advisory business in Nottingham, to the DSW Network. Despite a strong start to the year, the Mini-Budget in the Autumn affected confidence and activity in our primary market, SME M&A, which inevitably impacted Group performance in H2.

Despite these frustrations, the DSW Network demonstrated the resilience of the individual businesses, by delivering £18.3m of Network Revenue, equal to the record level set in the prior year. DSW continues to maintain a strong balance sheet and an excellent capital base from which to grow the business, both organically and through the strategic acquisition of talented individuals and teams as opportunities arise.

The DSW Network, which comprises 23 licensee businesses, rose up the ranks to be named by Experian as the 11th most active corporate finance adviser (by number of deals) in the UK. As anticipated, the heightened profile of DSW resulting from our IPO led to increased recruitment activity in H1 with

a high number of talented individuals joining DSW. We now have 97 Fee Earners as of 31 March 2023, an increase of 10.2% on the prior year.

Long-term vision and strategy

DSW's long-term vision is to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses. We aim to scale the business through organic growth, the addition of new service lines and geographic locations, strategic acquisition of licence fees, and investing in "Break Outs" (existing teams in larger firms).

Being a professional services business, our focus is on the recruitment of new partners and new teams and the recruitment of additional Fee Earners to grow existing licensee businesses. At the year-end, the number of Fee Earners, including partners, had grown from 88 to 97, an increase of 10.2%, and the number of partners rose from 39 to 41.

The current market conditions can be a catalyst for ambitious professionals to seek alternatives to the traditional employment models, as 'push' factors become more prominent due to inflationary pressures and consequently internal politics, and remuneration discussions can leave many disappointed. We see this as a great opportunity for DSW to invest in our recruitment pipeline in FY24, which we expect to benefit us in subsequent trading periods.

Addition of Bridgewood to the Network

We were delighted to announce this morning that, as part of our strategy to bring existing businesses into the DSW Network, we have supported the management buyout of Bridgewood, a corporate recovery business based in Nottingham. The transaction with Bridgewood to the Network strengthens our counter-cyclical offering and provides DSW with its first office in the Midlands, which will raise DSW's profile in that region, increasing the likelihood of further Fee Earners joining the Network.

People and Diversity

Our colleagues remain central to everything we do and achieve. Creating a positive dynamic culture, which is attractive to talent and in which our people can thrive, remains our top priority.

Diversity is at the core of DSW's model and a cornerstone of our ESG Strategy. We recognise that a broad range of perspectives benefits the progression and success of our business. DSW's commitment to diversity extends beyond gender to ethnicity, sexual orientation, gender identity, social mobility, disability, and other challenges which may lead to disadvantage in other environments. DSW is

CHAIR'S STATEMENT

committed to creating a diverse and inclusive environment for its licensees and employees, and this continues to be a core value, as new professionals and businesses are welcomed to the Network.

Technology

We continue to invest in the right technologies to protect our licensees and their clients, whilst also keeping pace with the rapidly changing IT landscape, to embed efficiencies and enhance the value and quality of service provided to our licensees. With this investment, our licensees are able to continue to fully embrace the flexibility and autonomy afforded to them by the DSW model, choosing how and where their teams work to help maintain a strong work life balance and increase collaboration.

We have also invested in an additional senior IT resource to help shape and implement our IT Strategy and provide industry leading expert advice to the Board. Our key focus areas include continued investment in our Cyber Security, maintaining excellent IT Service levels and providing a platform for future innovation.

Board and Governance

The Board consists of five directors, two of whom are executive directors and three non-executive directors. Two of the non-executive directors, Jillian Jones and I, are considered independent. Jon Schofield is not considered independent. The current Board reflects a blend of different experience and backgrounds and is considered appropriate for the scale of the business.

The Board is supported by two committees, namely the Audit and Risk Committee and the Remuneration and Nominations Committee, with formally delegated duties and responsibilities.

I am happy to report that DSW has complied with the QCA Corporate Governance Code throughout FY23, and you can find more information on our governance arrangements in the Corporate Governance Statement on pages 32-34.

Our approach to Risk

DSW takes a proactive approach to risk management, which starts at a strategic level with the Board. Along with the other directors, I continue to closely monitor and identify risks facing the Group and have strong risk mitigation strategies in place.

DSW has a wealth of compliance and risk experience to support all licensee businesses in related matters and provide them with regulatory guidance. We invested in an external risk advisor to support us in raising the bar on compliance and regulatory matters. This included refreshing our Risk Management Framework, reviewing all policies and

standards, and introducing a series of risk management workshops with licensee businesses.

We introduced a clear and consistent format for identifying and assessing risks, both for DSW Capital and those risks faced by our licensees. This framework has been rolled out across the Network and adopted by licensees as part of their own risk assessments.

We continue to invest in our compliance support, providing relevant guidance and training to promote a pro-active approach to risk management across the DSW Network.

For more detail, please refer to Risk Management section on pages 27-29.

Environmental, Social and Governance ("ESG")

As a Board, we understand and welcome the increasing importance of ESG to investors, employees, and clients. We are committed to creating positive interactions with all stakeholders and intend to demonstrate this over the long-term through our approach to ESG. The Group's ESG cornerstones and priority areas remain high on the Board's agenda. We are delighted to publish our second ESG report within this year's Annual Report, which provides a review of our progress to date and the meaningful action we are taking in areas in which we can have the most impact. You can read more detail on our progress in the Environmental, Social and Governance report on pages 23-26.

The Board continues to make voluntary SECR disclosures as it recognises the important role all businesses must play to reduce carbon emissions and increase energy efficiency. Please refer to the Directors' Report on pages 40-44 for more detail.

Dividend

The Board remains committed to its dividend policy and is today proposing a final ordinary dividend for the year ended 31 March 2023 of 2.0 pence in line with its dividend policy to pay out 70% of adjusted profit after tax. An interim dividend of 1.76 pence per share in respect of the six months to 30 September 2022 was paid on 11 January 2023.

If approved by shareholders, this will take total cumulative dividends that will be paid out to shareholders post-IPO to 7.98 pence per share.

Outlook

While recognising that economic conditions remain volatile, I am confident in the Group's ability to continue to deliver on its growth strategy. As a Board, we firmly believe that DSW is an attractive alternative to the Big 4

CHAIR'S STATEMENT

accounting firms, which enables talented professionals to achieve their potential and provide a bespoke, personalised service. Several of our competitors continue to experience intense regulatory pressure and disruption, making our unique model increasingly attractive to a large number of professionals who are seeking to take greater control of their careers. The Board looks forward to FY24 with optimism and remains excited about the long-term prospects for the Group.



Heather Lauder

Independent Non-Executive Chair

12 July 2023



The DSW Business Planning team at their office in Stockport.

CHIEF EXECUTIVE OFFICER'S REVIEW



I am pleased to report on the year ended 31 March 2023, which was undoubtedly a game of two halves for DSW, with our progress being frustrated by the significant shift in sentiment that followed the fateful Autumn Mini-Budget. Despite this disruption, we matched the record Network Revenue achieved in FY22 to deliver £18.3m (FY22: £18.3m) and ended the year with a record number of professionals.

The Group's admission to AIM created a strong "halo" effect, which, combined with a resilient SME M&A market in the first half of the year, powered strong growth right through to October 2022 with Fee Earners rising from 88 to 97.

The Mini-Budget in September softened the SME M&A market, resulting in both lower levels of transactional activity and reduced licensee confidence in recruitment, which meant no new Fee Earners were added between October and the year-end. Whilst the political landscape settled, business sentiment and M&A activity has remained cautious since then.

The change in economic conditions, whilst frustrating, brings significant expansion opportunities for the Group, particularly in terms of new partner recruitment.

Mixed trading results

Network revenue for the year was maintained at last year's record level of £18.3m (FY22: £18.3m), as our licensees continue to prosper and maintain their market positions. However, average revenue per Fee Earner declined 15.1% to £193k (FY22: £227k), reflecting the previously noted softening of the M&A market, and reduced utilisation in the second half of the year.

Adjusted profit before tax decreased by 29.6% to £1.4m (FY22: £2.0m), with the decline in profitability reflecting a full year's plc costs including the additional central resource. Revenue for the Group was £2.7m (FY22: £2.7m) and statutory profit for the year was £485k (FY22: loss of £334k) after the deduction of the share-based payment ("SBP") charge and IPO costs.

DSW received an average licence fee (including profit share where applicable) of 16.6% (FY22: 16.9%), the slight reduction reflecting reduced profit share contributions.

Balance sheet strength

With strong cash balances at the year-end of £4.6m (FY22: £4.7m) after paying dividends of £1.26m, we remain well-resourced to execute on our strategy.

DSW's strategy and delivery against it

Our strategic aim remains to have a more resilient and diversified group of licensed businesses. At present, corporate finance and due diligence represents the majority of our business (68% vs. 70% in the previous year¹²). As communicated at the time of the AIM listing, DSW aims to scale its licence model through organic growth of existing licensees, recruitment of new licensees, investing in "Break Outs" (existing teams in larger firms) and the acquisition of licence fees.

Our recruitment processes continue to improve. In March 2023, we committed significant investment in additional central recruitment capability and relaunched our break-out initiative with clearer messaging that we are offering "golden hello's" to new teams.

Regarding acquisitions of licence fees, we remain in regular contact with companies that we admire and continue to work hard to convince them of our attractiveness, as a suitor offering the right solution for all their stakeholders. The transaction with Bridgewood, a corporate recovery

¹² Calculation includes all licensing income including income from associates.

CHIEF EXECUTIVE OFFICER'S REVIEW

business based in Nottingham, announced this morning demonstrates our ability to attract quality businesses, which strengthen and diversify the Group.

Our focus remains on attracting high margin, complementary, niche service lines with a strong synergistic fit with the existing DSW Network.

Continued organic growth

Being a professional services business, our focus is on the recruitment of new partners and new teams and the recruitment of additional Fee Earners to grow existing licensee businesses.

At the year-end, the number of Fee Earners, including partners, had grown from 88 to 97, an increase of 10.2% (FY22: 14.3%) and the number of partners rose from 39 to 41.

Since March 2013, the number of Fee Earners has increased from 30 to 97, which equates to a ten-year compound annual growth rate ("CAGR") of over 12%, and an increase of 15 (18.3%) since the flotation.

The first half of the year was dominated by a scarcity of available talent and our licensee partners led the way in recruiting employees to their teams. The change in economic conditions in the autumn meant existing licensees took a more prudent approach to recruitment and, generally, there was significantly softer demand for talent.

Empowering professionals

Since launching the business in 2002 as a three-man start-up, we have focussed on attracting others to our path, to build their own mid-market challenger professional service businesses. We finished the year with 21 licensed businesses in our network, adding a new wealth advisory partner and a new M&A advisory business.

Our vision is to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses. Our focus is on partners, rather than clients.



DSW Future Leaders participants at the closing ceremony.

This focus on people is our super-power. Other professional firms will profess the importance of people but position their services and capabilities towards their clients. DSW's clients are our partners. The strength of our business model is this clear focus on helping people meet their aspirations.

Recruitment drive

When there is a buoyant demand for services, our ability to recruit is more constrained as the push factors encouraging people to seek new opportunities is significantly lower. A slowdown in activity results in lower bonuses, disappointing salary awards and postponed promotions, which increases push factors and the propensity of candidates to consider a move.

We know that DSW remains a desirable place to work for ambitious people, who cherish their autonomy and want to grow their own business free from the internal politics of larger firms.

Recognising the significant shift in recruitment conditions towards the end of the year, we significantly increased our investment in recruitment which we will continue through FY24. It is important that we are 'greedy whilst others are fearful'. This approach has served us well to date.

A growing brand and reputation

DSW must continue to demonstrate that it is a highly attractive proposition for both clients and professionals who work within the UK "mid-market". The quality of DSW's clients and the quality of our people is reflected in our significant average revenues per fee earner of £193k (FY22: £227k). This is an important metric and, while lower in FY23 than anticipated at the start of the year, this still compares very favourably with other professional service firms.

DSW's achievements and capabilities are most notable in its original core service areas of corporate finance and due diligence. Our prominence in M&A was highlighted by an Experian research report for 2022, which marked DSW as the 11th most active adviser (by number of deals) in the UK (18th position in 2021 and 25th place in 2020¹³).

In November, DSW ranked 48th in Accountancy Age's top 50 accountancy firms (based on revenue) to the year ended March 2022, compared to the previous year's ranking of 49th.¹⁴

¹³ www.dswcapital.com/dsw-ranks-11th-in-the-uks-deals-advisers-in-2022

¹⁴ www.dswcapital.com/dow-schofield-watts-rises-in-accountancy-top-50-50

CHIEF EXECUTIVE OFFICER'S REVIEW

International network

DSW has an established partnership network of global advisory firms, called "Pandeia Global M&A". Pandeia Global M&A comprises selected independent firms with a primary focus on the origination and execution of middle market M&A activities. We believe this network of 31 members is the 8th largest in the world.

The Pandeia network increases the DSW Network's access to overseas buyers, investors, and valuable local knowledge, while providing its UK-based clients with access to an enlarged pool of acquisition targets.

The Pandeia conference held in Rotterdam in May 2023, attracted 21 of the 31 member firms.

Central team

As a team, we remain committed to delivering the highest level of service to our partners. It is the delivery of these services which make it possible for our Fee Earners to focus on delivering high quality work for their clients. The team is young, talented, and extraordinary, and I thank all of them for their considerable efforts in delivering increasing levels of support to our licensees.

Our initiatives this year included the launch of our Future Leaders Programme in conjunction with BecomingX. The programme is a six-month personal development journey to prepare the next generation of DSW leaders. The selected employees take part in inspiring training sessions, receive individual executive coaching, and collaborate with colleagues to design and deliver strategic initiatives. Our first cohort of 12 employees and partners started in January of this year.

These initiatives are right at the heart of supporting our licensee partners and employees to be the best that they can be. Their development reinforces the foundations of our licensee businesses and therefore for DSW for the coming years.

Our partners and their teams are our greatest ambassadors. On behalf of our shareholders, I would like to take this opportunity to thank DSW partners for their continuing commitment to DSW and all that it stands for.

Looking ahead

DSW is a resilient business with a long track record of growth in Fee Earners, but with our roots in M&A advisory we are financially impacted by the current lower levels of deal activity in M&A - particularly the SME segment.

The new financial year has started in line with our expectations, with trading performance at similar levels to Q4 FY23. Consequently, we remain uncertain as to the



Pandeia Global M&A members at the Rotterdam conference.

speed of recovery in SME M&A activity and cognisant of the macro vulnerabilities.

Our focus, however, is firmly on recruitment as these short-term economic uncertainties often give rise to the greatest long-term opportunities as our candidate pool of new partners and employees is as much fuelled by personal disappointment as it is by significant opportunity. Accordingly, we have significantly increased the resources committed to recruitment which has strengthened our recruitment pipeline.

We remain very confident in the strength of our business model to continue to attract Fee Earners, as demonstrated by the transaction with Bridgewood announced today, which brings an additional ten fee earners to the DSW Network. We have a strong balance sheet and are hopeful that our considerable efforts to acquire licence fees and recruit teams will bear fruit.

James Dow

Chief Executive Officer

12 July 2023

CHIEF FINANCIAL OFFICER'S REVIEW



Key Performance Indicators

The following KPIs are used by management to monitor the financial performance of the Group:

	2023	2022	2021
Revenue (£'000)	2,714	2,681	2,354
Total income from licensees (£'000)¹⁵	2,998	2,990	2,456
Adjusted EBITDA (£'000)¹⁶	1,536	2,233	1,824
Adjusted PBT (£'000)¹⁷	1,409	2,002	1,592
Adjusted PBT margin (%)	51.9	74.6	67.6
Net Assets (£'000)	7,895	7,985	2,212

The Group also measures its performance using the following KPIs which are derived from the performance of the DSW Network:

	2023	2022	2021
Total revenue of all Network licensees (£'000)	18,263	18,285	15,342
Revenue per fee earner (£'000)	193	227	196
Revenue per partner (£'000)	445	446	432
Fee Earners (Number)	97	88	77

After a very strong first half of the year, the performance of the Group in the second half was significantly disrupted by the turbulent economic conditions that followed the Mini-Budget in the Autumn.

We have a very talented network of partners and employees and their hard work, commitment to their clients and resourcefulness have enabled them to maintain the record level of billings achieved in the prior year despite an overall decline in market activity. As such, DSW has improved its market share now ranking the 11th most active adviser (by number of deals) in the UK (18th position in 2021¹⁸).

The difficult economic conditions have, however, impeded both organic and new partner recruitment, which in turn frustrated the Group's ability to grow. Additionally, with a full year of IPO costs to bear, this has further impacted on the Group's profitability.

Our investment in central infrastructure, whilst having a short-term impact on profit will position the Group well for the future. Our current year initiatives have focused on increasing the appeal of the model to new recruits whilst enhancing the support and value provided to existing licensees; developing future talent; and increasing collaboration across the Network.

Income Statement

Revenue and Network Revenue

Network revenue for the year was £18.3m, which remains flat on the prior year. While many of our businesses have reported record years, the reduced M&A activity has impacted Corporate Finance, our most significant service line. This reduction in activity has lowered utilisation and revenue per fee earner by 15.1% to £193k. Our average licence fee has remained broadly in line with the prior year at 16.6% (FY22: 16.9%) resulting in consistent levels of

¹⁵ Total income from licensees represents statutory revenue plus share of results in associates.

¹⁶ Adjusted EBITDA is defined as Adjusted profit before tax adjusted to add back impairment of loans due from associated undertakings (£22k), finance costs (£24k), depreciation (£139k), amortisation (£46k) and deduct finance income (£104k).

¹⁷ Adjusted profit before tax is defined as (loss)/profit before tax adjusted to add back the items not considered part of underlying trading including share-based payment expense and IPO costs. It is a non-GAAP metric used by management and is not an IFRS disclosure. Reconciliation can be found in the CFO report on page 19.

¹⁸ www.dswcapital.com/dsw-ranks-11th-in-the-uks-deals-advisers-in-2022

CHIEF FINANCIAL OFFICER'S REVIEW

licensing income of £3.0m (2022: £3.1m). Referrals across the Network have increased to 14.2% of total Revenue (2022: 13.9%) demonstrating the collegiate culture across the Group, even in difficult trading conditions.

Fee Earners

The number of Fee Earners is a key driver of growth and we have seen a 10.2% increase on the prior year to 97, against the backdrop of a challenging recruitment market. The growth in Fee Earners was heavily weighted to the first half of the year with the uncertain economic environment in the second half causing our licensees to take a cautious approach to recruitment. These conditions have been particularly frustrating following the boost to recruitment experienced on the back of the IPO. Nevertheless, the downturn creates greater push factors in the partner candidate pool which creates greater opportunity. We are investing in our recruitment capabilities so that we are well positioned to attack the opportunity and are confident that this should generate significant benefit in the latter part of FY24 and into FY25.

Despite a reduction in revenue per Fee Earner from £227k to £193k, this KPI remains comparable to our larger listed peers such as Knights, DWF, Gateley and Keystone Law as well as the Big 4. Many of our businesses have improved their market positions and our talented teams continue to be award winning in their local markets. The strength of the DSW brand continues to grow and we remain a genuine alternative to the largest firms.

Central Costs

We are committed to maintaining a lean cost base whilst ensuring we provide our licensees with the support they need to thrive and fulfil their potential.

Central costs (excluding the share-based payment charge and IPO costs) have increased by £0.55m, on the prior year. The majority of the increase is due to the full year effect of plc costs and investment in our central infrastructure.

We are largely insulated from wage inflation as licensee employee costs are borne by the licensee businesses and partners are remunerated based on the fees they bill. The fixed cost base includes 10 people (excluding directors), 8.0 full time equivalents. Similarly, the licensee businesses bear their own property costs or work from home, therefore the Group's exposure to inflationary pressures is limited to its one office premises.

We made two senior hires in the second half of FY22, a Talent and Resource Manager and a Strategic Projects Director, with a full year's cost being incurred in FY23. In the current year we have invested in senior IT resource to develop our IT strategy and build a platform for future

innovation. In addition, we recruited a marketing executive and an office administrator. We have continued to enhance the level of compliance support provided to licensees; increased marketing activity to improve brand awareness; and launched our Future Leaders training program, investing in high potential employees across the Network to develop the next generation of partners. In addition, we have launched several initiatives to increase collaboration across the Network. Our target is to grow the percentage of referrals as a proportion of total income (2023: 14.2%) such that it exceeds the average licence fee (2023: 16.6%), creating an even more compelling proposition to new partners.

Our Adjusted Pre-tax Profit was £1.4m (2022: £2.0m) which is a decrease of 29.6% on the prior year, reflecting the increased cost base noted above.

Adjusted PBT and Exceptional Costs

Adjusted PBT is calculated as follows:

	2023 (£000's)	2022 (£000's)
Profit / (Loss) before tax	715	(31)
Share based payments	694	1,167
IPO costs	-	866
Adjusted PBT	1,409	2,002

We have a share-based payment charge in the year of £0.7m which reflects the accounting impact of the one-off issue of growth shares to partners prior to the IPO. The growth shares were converted to ordinary shares on IPO and there is no dilutive impact on shareholders going forward. The charge is being spread over the period from issue to 1-2 years post IPO depending on the individual share conditionality. The expense is expected to reduce in future periods and, from 16 December 2023, will represent a more normalised basis, solely reflecting the executive LTIP scheme.

Taxation

The effective rate of tax (based on PBT excluding the share-based payments charge which is non-deductible) is 16.3%, slightly below the statutory rate due to an over-provision in the prior year and the reversal of certain costs previously treated as non-deductible. The prior year effective rate (26.7%) was higher due to non-deductible IPO costs in the period.

CHIEF FINANCIAL OFFICER'S REVIEW

Earnings Per Share

Earnings per share has been diluted year on year by the shares issued and share re-organisation on IPO. Adjusted basic earnings per share for the year is 6p (2022: 10p). Adjusted EPS removes the impact of the share-based payment charge and IPO costs incurred in the year (as shown above).

Balance Sheet*Cash*

The Group's business model is highly cash generative as the working capital requirement for the licensee businesses, which includes employee and property costs, are borne by the individual licensees. In addition, partners only get paid when their invoices are paid so they are highly motivated to collect cash from clients. The DSW Network lock up equivalent for the year was 27 days (calculated as amounts owed to DSW Capital from licensees divided by Network Revenue), compared to 30 days in the prior year. This remains well below the listed peer group.

Cash generated from operations was £1.35m (2021: £1.44m). Operating cash conversion in the year was 88% which is lower than the prior year (2022: 105%)¹⁹ due to start-up funding provided to new licensee businesses. Corporation tax payments were £0.2m (2022: £0.5m).

Capital expenditure was minimal in the period (£0.04m) and lease payments of £0.08m relate to the Head Office in Daresbury. Interest income (£0.1m) has been earned on licensee loans and the Group's cash balances.

As a result, the closing cash and cash equivalents balance before the payment of dividends was £5.85m (2022: £4.49m), giving a net increase of £1.12m. The Group paid dividends of £1.26m in the year (2022: £0.38m) leaving closing cash of £4.58m (2022: £4.72m) and no debt.

Net Assets

The Group has a strong balance sheet with net assets of £7.9m at the year-end (2022: £8.0m). In addition, the Group has significant cash resources to take advantage of the current recruitment and strategic acquisition opportunities.

Section 172 Companies Act Statement*Overview*

This section serves as our Section 172 ("s172") statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement.

The Board is aware of and comply with their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

S172(1) (A): "The likely consequences of any decision in the long term"

The Board understand the business and the evolving environment in which we operate, including the changes in macroeconomic and social factors. DSW Capital has a clearly stated long term growth strategy and, as such, all significant business decisions consider both the short and long-term impact. ESG is fundamental to the long-term success of our business. We are committed to effective corporate governance as the basis for delivering long-term value growth and for meeting our stakeholder expectations for proper leadership and oversight. Our ESG report can be found on pages 23-26 for further details.

S172(1) (B) "The interests of the company's employees"

The Board recognises that our people are fundamental and core to our business and the delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees and as part of our ESG strategy we are continually developing new initiatives to improve in this area. We have an active Corporate Social Responsibility ('CSR') committee which is made up of representatives at all levels across our network and serves as a forum so that the interests of our people can be heard and reflected in our business decisions.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

The Board recognises that our reputation is pivotal to our success and maintaining relationships with our suppliers, customers and wider stakeholders is essential. We take a proactive approach communicating with our stakeholders and updates are provided regularly by the Chief Executive Officer. The executive team also meet existing members and potential members regularly, to maintain strong relationships with the network.

¹⁹ Cash conversion is calculated as cash generated by operations divided by Operating cash flows before movements in working capital.

CHIEF FINANCIAL OFFICER'S REVIEW

S172(1) (D) "The impact of the company's operations on the community and the environment"

DSW Capital is committed to engaging with and supporting the local community and our actions are overseen by our CSR committee. Each year the committee selects both local charities near our offices and a national charity to support through fundraising and awareness campaigns.

As an office-based business, our impact on the environment is relatively low, with carbon emissions predominantly from energy usage and travel. We have included a voluntary Streamlined Energy and Carbon report ('SECR') which demonstrates our commitment to working towards becoming a Net Zero business. Our report can be found on pages 42-43, which also sets out further details on the energy efficiency actions we are taking as a business.

Our commitment to both the local community and the environment also features as a cornerstone within our ESG strategy, further details of which can be found in our ESG report.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The Board recognises the importance of maintaining our reputation for being associated with excellent client service and market leading expertise. At DSW we promote a culture based on ethical values and behaviours through our 'Code of Conduct', compliance training and providing access to compliance manuals, guidance and senior consultative resource, to ensure that our high standards are maintained across the network. Each new business undertakes an initial compliance induction, including developing a risk assessment and framework for the individual business. The Board monitors the performance of network members through both the monthly board meetings and regular Audit and Risk meetings whilst promoting a culture of openness and transparency.

S172(1) (F) "The need to act fairly as between members of the company"

The Board recognises the need to treat all members of the company fairly and consistently, as required by both professional standards and to comply with the QCA Code. The Board consider the impact on all stakeholders of the company when determining the course of action which best enables us to deliver our strategy through the long term. Further details of how we engage with our stakeholders can be found within the Corporate Governance Statement on pages 32-34.

Stakeholder engagement (including employee engagement)

The Board strongly believes that DSW's success requires us to work closely with clients, partners, investors and other stakeholders. We believe that working together and sharing knowledge and experience with others offers us greater insight into our business. In the current year we have conducted our first engagement survey and have launched our Future Leaders Program to empower and engage employees in the broader strategy of both their individual business and the overall strategy for the Group. Further details and highlights from our engagement survey can be found on pages 23-26. We also appreciate our long-term relationships with our investors and acknowledge the positive impact of ongoing engagement and dialogue.

Key Decision Making

The key decisions taken during the year included;

Investment in Recruitment

Recognising the significant shift in recruitment conditions towards the end of the year, we significantly increased our investment in recruitment which we will continue through the new financial year. A slowdown in activity results in lower bonuses, disappointing salary awards and postponed promotions increasing push factors which increases the propensity of candidates to consider a move. We have invested in market mapping capability and two additional recruiters so that we are well positioned to take advantage of the opportunity.

Attracting and recruiting high quality talent to the business is crucial for the growth and long-term success of the Group.

Developing our ESG strategy

We recognise that ESG is fundamental to the long-term success of our business, and we are committed to continually improving our practices in relation to sustainability and ESG. In the current year we have implemented a number of initiatives as part of our ESG framework which reflects the priorities of our stakeholders. In particular, investing in the training and development of our people to help ensure we develop and retain our top talent. Throughout the year we have engaged with our investors and our people through focus groups, meetings and presentations to develop and implement our ESG strategy. Further details of our strategy can be found on pages 23-26.

CHIEF FINANCIAL OFFICER'S REVIEW

Dividend

The Board is proposing to pay a final ordinary dividend of 2.0 pence for the year ended 31 March 2023 in line with its dividend policy to pay out 70% of adjusted profit after tax. An interim dividend of 1.76 pence per share in respect of the six months to 30 September 2022 was paid on 11 January 2023.

The final dividend will be approved at the Company's AGM which will be held on 18 September 2023 at The Midland Hotel, Manchester, M60 2DS.

Since IPO in December 2021, the Group will have paid out 7.98 pence per share in dividends, following the approval of the FY23 Final Dividend of 2.0 pence.



Nicole Burstow

Chief Financial Officer
12 July 2023



DSW Future Leaders participants at the closing ceremony.



Paul Gurney from BecomingX presenting to the DSW Future Leaders participants.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)



Our purpose is 'To empower our people to reach their potential and develop sustainable businesses which best serve the needs of their clients and local communities'.

We are still in the early stages of our ESG journey, although we've made great progress by challenging ourselves to make commitments to ESG that are meaningful and that enable us to be the best that we can be.

Introduction

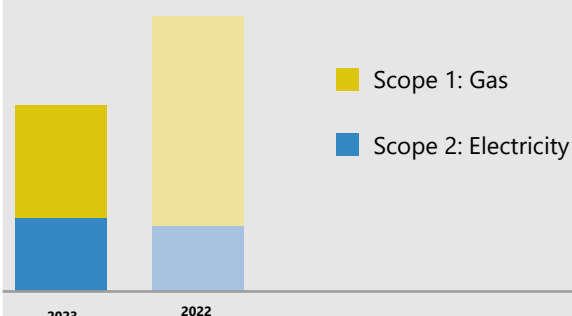
We recognise that ESG is fundamental to the long-term success of our business, and the Board remains committed to working with our stakeholders to continually improve our practices in relation to ESG. By doing so, we are future proofing our operations and with our bespoke ESG framework we are able to hold ourselves accountable and demonstrate the progress we have made against our commitments.

Our ESG strategy has been aligned and verified by our licensee partners and their employees, which has resulted in high levels of engagement across the DSW Network propelling a number of our core initiatives over the last twelve months. Our focus on our people and empowering them to achieve their aspirations, extends beyond enabling

them to grow successful businesses. Our partners have the autonomy and flexibility to listen to their employees to create a business that reflects their values and priorities, allowing them to retain and attract the best people, which will protect the longevity of the business.

2023 Highlights

Energy Usage (KwH)



Significantly reduced our Scope 1 Emissions by

46.3%

Overall Scope 1 & Scope 2 emissions reduced by

32.1%

Carried out our **first** annual DSW Engagement Survey

35

DSW Network Net Promoter Score (NPS)

93%

of respondents agree DSW has culture of equality and inclusion

Launched the **DSW Future Leaders Programme**

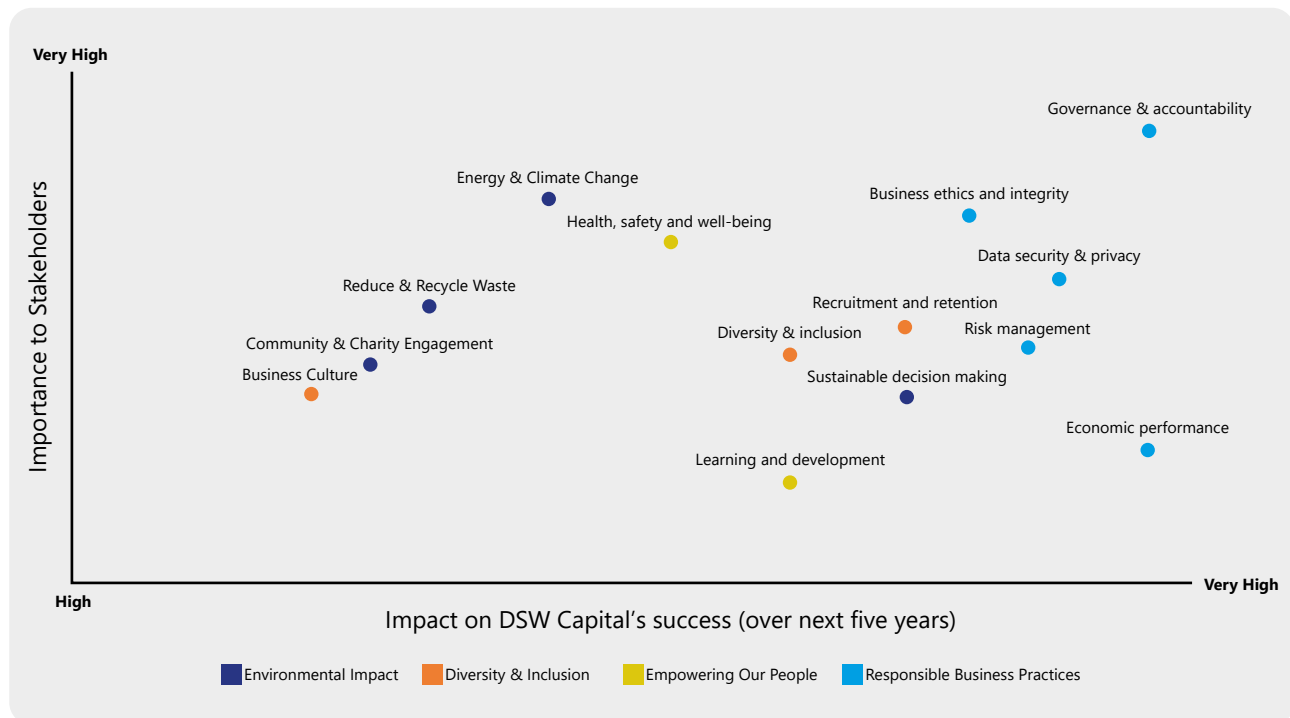
attended by 12 high potential individuals

Introduced **Risk Management Workshops** for our licensees

Refreshed our **Risk Management Framework** and rolled out additional resources to our licensees

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

Identifying our key material ESG Issues



Our ESG priorities continue to be informed by our materiality assessment, which allows us to prioritise ESG related topics which are important to our DSW Network members and other key stakeholders. The assessment was carried out by the executives in the prior year, and then challenged and validated by the DSW Network members through consultation and internal focus groups. To ensure that our ESG topics and priorities remain relevant, we plan to review our assessment with our newly incorporated ESG committee in 2023.

Cornerstone	Our Aim
Social & Environmental Impact	Our aim is to make a positive, long-term impact on our local communities whilst minimising our impact on the environment.

UN Sustainable Development Goals



Our policy is to support charities and communities local to our Network's offices, but we also provide support at a national level. Giving back to the community is an important part of our culture. With the support of our Corporate Social Responsibility ('CSR') committee, which is made up of individuals at all levels from across the DSW Network, DSW Partners and Employees raised over £3,000 for charity. Our teams also collected clothing for charity, and dedicated hours of their time to support our local charity partners hosting fundraising events.

As an office-based business, our impact on the environment is relatively low, with carbon emissions predominantly from energy usage and travel. In the current year we have focused on promoting behavioural changes to reduce our energy usage at our Daresbury Office. We are delighted to report that we have significantly reduced our Scope 1 Emissions by 46.3% through tighter controls on our heating. Overall, Scope 1 and 2 emissions were reduced by 32.1%. We will continue to work with our licensees to identify initiatives that target our Scope 3 emissions and seeking out opportunities to further reduce the impact we have

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

on the environment. The Board is pleased to present our Streamlined Energy and Carbon Report on page 42 where further details can be found on the actions we are taking to minimise our impact on the environment.

To further reduce our impact on the environment, we actively seek to work with suppliers who share our values and ambitions wherever possible, and this forms part of our procurement process. Within the current year we reviewed and changed our energy supplier in favour of a tariff which provided 100% renewable energy.

As we continue to grow we will ensure that we attempt to mitigate any increases in carbon emissions which will be a key part of our Environmental policy, to encourage sustainable decision making.

Cornerstone	Our Aim
Diversity & Inclusion	Our aim is to create a diverse and inclusive environment for our people, recognising the benefits a broad range of perspectives can bring to the progression and success of the business.

UN Sustainable Development Goals



We have a strong commitment to diversity and believe the nature of this model presents an opportunity to lead the accounting profession in this area. We take pride in our ability to attract female partners to the DSW Network with approximately 24% of the Network's current partners being female. The DSW model provides women access to senior roles in corporate finance and transactional services, which the Board believes are typically dominated by men in more traditional firms. Only 19% of AIM 100 company board directors are female, compared to 40% in FTSE 350 companies¹⁷, which demonstrates that AIM companies still need to improve further on gender and other diversity indicators. DSW is proud that 60% of its Board are female, while recognising the need for further diversity in the longer term.

Diversity is at the core of DSW's model as management realise the benefits a broad range of perspectives can bring to the progression and success of a business. DSW's commitment to diversity extends beyond gender to ethnicity, sexual orientation, gender identity, social mobility, disability, and other challenges which can lead to disadvantage. DSW is committed to creating a diverse

and inclusive environment for its licensees and employees, and this will continue to be one of the core values as new professionals and businesses are welcomed to the Network.

In the current year we have rolled out Equality & Diversity training across the DSW Network and through our inaugural engagement survey, we have polled our Partners and Employees to identify ways to ensure we continue to promote an inclusive culture. Of those surveyed, 93% agreed that DSW has a culture of Equality & Inclusion. Working with our ESG committee we will work to maintain and improve on this score.

Recruiting and retaining the right people is critical to the long term success of the business. In the current year we have seen our attrition fall to 8.5% (2022: 16.1%) which we believe is significantly below the industry average. Furthermore, we take pride in being able to offer young talent an alternative route into specialist services lines and business roles, welcoming four apprentices and graduates to the Network in FY23.

Management recognises the importance of ensuring the DSW Network remain engaged and motivated, and the role that DSW Capital has in creating a business culture that fosters talent creating an environment in which our people can be the best that they can be. In order to monitor and improve engagement across the Network, we carried out our first Engagement Survey. The survey provides a forum for DSW Partners and Employees to provide open feedback and allow us to identify strengths and opportunities for improving engagement across the DSW Network.

Cornerstone	Our Aim
Empowering our People	Our aim is to empower our people to be the best that they can be and build successful and sustainable businesses.

UN Sustainable Development Goals



In the current year we have invested in creating a bespoke Leadership Development programme, with BecomingX, targeting our high-performing individuals who have been identified as potential future leaders of the business. The

²⁰ www.bdo.co.uk/en-gb/insights/industries/aim/aim-directors-remuneration-report

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

programme has been designed with the DSW model in mind, providing first-class training, one-to-one executive coaching, and an opportunity to collaborate with their colleagues to design and deliver strategic initiatives. The course has been an incredible success, and the Board will continue to invest in our people to empower them to 'be the best that they can be'.

During the year, we have also invested in several initiatives which support the Health, Safety and Well-being of our people, including investing in training, creating a network of Mental Health First Aiders and hosting a programme of wellbeing events covering topics such as Mindfulness and Breathwork training. The Board recognises the value of mental health in the workplace and the role it plays in creating a workplace that recognises and supports mental health. The new set of challenges our people face including economic pressures, war and inequities to marginalised communities means it is more important for businesses to protect their workforces. We will continue to invest in and deploy resources across the DSW Network, whilst also committing to a continuing agenda of events that promotes the importance of mental health in the workplace.

Cornerstone	Our Aim
Responsible business practices	Our aim is to promote a culture based upon ethical values and behaviours which align with those of our stakeholders.

UN Sustainable Development Goals



We are committed to effective corporate governance as the basis for delivering long-term value growth and for meeting our shareholder expectations for proper leadership and oversight.

As noted in our Corporate Governance Statement, we continue to apply the QCA Code, to enable us to positively engage with all our stakeholders whilst mitigating risk and adding value to our business.

DSW promotes a culture based on ethical values and behaviours through our Code of conduct which is circulated to all our network members. We operate with a zero-tolerance approach towards any form of discrimination, or unethical behaviour relating to bribery, corruption, or business conduct.

At Board level, there are terms of reference for each of its committees, requiring regular disclosure of Directors' other interests, and following a share dealing code, all of which require high standards of behaviour.

The Company's employment policies, such as those applying to whistleblowing and anti-bribery, also assist in embedding a culture of ethical behaviour for all employees across the Network. As part of our ESG strategy we have rolled out a new compliance manual to provide the latest guidance and resources to our network members.

The current year has seen us invest in both improving our Risk Management framework and our IT Security, with the support of independent expert advice to help strengthen and refine our strategy in these areas.

Looking at the year ahead

We will continue to develop and evolve our ESG strategy to meet the needs of the DSW Network and our stakeholders, ensuring that our approach remains relevant and meaningful. We aim to deliver long-term value through ESG and recognise the role we have to play in supporting the transition to a low carbon economy and acting as a good corporate citizen.

Pete Fendall

Business Development & Operations Director

12 July 2023

RISK MANAGEMENT

The Corporate Governance Report includes an overview of the Group's approach to risk management and internal controls. Set out below are the principal risks and uncertainties that the Group faces, and the activities designed to mitigate these risks. The Board recognises that the nature and scope of risks can change and undertake regular risk assessment reviews. This list contains the principal risks only and is therefore not intended to be exhaustive.

Risk

Mitigation

Failure to locate or acquire suitable network firms, teams, or individuals.

Attracting experienced and appropriately skilled personnel is critical to the future success of the Group. License fee income may be constrained if the Group does not recruit individuals or teams that have the capability or motivation to run and build their own business, or who do not possess the appetite to grow their revenues year on year.

The DSW brand may suffer reputational damage if member firms or individuals are recruited that do not align with the DSW ethos and culture and generate poor publicity, crystallise legal claims or create regulatory disciplinary action. Such events, if they occurred, could significantly impact the Group's reputation, its financial position and ability to generate future revenues.

The Group has made a significant investment into our recruitment team who invest considerable time and effort to identify and attract high quality network members, both to existing businesses and to establish new businesses within the DSW Network.

The Group's Break-out Incentive scheme is designed to attract suitable candidates to our network focused on growing their own businesses. The Group offers an excellent incentive scheme for existing network members to identify and introduce new members through recruitment commissions and participation in subsequent licence fees.

Comprehensive due diligence checks and evaluations are carried out on all candidates including a partner assessment. Network member performance is also closely monitored and is a core area of focus for the Board. The Board encourages regular dialogue with and between network partners to promote opportunities for organic growth.

Failure to retain existing (and future) network firms, teams, or individuals.

Our people are a key asset of the Group, significantly contributing to its strength and attractiveness. Whilst attrition will naturally be experienced, if the Group were to lose the services of large numbers of network members, license fee income would shrink unless other licensees grew their businesses significantly and/or new member firms were recruited.

In addition, high attrition rates may damage the Group's reputation in the recruitment market, constraining its ability to recruit new member firms.

We value our people highly and invest across our network in their development and support them in achieving their potential. In the current year we have implemented a number of initiatives as part of our ESG framework which reflects the priorities of our stakeholders. In particular, we are delighted to have launched the 'DSW Future Leaders Programme' in conjunction with BecomingX. This bespoke programme has been tailored for DSW's top talent, to help them take their careers and businesses forward and fulfil their ambitions. Furthermore, we have also invested in several initiatives which support the Health, Safety and Well-being of our people, including investing in training, to create a network of Mental Health First Aiders and hosting a programme of wellbeing events covering topics such as Mindfulness and Breathwork training.

We incentivise long-term retention of our people through widespread share ownership of the Company in both our own staff and the partners and staff of our network member firms.

Our network members receive ongoing support and operational infrastructure and benefit from both the strength of the Dow Schofield Watts brand and the ability to leverage cross-referral fee-earning opportunities from our extensive network of member firms. In return, our member firms are required to make a long-term commitment to the Group through our trademark and licensing agreements.

RISK MANAGEMENT

Risk

Poor financial performance or conduct of network members.

Poor financial performance by Network members will reduce the license fees that they generate and could sufficiently weaken their financial position so that they delay or even fail to pay the amounts due to the Company.

Poor conduct by Network member firms, resulting in legal or regulatory action may cause reputational damage to the DSW brand and impair the ability of all Network member firms to win business and thereby impact adversely their financial performance.

Mitigation

Through providing accounting and financial support to our network member firms we maintain a clear view of our members' financial performance and are well placed to provide advice and assistance on a timely basis where appropriate.

The Group is committed to supporting network member firms and provides:

- A comprehensive compliance manual that offers guidance, standard documentation, and checklists to assist with the maintenance of quality assurance in service delivery and appropriate ethical and business standards in accordance with ICAEW (and other) rules and regulations.
- A training platform with a wide-ranging library of e-learning modules covering legal and regulatory topics.
- Tailored risk management workshops, to help identify business specific risks and mitigations.
- A 'code of conduct' and values framework which set the tone from the top and are fundamental to the culture at DSW.

Failure or interruption of IT systems.

The Group and the network are heavily dependent on its IT and communication systems and the data that they contain. If the IT and communications system were to be disrupted by systemic failure or malicious acts then this could adversely impact the Group's operations, particularly if the infrastructure was denied or adversely impacted for an extended period.

We have invested in additional senior IT resource to help shape and implement our IT Strategy and provide industry leading expert advice to the board. Our key focus areas include continuing investment in our Cyber Security, maintaining excellent IT Service levels and providing a platform for future innovation.

The Group's IT and communications infrastructure uses secure cloud-based systems that are encrypted from end-to-end and can be accessed by staff and network member firms from any location at any time and therefore the risk of significant disruption or outages are minimised as far as possible.

All individuals and network member firms are provided with ongoing training in cyber security and data protection to raise and maintain their awareness of the risks posed by malicious actors.

Anti-virus and firewall software is installed across the network to protect against cyber-attacks and disaster recovery and business continuity procedures are monitored and updated regularly.

IT updates are captured in a dashboard which is presented and discussed at each board meeting.

Risk

Emerging Geopolitical and Economic Risks.

The widespread impact of the ongoing geopolitical situation and related economic uncertainties require close monitoring to identify potential risks to the Group.

Such risks include: financial uncertainty, rising energy prices and interest rates, inflationary pressures, resourcing constraints and increased incidence of cyberattacks.

Mitigation

Network member performance is closely monitored and is a core area of focus for the Board. The Group encourages regular dialogue with and between network partners to ensure early identification of potential risks.

Network member firms have operational flexibility and low operational gearing which enable a rapid response to market conditions and ensure member firms remain profitable during economic downturns.

As mentioned above, the Group's IT and communications infrastructure uses secure, encrypted cloud-based systems and all staff and network member firms are provided with ongoing training in cyber security and data protection.

All Network partners are provided with a list of sanctioned individuals, and we continue to monitor engagement with such parties.

The Strategic Report, which includes the Business Model and Strategy, Chair's Statement, the Chief Executive Officer's Review, the Chief Financial Officer's Review and the principal risks and uncertainties, was approved by the Board and signed on its behalf by:



James Dow

Chief Executive officer

12 July 2023

BOARD OF DIRECTORS



Heather Lauder

Independent Non-Executive Chair

Date of appointment

February 2020

Experience

Heather was appointed as Non-Executive Director in February 2020 prior to her appointment as Non-Executive Chair. Heather has over 30 years' experience in senior retail and business banking roles with her most recent role being Chief Customer Officer at the Co-op Bank. She was also a member of the executive team which oversaw the turnaround of Northern Rock and its sale to Virgin Money. Heather started her career at RBS where she held several global roles. During her career, Heather has won multiple awards as a director and been named as one of the Northern Power Women's top 50 Power List. She held a Non-Executive Director role at the Financial Ombudsman Service from August 2020 to July 2021.

External appointments

- Non-Executive Director on Board, Remuneration & Nominations committee, and Risk & Audit committee for Zurich Assurance Ltd
- Non-Executive Director on Independent Governance committee for Workplace Pension contracts for Legal & General Finance plc

Committee memberships



James Dow

Chief Executive Officer

Date of appointment

Established Dow Schofield Watts in 2002

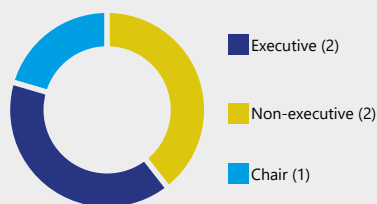
Experience

James is qualified as both a Chartered Accountant and Cost and Management Accountant. James joined KPMG in 1983 and after qualifying, focused for over 13 years on corporate finance, approximately eight years as a partner leading Corporate Finance in the North West. James was nominated for the North West Insider Top Dealmakers of the last 25 years in October 2019 and is the author of six books focused on private equity, corporate finance, and deal structuring. James is also Chair of licensee, PHD Industrial Holdings Limited.

External appointments

- Non-Executive Director of the Liverpool Institute of Performing Arts

Board Composition



Key to committee membership

- A Audit & Risk Committee
- R Remuneration & Nominations Committee
- Committee Chair

BOARD OF DIRECTORS



Nicole Burstow

Chief Financial Officer

Date of appointment

April 2019

Experience

Nicole is an ambitious and commercially focused CFO with significant experience in Professional Services, having previously spent 15 years with Deloitte in Manchester. As a Director, she was responsible for leading the audits of some of the region's largest and most complex international businesses, more recently focusing on listed businesses. She also played a significant role in growing the North West practice by recruiting and developing talent and expanding the local client base. After taking DSW through its IPO in December 2022 she became one of the youngest female CFOs on AIM.

External appointments

- None



Jill Jones

Independent Non-Executive Director

Date of appointment

January 2021

Experience

Jill is a Chartered Accountant, with over 30 years' experience in the accountancy profession, having qualified with Deloitte, Haskins & Sells. She retired from RSM in 2020 where she was a main board director and acting COO and, since 2013, the North West Regional Managing Partner and National Management Team member. Jill is well known and highly regarded within the professional services sector and the North West business community. Her experience in helping to grow and build RSM's business regionally and nationally will be invaluable in supporting the next stage of our strategic development.

External appointments

- Non-executive Director and Trustee of The Liverpool and Merseyside Theatres Trust Limited
- Non-executive Director and Trustee of Local Solutions
- Non-executive Director of Cynergy Business Finance Limited
- Co-opted member of the Audit Committee of Chester Race Company Limited
- Independent member of Lews Castle College UHI Board of Management
- Member of the Transition Board for UHI North, West and Hebrides
- Director of RHDJ Properties Limited
- Governor of Coleg Cambria
- Member of the Major Donor Working-Group for The North of England Zoological Society
- Member of Funding Board for Wirral Youth Zone

Committee memberships



Jon Schofield

Non-Executive Director

Date of appointment

Co-founded Dow Schofield Watts in 2002

Experience

Jon was previously a Chartered Accountant and spent 12 years with KPMG before joining an MBO in 1994. After exiting from the buyout, Jon became a partner at Grant Thornton. In 1999 he joined Cammell Laird Holdings Plc as Finance Director and subsequently was appointed Chief Executive before leaving to co-found Dow Schofield Watts. Jon has also been a Non-Executive Chairman of Dee Valley Group Plc, Non-Executive Director and Vice Chairman of The Liverpool School of Tropical Medicine and Non-Executive Director of Atlantic & Peninsula Marine Services.

External appointments

- Non-executive Director of EA Technology Ltd
- Non-executive Director of IVCC
- Non-executive Director of Seddon Group
- Non-executive Director of Seddon Real Estate Limited
- Non-executive Director of Liverpool Trekkers Limited
- Director of Wirral Youth Zone

CORPORATE GOVERNANCE STATEMENT

Introduction

The Directors acknowledge the importance of high standards of corporate governance. The Directors have decided to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") which adopts a proportionate, principles-based approach to corporate governance. The Board ensures that the Group complies with the QCA Code and sets out below how it complies with each of its 10 Principles.

The Directors acknowledge the importance of high standards of corporate governance and believe the QCA Code provides the best fit for the Group by setting out a standard best practice for small and mid-sized quoted companies, particularly those on AIM.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

DSW's robust platform offers a scalable, challenger, recurring revenue model that is capital light, cash generative, and enables service expansion. More details about the strategy and business model can be found on pages 1-6.

DSW's Network is designed to be attractive to individuals wanting improved flexibility around their work commitments without billing targets, those seeking greater operational freedom, and those who prefer a model with no requirement to invest partnership capital. More details on the benefits to both DSW Capital and the licensees can be found on pages 3-4.

The Directors have identified that the accounting profession is ripe for disruption, creating a significant opportunity for acquisitive growth. A detailed overview of the market can be found on pages 7-11.

The Group's long-term vision is for DSW's Network to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses. DSW aims to scale its agile model through organic growth, geographical expansion, additional service lines and investing in "Break Outs" of existing teams from larger firms. The Directors are targeting high margin, complementary, niche service lines with a strong synergistic fit with the existing DSW Network. The Group also continues to invest in its recruitment pipeline to identify promising partner and employee candidates, and to take advantage of 'push' factors as they become more prevalent in current market conditions.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Group is committed to engaging with its shareholders to ensure their needs and expectations are understood and its strategy and business model are clearly articulated. The Group primarily communicates with shareholders via its Annual and Interim Reports. Further announcements may be made during the course of the year via RNS in satisfaction of the Board's reporting obligations in compliance with regulation and best practice.

Contact details for shareholder communication can be found in the 'Investors' section of the Company's website at www.dswcapital.com and the Board also encourages all Shareholders to attend its annual general meeting ("AGM"). Details of the Group's AGM are announced in the usual way and reproduced on the Group's website.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibilities seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including, inter alia, its shareholders, staff and corporate partners, as part of its business strategy. The Group has a CSR committee which is made up of employees across the DSW Network and is used to canvas opinions to ensure that any initiatives are reflective of the employees' priorities and interests. Further details are outlined in our Environmental, Social and Governance report on pages 23-26.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the identification and evaluation of major risks faced by the Group and for determining the appropriate course of action to manage those risks. To capture new and emerging risks and implications, a quarterly risk meeting is held by the executive team and a risk register is maintained and kept under review by the Audit & Risk Committee and reported to the Board.

DSW's risk management framework and key risks facing the business are set out on pages 27-29 of this report, along with the monitoring processes and mitigating actions in place to manage these risks.

CORPORATE GOVERNANCE STATEMENT

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The composition of the Board includes a balance of Executive and Non-Executive Directors. Two of the Non-Executive Directors, Heather Lauder and Jillian Jones, are considered to be independent and were selected with the objective of bringing experience and independent judgment to the Board. More details about the Board can be found on pages 30-31.

The Board's activities are supported by two committees, comprising the Audit & Risk Committee and the Remuneration & Nominations Committee with formally delegated duties and responsibilities. Details of these committees are set out on pages 35-39 of this report.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

All the Directors have an effective and appropriate balance of skills and experience, including in mergers and acquisitions and capital raisings. Biographies of the Directors detailing their skills and experience can be found on pages 30-31 of this Report and also on the Company's website. The Directors keep their skillsets up to date with regular training provided by the Group.

The Board is not dominated by any one individual and all Directors have the ability to challenge information and strategies put forward to the Board at meetings where decisions are reached democratically. The Board are also free to seek advice from their corporate advisers (nominated adviser, lawyers and accountants) as needed and have received a briefing from the Company's nominated adviser in respect of continued compliance with, inter alia, the AIM Rules for Companies and Market Abuse Regulation ("MAR") and the Company's solicitors in respect of continued compliance with, inter alia, MAR.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Directors consider the effectiveness of the Board, the Audit & Risk Committee, the Remuneration & Nominations Committee, and the individual performance of each Director. The Remuneration & Nominations Committee conduct a regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective.

No specific failings in effectiveness were identified and the review served to reinforce the Board's focus on the monitoring of risk.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group and Network are expected to operate in an ethical manner in all their internal and external dealings.

The Group code of conduct and policies, which address matters such as whistleblowing, social media and anti-bribery and corruption, further engender and promote this culture. The Board takes responsibility for the promotion of ethical values and behaviour throughout the Group and for ensuring that such values and behaviour guide the objectives and strategy of the Group.

The culture is set at Board level and is discussed at Board meetings as and when required.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Non-Executive Chair leads the Board and is responsible for its governance structures, performance, and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgment to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the Audit & Risk Committee and Remuneration & Nominations Committee in discharging its responsibilities. There are certain material matters which are reserved for consideration by the full Board. Each of the committees has access to information and external advice, as necessary, to enable the committee to fulfil its duties.

The Board reviews the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

CORPORATE GOVERNANCE STATEMENT

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

These responses to the principles of the QCA Code and the information contained in this report provide details to all stakeholders on how the Company is governed.

The Group's annual report and accounts, as well as its half year report, will be key communication channels through which stakeholders will be informed as to how the Group is governed, how the Group is progressing in meeting its objectives and any updates to its strategic targets.

Additionally, the Board will use the AGM as a mechanism to engage directly with Shareholders, to give information and receive feedback about the Group and its progress. The Company's website will be updated with information regarding the Group's activities and performance, including financial information, and contact details for Shareholder communication can be found in the 'Investor Relations' section of the Company's website at www.dswcapital.com.

AUDIT & RISK COMMITTEE REPORT

Overview

The role of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the integrity of the financial and narrative statements and other financial information provided to shareholders;
- the Group's system of internal controls and risk management;
- the audit process and auditors;
- the processes for compliance with laws, regulations, and ethical codes of practice;
- the Group's attitude to and appetite for risk and its future risk strategy; and
- how risk is reported internally and externally.

Composition and experience of the Audit and Risk Committee

The members of the Audit and Risk Committee are: Jillian Jones (Chair) and Heather Lauder.

The Audit and Risk Committee has two members, both of whom are independent Non-Executive Directors with considerable industry experience in senior financial and operational roles and are therefore regarded as having recent and relevant experience. Jillian Jones is a Fellow of the Institute of Chartered Accounts in England and Wales.

The Chief Financial Officer and Chief Executive Officer are also invited to attend meetings as considered appropriate, and the Company Secretary is available to members of the Committee to advise and assist them.

Additionally, the Committee has the opportunity to hold private meetings with the Group's external auditors without the presence of management as it considers necessary. The Committee can also call any employee, contractor or consultant as necessary to fulfil the Committee's obligations. During the year, the Committee received specialist reports on Risk Management and IT Risk for consideration.

The Audit and Risk Committee met on three occasions during the year to 31 March 2023 with both members present at all meetings.

Annual report and accounts

The Committee reviewed the annual financial statements for the year and is satisfied that they provide a fair, balanced and understandable assessment of the Group's performance, its strategy and business model, as well as its financial position as at the end of the period and has advised the Board accordingly. In reaching these conclusions, the Committee has considered all judgements made in preparing the

accounts including areas involving significant estimation. The areas involving judgement include the recoverability of debtors and the share-based payment expense.

The Committee reviewed reports relating to significant accounting judgements provided by the Chief Financial Officer and accepted their recommendations. These reports were also reviewed and audited by the external auditors, BDO.

There are no significant IFRSs yet to be adopted that the Committee expects to be relevant or have a significant impact on the financial statements.

Internal controls and risk management

The Group's systems of internal control and risk management are the ultimate responsibility of the Board, which sets and reviews appropriate policies following advice and recommendations from the Committee. The Group's management are delegated the tasks of implementing and maintaining the systems in accordance with those policies and identifying, evaluating, managing, and reporting risk and control issues.

The Group follows an annual budgeting process that sets key performance targets that are approved by the Board. Performance against the budget is regularly reviewed and variances investigated and acted upon by both the Board and the Group's management team.

The Group's Risk Management Framework was refreshed during the year, including the approach to policies and standards, providing clarity on the expectations of the Group to achieve compliance. Supporting the Network with their risk and compliance responsibilities has been a focus this year. Interventions such as Risk Management and Engagement Letter Workshops have been well received.

The Group maintains a register of the principal risks that it faces in accordance with its risk framework. This was also refreshed, which both simplified and strengthened the principal risk register, providing clearer focus on both risks and mitigation. Senior Management, including the Chief Executive Officer and Chief Finance Officer, meet on a quarterly basis to review and update the risk register, which is then presented to the Committee for their review and challenge. The Committee advises the Board on the principal risks that the Group faces. The principal risks faced by the Group together with all mitigating actions are disclosed in the Risk Management section of this report on pages 27-29.

AUDIT & RISK COMMITTEE REPORT**External audit process**

The Audit and Risk Committee has responsibility for the recommendation for re-appointment and deciding the remuneration of the Group's external auditors and satisfying itself that they maintain their independence regardless of any non-audit work performed by them.

During the year, the Committee approved the re-appointment of BDO LLP as the Group's external auditor. BDO has not provided any non-audit services to the Group during the year. The Committee has reviewed and agreed the scope and methodology of the work undertaken by BDO. It has considered their independence and objectivity and has agreed to the terms of their engagement and their fees.

BDO prepared a plan for its audit of the annual financial statements which was presented to the Committee before the commencement of the audit. The plan set out the scope of the audit, areas of perceived significant risk and where work was to be focused, and the audit timetable. This plan was agreed by the Committee before any detailed audit work was carried out. Following the audit, BDO presented its findings to the Committee for discussion. No major areas of concern were identified by BDO during the year.

A review of the external auditor's independence and audit process effectiveness is performed each year before a recommendation is made to the Board to propose their

reappointment at the AGM. The Committee reviewed the external auditor's performance and effectiveness by considering the qualifications, expertise, and resources of BDO along with the audit findings reported to the Committee and the consideration of responses from BDO to questions from the Committee. The Committee has confirmed that it is satisfied with the independence, objectivity, and effectiveness of BDO and has recommended to the Board that the auditor be reappointed. A resolution to reappoint BDO LLP as the Group's auditor will be put to shareholders at the forthcoming AGM.

Internal audit function

Given the Group's size and complexity, the Board does not consider it necessary to have an internal audit function at this time as management is able to derive sufficient assurance as to the adequacy and effectiveness of the internal controls and risk management procedures without a formal internal audit function. The Group will introduce an assurance discipline to policy compliance this year and the position on Assurance and Internal Audit will be reviewed annually.

REMUNERATION & NOMINATIONS COMMITTEE REPORT

Overview

The Remuneration and Nominations Committee review the performance of the Executive Directors and senior management of the Group and make recommendations to the Board on matters relating to their remuneration and terms of service. The Committee also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation for the time being. The Committee lead the process for Board appointments and make recommendations to the Board. The Committee evaluate the balance of skills, experience, independence and knowledge on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

In exercising this role, the members of the Remuneration and Nominations Committee have regard to the recommendations put forward in the QCA Code and, where appropriate, associated guidance. The remuneration of Non-Executive Directors (other than the Chair of the Board) is a matter for the Chair and the executive members of the Board.

Composition and meetings

The current members of the Remuneration and Nominations Committee are:

Heather Lauder (Chair)

Jillian Jones

On 27th July 2022, Jonathon Schofield ceased being a member of the Remuneration and Nominations Committee.

The Remuneration and Nominations Committee meet as and when necessary, but at least twice each year. During the year the committee met six times.

Remuneration policy

The Group's approach to remuneration is focused on ensuring that the Group's remuneration policy is aligned with shareholders' interests and the overall package should be sufficiently attractive to recruit, motivate and retain individuals of a high calibre with significant technical and strategic expertise. The remuneration policy ensures that key personnel are incentivised and rewarded in a way that is aligned to delivery of the Group's long term growth objectives which in turn achieves a Group culture that supports our strategic goals.

Key Activities

During the year, the Committee:

- Reviewed the remuneration arrangements for the Executive Directors and senior management team, seeking independent expert advice to provide the latest benchmarking information.
- Considered which members of the senior management team should be qualifying individuals under the LTIP for the grant made during the year.
- Assessed the level of performance achieved versus the performance criteria of the FY23 Executive Bonus scheme.

REMUNERATION & NOMINATIONS COMMITTEE REPORT

Directors' remuneration summary

The remuneration of the Directors is set out in the table below:

£'000	Salary & Fees	Social Security	Pension Contributions	Total FY23	Total FY22
Heather Lauder	51	6	-	57	34
James Dow	214	34	-	248	59
Jillian Jones	36	4	-	40	27
Jonathan Schofield	36	4	-	40	39
Nicole Burstow	118	15	8	141	339*
Richard Evans	-	-	-	-	5
	455	63	8	526	503

*This included a bonus of £125,820 and pension contribution of £30,000 which was conditional upon admission.

Richard Evans resigned as Company Secretary on 26 May 2022 and Pete Fendall was appointed as Company Secretary.

The CEO was also awarded a bonus of £30k for the year to 31 March 2022 which he elected to take in shares. The shares were issued in August 2022. A charge equivalent to the value of shares awarded was included in the share-based payment charge for the year to 31 March 2022 as the award related to the performance in that period. There are no executive bonuses to be paid in relation to the year ended 31 March 2023.

Long term incentive plan*PSP Award*

Following admission to the AIM market, the Group adopted the Performance Share Plan ("PSP"), to align the interests of Executive Directors and key employees with those of the shareholders. The PSP is a long-term incentive plan which forms the primary long-term incentive arrangement for the Executive Directors. The Remuneration and Nominations Committee will consider the granting of PSP awards to the Participants on an annual basis.

Annual awards under the PSP are determined by reference to a number of Shares equal in value to a maximum of 200% of base salary of Participants. The PSP awards will normally vest after three years (subject to the satisfaction of the performance conditions) and there will be a further 24 month holding period after vesting before Participants are able to sell any Shares.

Challenging performance conditions are set for each award under the PSP. For the first awards, the Remuneration and Nominations Committee intends that the awards will vest based on relative Total Shareholder Return ("TSR") targets against an applicable comparator group. PSP awards will be subject to malus and clawback provisions.

The following table shows the PSP Awards held by Directors:

	2023	2022
James Dow	274,962	53,333
Nicole Burstow	237,223	41,667
Total	512,185	95,000

See Note 25 for further details of the PSP Awards issued within the current year.

REMUNERATION & NOMINATIONS COMMITTEE REPORT

Legacy Award

The CFO Legacy Award entitles the Chief Financial Officer to 1.53% of the equity value in excess of £26m. The CFO Legacy Award was granted to the Chief Financial Officer prior to Admission subject to continuing employment until 31 March 2023, with such award vesting on 31 March 2023. Further, it was agreed that certain employees of Dow Schofield Watts CF Leeds were entitled to approximately 1.53% of equity value up to a maximum equity value of £26m (the "Leeds Legacy Awards"). To fulfil these obligations, those individuals will be granted options to acquire the interest below a £26m equity value in the same 1.53% shareholding that the CFO Legacy Award is granted over, similarly vesting on 31 March 2023. Following vesting, the CFO will be entitled to exchange a proportion of her interest in the shares with the Trustee's interest in shares so that each party has a number of whole shares equivalent in value to their respective interests.

No performance conditions are attached to the CFO Legacy Award other than the Hurdle of 122p – i.e., equivalent of £26m market cap. The hurdle applicable to the CFO Legacy Award will be reduced by an amount equal to the aggregate dividend paid to the holders of shares from the date of grant to the date of vesting.

The awards were valued using the Black-Scholes pricing model. As of the date of this report the options have vested but have not yet been exercised.

The following table shows the Legacy Awards held by the CFO:

	2023	2022
Nicole Burstow	328,000	328,000
Total	328,000	328,000

Directors' interests in shares

According to the register of Directors' interests maintained under the Companies Act, the following interests in shares of Group companies were held by the Directors in office at the year end:

	2023	
	Number	% of issued shares
James Dow	3,289,793*	15.0%
Nicole Burstow	193,698**	0.9%
Jonathan Schofield	1,869,600	8.7%
Heather Lauder	38,739	0.2%
Jillian Jones	37,369	0.2%

The shares held by Nicole Burstow, Heather Lauder and Jillian Jones, shown in the table above, were awarded as part of the Growth Share scheme set out in note 25 of the financial statements.

*James Dow holds an additional 274,962 shares in respect of PSP awards. Further details can be found in note 25 of the financial statements.

**Nicole Burstow has an additional indirect interest of 328,000 shares held by the Trustee in respect of the CFO Legacy Award, and also 237,223 shares in respect of PSP Awards. Further details can be found in note 25 of the financial statements.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2023. The Corporate Governance Statement set out on pages 32 to 34 forms part of this report.

Principal activities and Business Review

The principal activity of the Group is the licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector. The results for the year and the financial position of the Group are as shown in the annexed financial statements.

Details of significant events since the balance sheet date are contained in note 28 to the financial statements. An indication of likely future developments in the business of the Group are included in the Strategic Report and Chief Executive's Report.

Information about the use of financial instruments by the Group is given in note 27 to the financial statements.

Results and dividends

The Group recorded revenue in the year of £2.7m (2022: £2.7m) and profit after tax of £0.5m (2022: loss of £0.3m). An interim dividend of 1.76 pence per fully paid ordinary share was paid on 11 January 2023. The Directors propose a final dividend for the year ended 31 March 2023 of 2.0 pence per share, subject to the approval at the Annual General Meeting on 18 September 2023.

Financial risk management

Financial risk is managed by the Board on an ongoing basis. Information relating to the principal risks and uncertainties of the Group has been included on pages 27-29. Further information relating to the financial risk of the Group has been included within note 27 of the financial statements.

Going concern

In considering the appropriateness of the going concern basis of preparation, the Directors have considered the cash balance and the forecasts for the next twelve months following the date of this report, which includes detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the foreseeable future. The Group has a significant cash balance of £4.6m, no debt, has a model which is strongly cash generative and a limited fixed cost base. At 31 March 2023, the Group has net assets of £7.9m (2022: £8.0 million) and net current assets of £5.7m (2022: £5.6m) which reflects the strong financial position of the Group. In addition, the Group is profitable with adjusted profit after tax of £1.2m in the year ended 31 March 2023.

Scenario analysis has been performed on the underlying forecasts and, given the Group's cash balance is over two times the size of the forecast annual cost base, this demonstrates that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. As stated in note 28, the Group completed a transaction with Bridgewood on 12th July 2023 to acquire licence fee income and provide funding to support a management buyout. The transaction will be funded out of the Group's available cash resources and will provide loans totalling £880,000 of cash, of which £100,000 will be a working capital loan to Bridgewood. Following the completion of the transaction, the Directors remain comfortable that the Company and the Group have sufficient funds to comfortably cover its cost base for at least 12 months from the date of signing the accounts.

As such, the Group financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Share capital and voting

Details of share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 23.

DIRECTORS' REPORT

The Company has one class of equity share which are 0.25p Ordinary shares. The Ordinary shares have full voting, dividend and capital distribution rights, including on winding up. They are non-redeemable.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 25.

Directors and their interests

The Directors who served throughout the year except where otherwise stated and in place at the date of this report are as follows:

- Heather Lauder
- James Dow
- Nicole Burstow
- Jillian Jones
- Jonathan Schofield

The Board considers that the contribution of each of these Directors is, and continues to be, important to the Company's long-term sustainable success.

Richard Evans resigned as Company Secretary on 26 May 2022 and Pete Fendall was appointed as Company Secretary.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on pages 32 to 34.

Directors' remuneration payable in the year ended 31 March 2023 is set out in the Remuneration & Nominations Committee Report. Further details on related party transactions with Directors are provided in note 29 of the Group financial statements.

Directors' insurance

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors during the year and remain in force at the date of this report. The Company also maintained Directors' and Officers' Liability Insurance throughout the year. The Company also purchased and maintained Key Man Insurance for the first time this year.

DIRECTORS' REPORT

Significant shareholdings

As far as the Directors are aware, the only notifiable holdings equal to or in excess of 3% of the issued ordinary share capital at 1 April 2023 were as shown in the table below:

	No. of Shares	% Shareholding
James Dow & Beverley Dow	3,289,793	15.00%
Mark Watts & Julie Watts	2,991,360	13.99%
Jonathan Schofield & Fiona Schofield	1,869,600	8.74%
Philip Price & Joanne Price	1,495,680	6.99%
Andrew Dodd & Joanne Dodd	1,495,680	6.99%
Canaccord Genuity Group Inc	850,000	3.97%
Craig Richardson	747,840	3.50%
Susannah Dow	747,840	3.50%
Adam Dow	747,840	3.50%

Employees

The Group operates an equal opportunities employment policy. The Group's policy on recruitment, development, training, and promotion includes provision to give full and fair consideration to disabled persons, having particular regard to their aptitudes and abilities. The Group appreciates and values the input of all its employees and encourages development and training to enhance employee skills. The Group ensures that employees are aware of any important matters that may impact on the performance of the Group.

DSW Capital implemented a Growth Share Plan in March 2021 for key members of its management team and a number of employees in its licensee businesses.

Political donations

It is the Company's policy not to make political donations. The Directors confirm that no donations for political purposes were made during the year (2022: nil).

Streamlined Energy and Carbon Reporting ('SECR')

The Group is exempt from streamlined energy and carbon reporting requirements as it is a low energy user consuming less than 40,000 kWh during the reporting period. The board have elected to make voluntary SECR disclosures as we recognise the important role all businesses have in reducing carbon emissions and increasing energy efficiency.

The release of greenhouse gases ('GHG'), notably carbon dioxide ('CO₂') generated by burning fossil fuels, has an impact on climate change that, either directly or indirectly, represents considerable risks both to businesses and the planet. The Group continues to monitor and, where practicably possible, reduce its GHG emissions.

The data below has been created using the following scopes:

Scope 1: Direct emissions from company owned and controlled resources, including combustion in owned or controlled boilers; and

Scope 2: Indirect emissions from purchased energy.

DIRECTORS' REPORT

The data below shows DSW Capital's energy usage and greenhouse emissions (Scope 1 and 2) from its head office based in Daresbury which represents all GHG emissions and energy consumed by the DSW Capital Group in the UK:

	2023	2022
Energy Consumption		
<i>Scope 1 Emissions:</i>		
Gas kWh	8,196	15,253
<i>Scope 2 Emissions:</i>		
Electricity kWh	5,470	4,872
Total energy used in kWh	13,666	20,125
Carbon Emissions:		
Scope 1 emissions (tCO ₂ e)	1.5	2.8
Scope 2 emissions (tCO ₂ e)	1.1	1.0
Total Scope 1 & 2 emissions (tCO₂e)	2.6	3.8
Emissions Intensity Ratios:		
Tonnes CO ₂ e – per £m Revenue	0.86	1.28
Tonnes CO ₂ e – per Average FTE	0.25	0.53

Methodology

Greenhouse gas emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption and production data has been collated and converted into CO₂ equivalent using the UK Government 2022 Conversion Factors for Company Reporting to calculate emissions from corresponding activity data.

To collect consumption data, the Group has reviewed emissions data related to electricity purchases and fuel purchases. This information has been prepared in accordance with the GHG Protocol's Guidance.

Data collected relates to the most recent 12-month period where data was available. Comparative information has been disclosed.

Energy efficiency actions

The Board recognise that Climate Change is one of the most pressing matters facing businesses and the planet today and we believe that every business can and should play a role. DSW Capital is already a low energy user when considering our Scope 1 and Scope 2 emissions, however we recognise that our most significant impact will be when we are able to capture, report and reduce our Scope 3 emissions which will encompass those emissions produced by our licensees.

As part of our ESG strategy, it is our target to begin to collate and monitor our Scope 3 emissions and we will work towards this goal with the broader DSW network.

The Group are committed to reducing our carbon footprint and in December 2021, we signed up with Zellar, who are helping their customers identify initiatives to reach Net Zero by 2030. In the current year we have significantly reduced our Scope 1 Emissions by 46.3% through tighter controls on our heating, and by completing a behavioural actions survey to inform our local office policies. We will continue to review our energy consumption with the aim of delivering on-going reductions in emissions. It is our target to reduce our Scope 1 & Scope 2 emissions to Net Zero by 2025 with a target of reducing our Scope 3 emissions to Net Zero by 2030.

To help us achieve our objectives we have identified several initiatives which we have either implemented or are planning on implementing within the next twelve months as part of our ESG strategy. These initiatives include; working with suppliers who share our Net-Zero ambitions, investing in carbon reduction technologies to help us reduce our energy consumption in our head-office and encouraging our people to get involved with local carbon offsetting projects which are overseen by our CSR committee.

Further detail can be found in the ESG report on pages 23-26.

DIRECTORS' REPORT

Notice of AGM

The Company's AGM will be held at 10:00am on 18 September 2023 at The Midland Hotel, Manchester, M60 2DS.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approval

This report was approved by the board of directors on 12 July 2023 and signed on its behalf by:

DSW Capital PLC
7400 Daresbury Park
Daresbury
Warrington
WA4 4BS
12 July 2023

By order of the Board,



James Dow
Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group and company financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DSW CAPITAL PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of DSW Capital Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained and reviewed the assumptions in the Directors' going concern assessment covering the period to 31 March 2025 by challenging the Directors on the key assumptions included in the base case forecasts and sensitivity assessments;
- We challenged the key assumptions including license fee and profit share income from the licensees through consideration of past performance and our knowledge of the industry and the market and, reviewing post year-end financial information of the licensees;
- We agreed the opening cash position per the forecasts to supporting documentation; and
- We assessed the adequacy and consistency of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation with the Directors' going concern assessment.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DSW CAPITAL PLC

Overview

Coverage	100% (2022:100%) of Group profit before tax 100% (2022:100%) of Group revenue 100% (2022:100%) of Group total assets		
Key audit matters	Risk over improper recognition of revenue and application of IFRS 15	2023	2022
		Yes	Yes
Materiality	Group financial statements as a whole £65,000 (2022: £102,000) based on 5% (2022: 5%) of Adjusted profit before tax.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group manages its operations from one principal location in the UK.

In assessing the risk of material misstatement in the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements we determined that one component being the Parent Company, out of two, represented the principal business unit within the Group and was identified as a significant component. This component was subject to a full scope audit. The other component, being a subsidiary services company, was deemed to be insignificant but subject to a desktop review. All audit procedures were performed by the Group engagement team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DSW CAPITAL PLC

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the scope of our audit addressed the key audit matter
Risk over improper recognition of revenue and application of IFRS 15 Refer to Note 2 for the accounting policy and note 4 for detailed disclosures. Revenue for the year amounted to £2,714,000. The Group's main revenue comes from licence fees from its licensees. For the Group to recognise <i>revenue under IFRS 15 Revenue from Contracts with Customers</i>, its performance obligation must be satisfied. License fee revenue is recognised when the licensee raises an invoice, in line with contractual terms of the licence agreement, at which point it is deemed that the Group meets its performance obligation. As the Group's performance obligation is linked to the licensees' sales and therefore dependent on information obtained from the licensees, the risk of material misstatement is increased. There is risk that fictitious license fees may be recognised. There is also risk that inappropriate manual journals to revenue may have been posted. As a result of the matters set out above, we considered this to be an area of focus for our audit.	Our procedures included the following: • Consideration of the appropriateness of the Group's revenue recognition policy for license fee revenue against the requirements of IFRS 15. • Performing analytical reviews on quarterly license fees and investigating significant fluctuations through enquiry with management and corroborating their explanations to licensee management accounts. • Verifying a sample of license fee revenue in the year where unusual fluctuations have been noted by matching invoices to the bank receipts and other supporting documentation. • Comparison of the total actual recorded license fees to expected amounts, based on the fee percentages included in the underlying contracts with the licensees and revenue per the licensees' management accounts. • Agreeing a sample of debtors to post year end receipts to confirm the existence of debtors at year end; and • Testing a sample of post year end credit notes to confirm that there was no reversal of revenue that was recognised in the 2023 financial year. • Testing manual journals that have been processed into the revenue accounts by tracing these to underlying supporting evidence including licensee invoices and management accounts; <u>Key observations</u> From our testing performed, no matters were identified to indicate that the recognition of license fee revenue was inappropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DSW CAPITAL PLC

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2023	2022	2023	2022
Materiality	£65,000	£102,000	£62,000	£94,500
Basis for determining materiality	5% of Adjusted profit before tax	5% of Adjusted profit before tax	5% of Adjusted profit before tax	5% of Adjusted profit before tax
Rationale for the benchmark applied	We determined Adjusted profit before tax to be the most appropriate benchmark as the Group is profit making and Adjusted profit before tax is also a key measure of the Group's performance for users of the financial statements. The profit before tax has been adjusted to exclude share-based payment expenses to reflect the trading performance which is also a key measure of the Group's performance for users.	We determined Adjusted profit before tax to be the most appropriate benchmark as the Group is profit making and Adjusted profit before tax is also a key measure of the Group's performance for users of the financial statements. The profit before tax has been adjusted to exclude IPO Costs and share-based payment expenses to reflect the trading performance which is also a key measure of the Group's performance for users.	We determined Adjusted profit before tax to be the most appropriate benchmark as the Parent Company is profit making and Adjusted profit before tax is also a key measure of the Parent Company's performance for users of the financial statements. The profit before tax has been adjusted to exclude share-based payment expenses to reflect the trading performance which is also a key measure of the Parent Company's performance for users.	We determined Adjusted profit before tax to be the most appropriate benchmark as the Parent Company is profit making and Adjusted profit before tax is also a key measure of the Parent Company's performance for users of the financial statements. The profit before tax has been adjusted to exclude IPO Costs and share-based payment expenses to reflect the trading performance which is also a key measure of the Parent Company's performance for users.
Performance materiality	£49,000	£76,500	£47,000	£70,875
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment.	75% of materiality based on our risk assessment and consideration of the control environment.	75% of materiality based on our risk assessment and consideration of the control environment.	75% of materiality based on our risk assessment and consideration of the control environment.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DSW CAPITAL PLC

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £3,000 (2022: £5,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: - the information given in the Strategic report and Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and - the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or - the Parent Company financial statements are not in agreement with the accounting records and returns; or - certain disclosures of Directors' remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DSW CAPITAL PLC

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates. We considered the significant laws and regulations to be UK adopted international accounting standards, AIM rules, the Companies Act 2006 and relevant taxation legislation.

We also assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and revenue recognition.

Our procedures included:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Review of tax computations and assessing compliance with tax legislation by our tax specialists.
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the share-based payments, expected credit losses and cashflow forecasts used in the going concern assessment;
- Identifying and testing journal entries, in particular any unusual journals posted to revenue, unusual journals posted to cash, journals posted by specific users and journals which included specific keywords by agreeing to supporting documentation;
- In response to the risk of fraud in revenue recognition, we performed the procedures set out in the Key Audit Matter above;
- Discussions with management and those charged with governance relating to their consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Review of minutes of Board meetings and Audit Committee meetings throughout the period for known or suspected instances of non-compliance with laws and regulation and fraud.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were deemed to have the appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

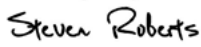
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DSW CAPITAL PLC

Use of our report

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

DocuSigned by:

49BD0A55E7C14AD...

Steven Roberts (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Manchester, United Kingdom

12 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Continuing operations			
Revenue	4	2,714	2,681
Gross profit		2,714	2,681
Share of results of associates	16	284	309
Share of results of jointly controlled entity	17	25	102
Administrative expenses		(2,366)	(3,018)
Operating profit		657	74
Adjusted operating profit²¹		1,351	2,107
Share based payments expense		(694)	(1,167)
IPO expenses		-	(866)
Operating profit		657	74
Finance income	9	104	82
Impairment of loans due from associated undertakings		(22)	(127)
Finance costs	10	(24)	(60)
Profit/(loss) before tax		715	(31)
Income tax	11	(230)	(303)
Profit/(loss) for the year	6	485	(334)
Total comprehensive income / (loss) for the year attributable to owners of the Company		485	(334)
Earnings per share			
From continuing operations			
Basic	13	£0.02	(£0.02)
Diluted	13	£0.02	(£0.02)

²¹ Adjusted Operating profit, which is defined as operating profit adjusted for items not considered part of underlying trading including IPO costs and share based payments, is a non GAAP metric used by management and is not an IFRS disclosure.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	14	748	794
Property, plant and equipment	15	440	525
Investments	18	922	922
Investments in associates	18	209	290
Interests in jointly controlled entities	18	39	23
Prepayments and Accrued Income	19	166	175
Deferred tax asset	21	9	4
		2,533	2,733
Current assets			
Trade receivables	19	924	832
Prepayments and Accrued Income	19	350	362
Other receivables	19	567	369
Cash and bank balances		4,584	4,722
		6,425	6,285
Total assets		8,958	9,018
Current liabilities			
Trade payables	22	162	86
Other taxation	22	211	210
Other payables	22	76	54
Accruals and Deferred Income	22	133	163
Current tax liabilities	22	95	63
Lease liability	24	91	83
		768	659
Net current assets		5,657	5,626
Lease liability	24	220	302
Dilapidation provision	22	75	72
		295	374
Total liabilities		1,063	1,033
Net assets		7,895	7,985
Equity			
Share capital	23	55	54
Share premium		5,271	5,280
Share-based payment reserve	25	1,868	1,174
Retained earnings		701	1,477
Total Equity attributable to owners of the Company		7,895	7,985

The financial statements on pages 53-87 were approved by the board of directors and authorised for issue on 12 July 2023. They were signed on its behalf by:



Nicole Burstow
Director
12 July 2023

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	14	748	794
Property, plant and equipment	15	40	39
Investments	18	922	922
Investments in associates	18	209	290
Interests in jointly controlled entities	18	39	23
Prepayments and accrued income	19	166	175
Deferred tax asset	21	9	4
		2,133	2,247
Current assets			
Trade receivables	19	869	801
Prepayments and Accrued Income	19	293	307
Other receivables	19	696	499
Cash and bank balances		4,563	4,714
		6,421	6,321
Total assets		8,554	8,568
Current liabilities			
Trade payables	22	32	29
Other taxation	22	210	177
Other payables	22	76	54
Accruals and Deferred Income	22	128	154
Current tax liabilities	22	95	63
		541	477
Net current assets		5,880	5,844
Total liabilities		541	477
Net assets		8,013	8,091
Equity			
Share capital	23	55	54
Share premium		5,271	5,280
Share-based payment reserve	25	1,868	1,174
Retained earnings		819	1,583
Total Equity attributable to owners of the Company		8,013	8,091

The profit after tax for the Company was £497,000 (2022: loss of £305,000). Under s408 of the Companies Act 2006, the company is exempt from the requirement to present its own income statement.

The financial statements on pages 53-87 were approved by the board of directors and authorised for issue on 12 July 2023. They were signed on its behalf by:



Nicole Burstow
Director
12 July 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	2	-	7	2,203	2,212
Loss for the year	-	-	-	(334)	(334)
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	1,167	-	1,167
Issue of shares in year	52	5,280	-	(12)	5,320
Balance at 31 March 2022	54	5,280	1,174	1,477	7,985
Profit for the year	-	-	-	485	485
Dividends	-	-	-	(1,261)	(1,261)
Share-based payments	-	-	694	-	694
Issue of shares in year	1	(9)	-	-	(8)
Balance at 31 March 2023	55	5,271	1,868	701	7,895

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	2	-	7	2,280	2,289
Loss for the year	-	-	-	(305)	(305)
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	1,167	-	1,167
Issue of shares in year	52	5,280	-	(12)	5,320
Balance at 31 March 2022	54	5,280	1,174	1,583	8,091
Profit for the year	-	-	-	497	497
Dividends	-	-	-	(1,261)	(1,261)
Share-based payments	-	-	694	-	694
Issue of shares in year	1	(9)	-	-	(8)
Balance at 31 March 2023	55	5,271	1,868	819	8,013

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Profit/(loss) for the year		485	(334)
Adjustments for:			
Income tax expense	11	230	303
Net interest (income)/expense		(80)	(22)
Depreciation of property, plant and equipment	15	139	87
Amortisation of intangible assets	14	46	39
Share-based payment expense	25	694	1,167
Impairment of loans due from associated undertakings		22	127
Operating cash flows before movements in working capital		1,536	1,367
(Increase)/decrease in trade and other receivables		(308)	192
Increase in trade and other payables		41	73
Decrease/(increase) in amounts owed from associates in relation to profit share		81	(196)
Cash generated by operations		1,350	1,436
Income taxes paid		(203)	(502)
Net cash from operating activities		1,147	934
Investing activities			
Purchases of property, plant and equipment	15	(43)	(37)
Net cash used in investing activities		(43)	(37)
Financing activities			
Dividends paid	12	(1,261)	(380)
Finance lease payments		(77)	(77)
Net interest received		104	45
Repayments of loans and borrowings		-	(992)
(Costs of) / proceeds from issue of ordinary shares net of share issue costs		(8)	4,620
Net cash (used in) / from financing activities		(1,242)	3,216
Net (decrease)/increase in cash and cash equivalents		(138)	4,113
Cash and cash equivalents at beginning of year		4,722	609
Cash and cash equivalents at end of year		4,584	4,722

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company was incorporated as DSW Capital Limited on 23 March 2010 under the Companies Act 2006 (Registration number: 07200401). The Company was re-registered as DSW Capital plc on 26 October 2021. The Company is incorporated and domiciled in England and Wales. The principal activity of the Company and its subsidiary, DSW Services LLP, (together referred to as the 'Group') is the licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector.

The address of the Company's registered office is:

7400 Daresbury Park

Daresbury

Warrington

WA4 4BS

The Financial Statements are presented in Pounds Sterling (£), which is the currency of the economic environment in which the Group operates. All amounts are rounded to the nearest £'000 except where noted.

2. Accounting policies

Statement of Compliance

The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards; the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and has applied in accordance with the provisions of the Companies Act 2006.

The preparation of financial statements in compliance with adopted UK IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS accounting standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

<i>Amendments to IAS 16</i>	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
<i>Amendments to IFRS 3</i>	<i>Reference to the Conceptual Framework</i>
<i>Annual Improvements to IFRS Standards 2018-2020 Cycle</i>	<i>Amendments to IFRS 9 Financial Instruments and IFRS 16 Leases</i>

NOTES TO THE FINANCIAL STATEMENTS

New and revised IFRS Standards in issue but not yet effective

In preparing these financial statements, the group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

<i>IFRS 17</i>	<i>Insurance Contracts</i>
<i>Amendments to IFRS 10 and IAS 28</i>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
<i>Amendments to IAS 1</i>	<i>Classification of Liabilities as current or non-current</i>
<i>Amendments to IAS 1 and IFRS Practice Statement 2</i>	<i>Disclosure of Accounting Policies</i>
<i>Amendment to IAS 8</i>	<i>Definition of Accounting Estimates</i>
<i>Amendments to IAS 12</i>	<i>Deferred tax related Assets and Liabilities arising from a Single Transaction</i>

The directors do not expect the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Basis of accounting

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies adopted are set out below.

Going concern

In considering the appropriateness of the going concern basis of preparation, the Directors have considered the cash balance and the forecasts for the next twelve months following the date of this report, which includes detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the foreseeable future. The Group has a significant cash balance of £4.6m, no debt, has a model which is strongly cash generative and a limited fixed cost base. At 31 March 2023, the Group has net assets of £7.9m (2022: £8.0 million) and net current assets of £5.7m (2022: £5.6m) which reflects the strong financial position for the Group. In addition, the Group is profitable with adjusted profit after tax of £1.2m in the year ended 31 March 2023.

Scenario analysis has been performed on the underlying forecasts and, given the Group's cash balance is over two times the size of the forecast annual cost base, this demonstrates that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. As stated in note 28, the Group completed a transaction with Bridgewood on 12th July 2023 to acquire licence fee income and provide funding to support a management buyout. The transaction will be funded out of the Group's available cash resources and will provide loans totalling £880,000 of cash, of which £100,000 will be a working capital loan to Bridgewood. Following the completion of the transaction, the Directors remain comfortable that the Company and the Group have sufficient funds to comfortably cover its cost base for at least 12 months from the date of signing the accounts.

As such, the Group financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Investments in associates and jointly controlled entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a jointly controlled entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A jointly controlled entity is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or jointly controlled entities are incorporated in these Financial Statements using the equity method of accounting.

Under the equity method, an investment in an associate or a jointly controlled entity is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or jointly controlled entity. The Group's share of the profit or loss is driven by the contractual arrangements in place. The Group's share of the profit or loss is defined by the economic interest in the associate or jointly controlled entity as stipulated in the legal arrangements, which differs from the percentage voting rights held.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a jointly controlled entity. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a jointly controlled entity.

Other Investments

Where long-term loans are made to licensees, the Directors of the Company have accounted for them as investments under IFRS 9. These loans are accounted for using the amortised cost method. See note 3 for associated critical judgements involved in determining the appropriate classification of long-term loans to licensees.

NOTES TO THE FINANCIAL STATEMENTS

Revenue recognition

Revenue comprises revenue recognised by the Group in respect of services supplied during the year, exclusive of Value Added Tax.

The Group recognises revenue from the following major sources:

- Licence fee income
- Profit share income

Licence fee income is recognised at the point at which the performance obligations, as defined by the contractual arrangements, have been satisfied which is primarily when revenue has been invoiced by the licensees over time. Profit share income is only recognised at the point at which the risk of reversal is deemed to be remote.

Leases

The Group applies IFRS 16 to account for leases. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Group's incremental borrowing rate. The incremental borrowing rate applied to lease liabilities during the year is 5.55%.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded directly in profit or loss if the carrying amount of the right-of-use asset is zero.

Short-term leases and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

Dilapidations provision

The Group recognises a provision for the future costs of dilapidations on leased office space. The provision is an estimate of the total cost to return applicable office space to its original condition at the end of the lease term.

Operating profit

Operating profit is stated after charging the share of results of associates and jointly controlled entities, but before finance income and finance costs.

Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense in the consolidated statement of comprehensive income in the periods during which services are rendered by employees. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

Short-term and other long-term employee benefits

Wages, salaries, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by employees of the Group.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and on unused tax losses or tax credits available to the Group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Office equipment	33% straight line
Office fixtures & fittings	20% straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful life of intangible assets is as follows:

Intangible assets	10 – 25 years
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The intangibles relate to intellectual property and trademarks acquired.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables that arise from the business operations and loans to licensees.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

*Classification of financial assets**Amortised cost and effective interest method**(a) Trade and other receivables*

Trade receivables are stated at their original invoiced value. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. See Note 3 for details of the loss allowance.

(b) Loans owing from licensees

Loans are measured at amortised cost at their effective interest rates. The amortised cost of a loan is the amount at which the loan is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Interest income is recognised in profit or loss and is included in the "finance income" line item (note 9).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on the Group's loans to licensees and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The expected loss rates for these financial assets are based on the Group's historical credit losses experienced over the three-year period prior to the period end. An additional portfolio expected loss provision is calculated in which the historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's licensees. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor.

(i) Definition of default

The Group considers when a licensee business is terminated or ceases to trade as default events.

(ii) Measurement and recognition of expected credit losses

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

The Group recognises an impairment loss in the consolidated statement of comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities are included in the statement of financial position as trade and other payables and borrowings.

(a) Trade and other payables

Trade payables are stated at their original invoiced value. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

(b) Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost and the interest expense is recognised on the basis of the effective interest method and is included in finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Convertible Loan Note - Measurement

Upon IPO the convertible loan notes converted into 700,000 ordinary shares. See Note 21 for further details.

Dividend Policy

The Board has adopted a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group. The Board may, however, revise the Group's dividend policy from time to time in line with the actual results of the Group.

Dividends are recognised once they have been paid.

Related Party Transactions

Details of related party transactions entered into by members of the Group are set out in Note 29.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the Group's accounting policies

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

Consideration of control over a licensee

Where the Group holds voting rights in an underlying licensee, an assessment of the ability to exert control over these entities is made based on whether the Group has the practical ability to direct the relevant activities of these entities unilaterally. Investments in associates have been recognised for entities where the Group holds between 20% and 50% of the voting rights and does not have any unilateral powers other than protective ones. Where the Group has more than 20% of the voting rights, it is deemed to have significant influence over the licensees and thus they are accounted for as investment in associates.

There is one entity in which the Group has 51% of the voting rights and 16.7% of the economic rights. However, all significant operational decisions require the unanimous consent of the parties. As such this entity has been recognised as an investment in a jointly controlled entity.

Classification of long-term loans to licensees

Where long-term loans are made to licensees, these are accounted for as investments under IFRS 9 using the amortised cost method. The long-term loan provided to a licensee has a 20-year term and is only repayable at the end of the term and therefore in substance, is more akin to an investment. The interest rate is 7.1%.

Share based payments

In the year ended 31 March 2023, the Group operated three equity share based payment plans. Management have formed a judgement on the vesting period over which the associated charge should be spread. This has been formed with reference to the individual conditionality associated with the different classes of share awards and ranges between one and three years from the date of the statement of financial position.

Key sources of estimation uncertainty

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

Calculation of expected loss allowance for related party loans

When measuring expected credit loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions for the licensee business.

NOTES TO THE FINANCIAL STATEMENTS

The Group assesses each licensee individually as to the probability of default on their loans based on their cash balances and their ability to pay the cash flows due.

Also, the Group has elected to calculate an additional portfolio expected loss provision in which the historical loss rates are adjusted for current and forward-looking information on macroeconomic factors affecting the Group's licensees. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor as the failure of corporates is deemed to be a reasonable macroeconomic predictor for the likely failure of a licensee business on a portfolio basis.

4. Revenue

The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see Note 5).

Disaggregation of revenue

	2023 £'000	2022 £'000
External revenue by product line		
License Fee Income	2,549	2,531
Profit Share Income	165	150
Total	2,714	2,681

A further breakdown of revenue by reporting line is shown below:

	2023 £'000	2022 £'000
External revenue by reporting line		
License fees attributable to Mergers & Acquisition ('M&A')	1,817	1,889
License fees attributable to Other	732	642
Profit share attributable to M&A	165	150
Total Revenue	2,714	2,681

5. Operating segments

Products and services from which reportable segments derive their revenues

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Chief Executive.

The Group has four reporting lines, identified above, which divide license fees and profit share income between those attributable to M&A and Other, but the Group only has one operating segment due to the nature of services provided across the whole Group being the same, being revenue derived from licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector. The Group's revenues, costs, assets, liabilities and cash flows are therefore totally attributable to this reporting segment.

NOTES TO THE FINANCIAL STATEMENTS

Internal management reports are reviewed by the Directors monthly, including revenue information by licensee. Such revenue information alone does not constitute sufficient information upon which to base resource allocation decisions.

Performance of the segment is assessed based on revenue data only.

As the Group only has one reportable segment, all segmented information is provided by the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows.

Geographical information

The Group has operations in one geographic location, the United Kingdom, and therefore the Group only has one reporting geographic operating segment. This is in line with internal reporting.

Information about major customers

Included in revenues arising from License fees attributable to M&A are revenues of approximately £0.68m (2022: £0.96m) which arose from license fee income from the Group's largest licensee. No other single licensee contributed 10 per cent or more to the Group's revenue in either 2023 or 2022.

6. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	139	87
Amortisation	46	39
Employee pension	14	36
IPO costs	-	866
Expected credit loss - license fees	130	(6)
Expected credit loss - outstanding loans	22	127
Expected credit loss - profit share	(84)	14

7. Auditors' remuneration

	2023 £'000	2022 £'000
Audit of the Group financial statements	63	60
<i>Fees payable to the Company's auditors in respect of:</i>		
Interim financial reporting	-	16
Reporting Accountants	-	126
Total auditors' remuneration	63	202

Non-audit services relate to the appointment of BDO LLP as reporting accountants during the IPO and the interim review of financial information by the Company's auditors which was completed as part of the IPO.

NOTES TO THE FINANCIAL STATEMENTS

8. Staff costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	2023 Number	2022 Number
Central Heads	15	16
	15	16

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	790	669
Social security costs	98	74
Other pension costs (see note 26)	14	36
	902	779

'Other pension costs' relate to the defined contribution plan charge as detailed in Note 26.

Aggregate Directors' remuneration

	2023 £'000	2022 £'000
Wages and salaries	455	393
Social security costs	63	49
Other pension costs (see note 26)	8	31
	526	473

The highest paid Director's total emoluments in the year were £213,500 (2022: £276,308) of which £nil (2022: £31,321) related to pension costs.

Directors' transactions

Dividends totalling £1,260,953 were paid in the year in respect of ordinary shares (2022: £379,995). Of the dividends, £324,682 (2022: £379,995) were paid to Directors of the Company who were currently serving at the time of payment. See Note 12 for details.

NOTES TO THE FINANCIAL STATEMENTS

9. Finance income

	2023 £'000	2022 £'000
Interest income:		
Loan Interest	80	80
	80	80
Other finance income	24	2
Total finance income	104	82

10. Finance costs

	2023 £'000	2022 £'000
Interest on bank loans	-	(36)
Amortisation of debt issue costs	-	(11)
Interest costs on lease	(19)	(11)
Other finance costs	(5)	(2)
	(24)	(60)

11. Income Tax

	2023 £'000	2022 £'000
Corporation income tax:		
Current year	260	340
Adjustments in respect of prior years	(25)	(36)
	235	304
Deferred tax (see note 21)		
Origination and reversal of temporary differences	(5)	(1)
	230	303

The standard rate of corporation tax applied to reported profit is 19 per cent (2022: 19 per cent).

NOTES TO THE FINANCIAL STATEMENTS

The charge for the year can be reconciled to the profit before tax as follows:

	2023 £'000	2022 £'000
Profit / (loss) before tax on continuing operations	715	(31)
Tax at the UK corporation tax rate of 19 per cent (2022: 19 per cent)	136	(6)
Tax effect of expenses that are not deductible in determining taxable profit and reversal of prior year expenses not deducted previously	(14)	128
Depreciation in excess of capital allowances	7	5
Other tax effects	4	3
Tax effect of adjustments in relation to prior periods	(25)	(36)
Tax effect of income not taxable in determining taxable profit	(5)	(12)
Movement in deferred tax assets/liabilities	(5)	(1)
Tax effect of share based payment adjustment	132	222
Tax expense for the year	230	303

From 1 April 2023, there is no longer a single corporation tax rate for non-ring-fenced profits. At the spring budget 2021, the government announced that the corporation tax rate for non-ring-fenced profits would increase to 25% for profits above £250k. Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief.

12. Dividends

	2023 £'000	2022 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year to 31 March 2022 consisting of:		
Interim catch up dividend for the year to 31 March 2022 of £0.0056 per share (2021: £nil)	118	-
Final dividend for the year ended 31 March 2022 of £0.0366 per share (2021: £0.0667 per share)	772	127
Interim dividend for the year ended 31 March 2023 of £0.0176 per share (2022: £0.133 per share)	371	253
	1,261	380
Proposed final dividend for the year ended 31 March 2023 consisting of:		
Prior year interim catch up dividend for the year to 31 March 2022 of £0.0056 per share	-	120
Final dividend for the year to 31 March 2023 of £0.02 per share (2022: £0.0366 per share)	439	786
	439	906

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 14 September 2023.

NOTES TO THE FINANCIAL STATEMENTS

13. Earnings per share

From continuing operations

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

	2023	2022
Earnings	£'000	£'000
Earnings for the purposes of basic earnings per share being net profit / (loss) attributable to owners of the Company	485	(334)
Effect of dilutive potential ordinary shares:	-	-
Earnings for the purposes of diluted earnings per share	485	(334)

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	21,075,581	17,014,850
Effect of dilutive potential ordinary shares:		
Share Options	674,454	122,844
Weighted average number of ordinary shares for the purposes of diluted earnings per share	21,750,035	17,137,694

From continuing operations

	2023	2022
Earnings	£	£
Basic earnings per share	0.02	(0.02)
Diluted earnings per share	0.02	(0.02)

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

- Share-based payments expense;
- IPO costs; and
- The tax effect of the above items

NOTES TO THE FINANCIAL STATEMENTS

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

	2023	2022
	£'000	£'000
Profit / (loss) after tax on continuing operations	485	(334)
Adjusted for:		
Share-based payment expense	694	1,167
IPO Costs	-	866
Tax effect of adjustments above	-	(43)
Adjusted earnings for the purposes of adjusted basic and adjusted diluted earnings per share	1,179	1,656

	2023	2022
Earnings	£	£
Adjusted basic earnings per share	0.06	0.10
Adjusted diluted earnings per share	0.05	0.10

Tax adjustments of £nil (2021: £43,000) have been made in arriving at the adjusted earnings per share. This is based on an estimated full year equivalent tax rate, which is largely driven by the UK corporation tax rate of 19% adjusted upwards to take into account the effect of non-deductible expenses.

Shares held in trust are issued shares that are owned by the Group's employee benefit trusts for future issue to employees as part of share incentive schemes. The future exercise of the share awards and options is the dilutive effect of share awards granted to employees that have not yet vested.

Shares held in trust are deducted from the weighted average number of shares for basic earnings per share. For its adjusted basic measure, the group uses the weighted average number of ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

14. Intangible assets

	Intellectual Property & Trademarks £'000
Cost	
At 1 April 2021	747
Additions	160
At 31 March 2022	907
Additions	-
At 31 March 2023	907
Amortisation	
At 1 April 2021	74
Charge for the year	39
At 31 March 2022	113
Charge for the year	46
At 31 March 2023	159
Carrying amount	
At 31 March 2022	794
At 31 March 2023	748

All intangible assets relate to intellectual property on which license fees are charged. £676k of the carrying amount as at 31 March 2023 (2022: £707k) relates to Camlee Group.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, plant and equipment

Group

	Right of Use Asset	Office Fixtures, Fittings & Equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2021	-	184	184
Additions	520	37	557
At 31 March 2022	520	221	741
Additions	11	43	54
At 31 March 2023	531	264	795
Accumulated depreciation			
At 1 April 2021	-	129	129
Charge for the year	52	35	87
At 31 March 2022	52	164	216
Charge for the year	105	34	139
At 31 March 2023	157	198	355
Carrying amount			
At 31 March 2022	468	57	525
At 31 March 2023	374	66	440

Company

	Office Fixtures, Fittings & Equipment
	£'000
Cost	
At 1 April 2021	97
Additions	31
At 31 March 2022	128
Additions	28
At 31 March 2023	156
Accumulated depreciation	
At 1 April 2021	62
Charge for the year	27
At 31 March 2022	89
Charge for the year	27
At 31 March 2023	116
Carrying amount	
At 31 March 2022	39
At 31 March 2023	40

NOTES TO THE FINANCIAL STATEMENTS

16. Associates

As none of the individual associates are deemed to be material associates, they have been grouped together in aggregate below.

Aggregate information of associates that are not individually material

	2023 £'000	2022 £'000
The Group's share of profit from continuing operations	284	309
The Group's share of profit and total comprehensive income	284	309

Change in the Group's ownership interest in an associate

Where the Company is a member of a licensee's business, a profit share arrangement is in place which entitles the Company to profits over a contractual threshold which is stated within an LLP agreement. The Group accounts for associates based on their economic share as stated in the legal agreements, rather than based on the Company's voting rights. Therefore, the accounting always mirrors the economic arrangement. When there is a change in profit share, this is not deemed to constitute a change in the Group's ownership interest in an associate as this relates to a change in economic interest only, hence there is no change to the equity accounting basis. A change in the Group's ownership interest therefore is only recognised where there is a change in the Company's voting rights.

17. Jointly controlled entities

The jointly controlled entity is not deemed to be a material jointly controlled entity.

Information of jointly controlled entity that is not individually material

	2023 £'000	2022 £'000
The Group's share of profit from continuing operations	25	102
The Group's share of profit and total comprehensive income	25	102

18. Investments - Group and Company

	2023 £'000	2022 £'000
Financial assets measured under the equity method		
Investment in Associates	209	290
Investment in jointly controlled entities	39	23
Financial assets measured at amortised cost		
Other investments	922	922
Total Investments	1,170	1,235

Where long-term loans are made to licensees, which are disclosed within "Other investments" above, the Directors of the Company have accounted for them as investments under IFRS 9. These loans are accounted for using the amortised cost method.

The movement in Investment in Associates and Investment in jointly controlled entities is included in the cashflow statement as increase in amounts due from associates.

NOTES TO THE FINANCIAL STATEMENTS

19. Trade and other receivables

	Company 2023 £'000	Company 2022 £'000	Group 2023 £'000	Group 2022 £'000
Trade receivables	910	879	965	910
Loss allowance	(41)	(78)	(41)	(78)
	869	801	924	832
Other receivables	804	686	805	686
Loss Allowance	(238)	(317)	(238)	(317)
	566	369	567	369
Prepayments and Accrued Income	471	574	528	629
Loss Allowance	(12)	(92)	(12)	(92)
	459	482	516	537
	1,894	1,652	2,007	1,738
Amounts due from subsidiary undertakings	130	130	-	-
	2,024	1,782	2,007	1,738

Included in prepayments and accrued income for both the company and the group are £166k (2022: £175k) due in greater than 1 year. Other receivables are made up from loans due from licensees and prepayments and accrued income relates to profit share due from licensees. Amounts due from subsidiary undertakings, in other receivables on the consolidated statement of financial position, are interest free and repayable on demand.

Trade receivables

The Group assessed each licensee individually as to their probability of default based on previous credit loss history which is adjusted for current and forward-looking information. It is not appropriate to group the licensee trade receivable balances as there are specific circumstances associated with each business, notably, service line, sector, location and maturity of the business.

Average Credit Period taken is 102 Days (2022: 84 days) and no interest is charged on the receivables.

The ageing of trade receivables net of the loss allowance at the reporting date was as followed;

	2023 £'000	2022 £'000
Not past due	772	698
Past due 61 to 90 days	7	-
Past due 91 to 120 days	53	51
Past due over 120 days	92	83
	924	832

The provision for impairment of trade receivables is the difference between the carrying value and the present value of the expected proceeds. The Directors consider that the carrying value of trade receivables approximates to fair value.

NOTES TO THE FINANCIAL STATEMENTS

20. Borrowings

Analysis of changes in net debt

	01 April 2021	Cash flow	Amortisation of debt issue costs	Non-cash debt items	31 March 2022
Cash & bank balances	609	4,113	-	-	4,722
Bank Loans	(942)	942	-	-	-
Debt issue costs	41	-	(41)	-	-
Convertible Loan Notes	(540)	-	-	540	-
New Loans	(50)	50	-	-	-
Net Debt	(882)	5,105	(41)	540	4,722
	01 April 2022	Cash flow	Amortisation of debt issue costs	Non-cash debt items	31 March 2023
Cash & bank balances	4,722	(138)	-	-	4,584
Net Debt	4,722	(138)	-	-	4,584

Balances at 31 March 2023 comprise:

	Current assets £'000
Cash and bank balances	4,584

21. Deferred Tax - Group and Company

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	2023 £'000	2022 £'000
At the beginning of the year asset	4	3
Credited in the year	5	1
At the end of the year asset	9	4

NOTES TO THE FINANCIAL STATEMENTS

22. Trade and other payables

	Company 2023 £'000	Company 2022 £'000	Group 2023 £'000	Group 2022 £'000
Trade payables	32	29	162	86
Other taxation and social security	210	177	211	210
Other payables	76	54	76	54
Accruals and Deferred Income	128	154	133	163
Corporation Tax	95	63	95	63
	541	477	677	576

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Amounts falling due in greater than one year include:

	2023 £'000	2022 £'000
Dilapidation provision	75	72
	75	72

23. Share capital - Group and Company

	2023 Number £'000	2022 Number £'000
<i>Authorised, issued and fully paid:</i>		
Ordinary shares	21,926,360 55	21,482,508 54
	21,926,360 55	21,482,508 54

	2023 Number £'000
As at 31 March 2022	21,482,508 54
Share issue	443,852 1
As at 31 March 2023	21,926,360 55

On the 26th August 2022, the following transactions took place in relation to the Company's share capital;

- 417,185 ordinary shares were issued as part of the PSP award scheme, further details of which can be found in Note 25.
- 26,667 ordinary shares were issued to James Dow in respect of his FY22 performance bonus as disclosed in the FY22 Annual Report.

NOTES TO THE FINANCIAL STATEMENTS

24. Leases

DSW Services, a subsidiary of DSW Capital PLC, entered into a formal lease arrangement for the Daresbury office, effective from 1 October 2021. Prior to this date, the lease had been recognised as a short-term lease and therefore did not meet the criteria under IFRS 16. Further detail on the lease accounting policy can be found in note 2.

The consolidated statement of financial position and consolidated statement of comprehensive income show the following amounts relating to leases:

<i>Right-of-use assets</i>	Total £'000
Balance at 1 April 2021	-
Additions in the year	520
Depreciation	(52)
Balance at 31 March 2022	468
Additions in the year	11
Depreciation	(105)
Balance at 31 March 2023	374

<i>Lease liabilities</i>	Total £'000
Balance at 1 April 2021	-
New leases recognised in the year	451
Interest expense	11
Lease amounts invoiced and paid in the year	(77)
Balance at 31 March 2022	385
New leases recognised in year	11
Interest expense	19
Lease amounts invoiced and paid in the year	(77)
Lease amounts invoiced and included within creditors at 31 March 2023	(27)
Balance at 31 March 2023	311

<i>Income Statement</i>	2023 £'000	2022 £'000
Interest expense (note 10)	19	11
Expense relating to leases of low-value assets	10	7
Expense relating to short-term leases	63	61
At 31 March 2023	92	79

NOTES TO THE FINANCIAL STATEMENTS

As at the 31 March 2023, the Group recognised lease liabilities in respect of outstanding commitments for future minimum lease payments under non-cancellable lease contracts, which fall due as follows;

	2023 £'000	2022 £'000
Within one year	91	83
In one to two years	96	87
In two to three years	101	92
In three to four years	23	98
In over four years	-	25
	311	385

The total cash outflow in the year paid in respect of leases was £76,800 (2022: £76,800). Under the terms of the lease, £105,472 per annum is charged until the first break date in October 2026.

25. Share-based payments

In the year ended 31 March 2023 the Group operated three equity-settled share-based payment plans as described below. The Group recognised total expenses of £693,787 in respect of equity-settled share-based payment transactions in the year ended 31 March 2023.

The charge to the income statement is set out below:

Share plans:	2023	2022
Growth share plan	368,269	1,060,453
Legacy Awards	253,301	73,879
Performance bonus	-	30,000
PSP Awards	72,217	2,761
Total SBP expense	693,787	1,167,093

Share-based payments movement for the year ended 31 March 2023:

	SBP Expense (£)	SBP Reserve (£)
Growth share plan	368,269	(368,269)
Legacy Awards	253,301	(253,301)
PSP Awards	72,217	(72,217)
Total movement	693,787	(693,787)

NOTES TO THE FINANCIAL STATEMENTS

Share-based payments movement for the year ended 31 March 2022:

	SBP Expense (£)	SBP Reserve (£)
Growth share plan	1,060,453	(1,060,453)
Legacy Awards	73,879	(73,879)
Performance bonus	30,000	(30,000)
PSP Awards	2,761	(2,761)
Total movement	1,167,093	(1,167,093)

Details of Directors' share awards are set out in the Directors' Remuneration Report.

Growth Shares

DSW Capital implemented a Growth Share Plan in March 2021 for key members of its management team and a number of individuals within the licensees from which DSW receives licence fees.

Any value received for the Growth Shares was conditional on a future Exit event taking place and certain individual restrictions. After the IPO, 214,308 C Growth Shares and 17,268 E Growth shares were converted to 1,150,548 ordinary shares in issue. 45,479 D Growth Shares were converted to Deferred Shares which were cancelled at the AGM in September 2022. The Group recognised total expenses of £368,269 related to the Growth Share Plan in the year ended 31 March 2023.

The Growth Shares have been valued using the Black-Scholes pricing model. Management have formed a judgement on the vesting period over which the associated charge should be spread. This has been formed with reference to the individual conditionality associated with the different classes of share awards and ranges between one to three years from the balance sheet date.

Legacy Awards

Following the IPO in December 2021, a Legacy Award was awarded to be held by the Chief Financial Officer entitling them to 1.53% of the equity value in excess of £26m. The CFO Legacy Award was subject to continuing employment until 31 March 2023, with such awards vesting on 31 March 2023. Further, it was agreed that certain employees of Dow Schofield Watts CF Leeds were entitled to approximately 1.53% of equity value up to a maximum equity value of £26m (the "Leeds Legacy Awards"). To fulfil these obligations, those individuals will be granted options to acquire the interest below a £26m equity value in the same 1.53% shareholding that the CFO Legacy Award is granted over, similarly vesting on 31 March 2023. The Share price per award is £1.00 with an exercise price per award of nil.

The Legacy Awards have been valued using the Black-Scholes pricing model. The charge for the year is £253,301. The key assumptions used in the calculation of the fair value of the share-based payments are as follows:

	Leeds Legacy Award	CFO Award
Spot price	100p	100p
Strike price	0.025p	122p
Volatility	35%	35%
Risk Free Rate	0.02%	0.02%
Dividend Yield	0%	0%
Fair Value per share	9.1p	8.6p

NOTES TO THE FINANCIAL STATEMENTS

Details of the share options outstanding during the year are as follows:

	2023 No. of share options	2022 No. of share options
Outstanding at beginning of year	328,000	-
Granted during the year	-	328,000
Exercised during the year	-	-
Outstanding at the end of the year	328,000	328,000
Exercisable at the end of the year	-	-

There were no share options exercised, forfeited or expired within the period.

The Legacy Awards vested on 31 March 2023. Following vesting, the CFO will be entitled to exchange a proportion of her interest in the shares with the Trustee's interest in shares so that each party has a number of whole shares equivalent in value to their respective interests. For a period of four years after vesting, the Leeds participants will be entitled to exercise their options to acquire the Legacy Shares beneath the hurdle.

PSP Awards

The Board recognises the importance of ensuring that members of the Group are effectively and appropriately incentivised and their interests aligned with those of DSW Capital. Similarly, the Board believes that the ongoing success of the DSW Network depends to a high degree on retaining and incentivising the performance of its key people.

To that end, the Group has adopted the Performance Share Plan ("PSP"), to align the interests of Executive Directors and key employees ("Participants") with those of the Shareholders. The PSP will be a long-term incentive plan which will form the primary long-term incentive arrangement for the Executive Directors. The Remuneration and Nominations Committee will consider the granting of PSP awards to the participants on an annual basis.

A summary of the structure of the rules of the Plan is set out below:

- Annual awards will be determined by reference to a number of shares equal in value to a maximum of 200 per cent. of base salary of participants;
- Grants shall be subject to a three-year vesting period (subject to the satisfaction of the performance conditions);
- Following vesting, there will be a further 24 month holding period before participants are able to sell any Shares; and
- Awards are subject to malus and clawback provisions.

Challenging performance conditions will be set for each award under the PSP. For the first awards, the Remuneration and Nominations Committee intends that the awards will vest based on relative total shareholder return ("TSR") targets against an applicable comparator group. The share price per award is £1.00 with an exercise price per award of nil.

Awards outstanding at 31 March 2023 are shown below:

	2023 No. of share options	2022 No. of share options
Outstanding at beginning of year	95,000	-
Granted during the year	417,185	95,000
Outstanding at the end of the year	512,185	95,000
Exercisable at the end of the year	-	-

There were no awards forfeited, exercised or expired in the period.

The Group used the Black Scholes Model to calculate the anticipated value of the PSP awards. The charge for the year is £72,217.

NOTES TO THE FINANCIAL STATEMENTS

26. Retirement benefit plans

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees.

The Group is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of £14,274 (2022: £35,679) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 March 2023 there was £1,895 (2022: £nil) which had not been paid over to the plans and is included within creditors due in less than 1 year.

27. Financial Instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in Note 2. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Financial assets

	Held at amortised cost			
	Company 2023 £'000	Company 2022 £'000	Group 2023 £'000	Group 2022 £'000
Cash and cash equivalents	4,563	4,714	4,584	4,722
Trade and other receivables	1,565	1,300	1,491	1,201
	6,128	6,014	6,075	5,923

Financial liabilities

	Held at amortised cost			
	Company 2023 £'000	Company 2022 £'000	Group 2023 £'000	Group 2022 £'000
Trade and other payables	236	237	371	303
Borrowings	-	-	-	-
	236	237	371	303

There is no significant difference between the fair value and carrying value of the financial instruments.

(a) Financial risk management objectives

The Board has 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 Board, who also monitor the status of agreed actions to mitigate key risks. The Board's objective in managing financial risks is to ensure the long-term sustainability of the Group.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

NOTES TO THE FINANCIAL STATEMENTS

(b) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its startup loans provided to licensees. The Group mitigates this risk by encouraging ongoing engagement of senior management with network members and monthly reporting which allows close monitoring of emerging credit risks and facilitates early support and advice to mitigate or remediate performance.

Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings.

(b)(i) Overview of the Group's exposure to credit risk

The Group recognises a loss allowance for expected credit losses on the Group's loans to licensees and trade receivables.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The expected loss rates for these financial assets are based on the Group's historical credit losses experienced over the three-year period prior to the period end.

An additional portfolio expected loss provision is calculated in which the historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows.

Network members in difficulty are asked to provide short-term cash flow forecasts on a monthly basis to support risk monitoring and potential funding requirements and Partners may be asked to reduce drawings on a temporary basis.

(c)(i) Liquidity and interest risk

The bank loan was repaid in the year ended 31 March 2022. There is no interest payable on trade payable balances and the operations of the Group are not dependent on the finance income received.

(c)(ii) Financing facilities

The Group is using the cash inflows from the financial assets and in the prior year previously available bank facilities to manage liquidity.

(d) Capital risk management

The Group considers its capital to comprise its ordinary share capital and retained profits as its equity capital. In managing its capital, the Group's primary objective is to provide return for its equity shareholders through capital growth and future dividend income.

The Group's policy is to seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs.

In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Details of the Group's capital are disclosed in the statement of changes in equity and Note 23.

NOTES TO THE FINANCIAL STATEMENTS

28. Events after the reporting period

Since the year end the Directors have recommended the payment of a final ordinary dividend of £0.02 per share for the year ended 31 March 2023. Furthermore, on 12th July 2023, DSW Capital completed a transaction with Bridgewood Financial Solutions Ltd, to acquire licence fee income and provide funding to support a management buyout. DSW Capital will licence the DSW trademark to DSW Bridgewood and its subsidiary companies in return for licence fee income.

29. Related party transactions

Balances and transactions between the Company and its subsidiary, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below. Related parties are those licensees where the Company is a member of the related LLP.

Revenue and Cost Recharges

Group entities entered into the following transactions with related parties who are not members of the Group. All entities other than DSW Investments 2 LLP are licensee businesses. DSW Investments 2 LLP is an entity owned by current shareholders.

	2023 Revenue and Cost Recharges £'000	2022 Revenue and Cost Recharges £'000
PHD Equity Partners	-	-
PHD Industrial Holdings	252	200
DSW Investments 2 LLP	104	99
Other investments	684	920
Totals	1,040	1,219

Other investments relate to routine and similar transactions which arose in the ordinary course of business, with DSW CF Leeds, DSW Wealth Advisory, DSW TS Leeds and DSW Business Recovery.

Amounts due from/to related parties

Group entities had the following balances, including loans to related parties, outstanding at year end with related parties who are not members of the Group:

	2023 Amounts due from related parties £'000	2022 Amounts due from related parties £'000
PHD Equity Partners	-	-
PHD Industrial Holdings	-	1
DSW Investments 2 LLP	33	-
Other investments	277	497
Totals	310	498

Salary and fees payable to James Dow and Jon Schofield are as disclosed in the Remuneration and Nominations Committee Report. Salary totalling £41,300 (2022: £18,761) has been paid to Susie Dow in the year.

NOTES TO THE FINANCIAL STATEMENTS

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS.

	2023	2022
	£'000	£'000
Wages and salaries	540	431
Social security costs	74	54
Other pension costs (see note 26)	9	32
	623	517

This includes amounts in respect of a previous director who provided services and was remunerated by the Group in the year.

