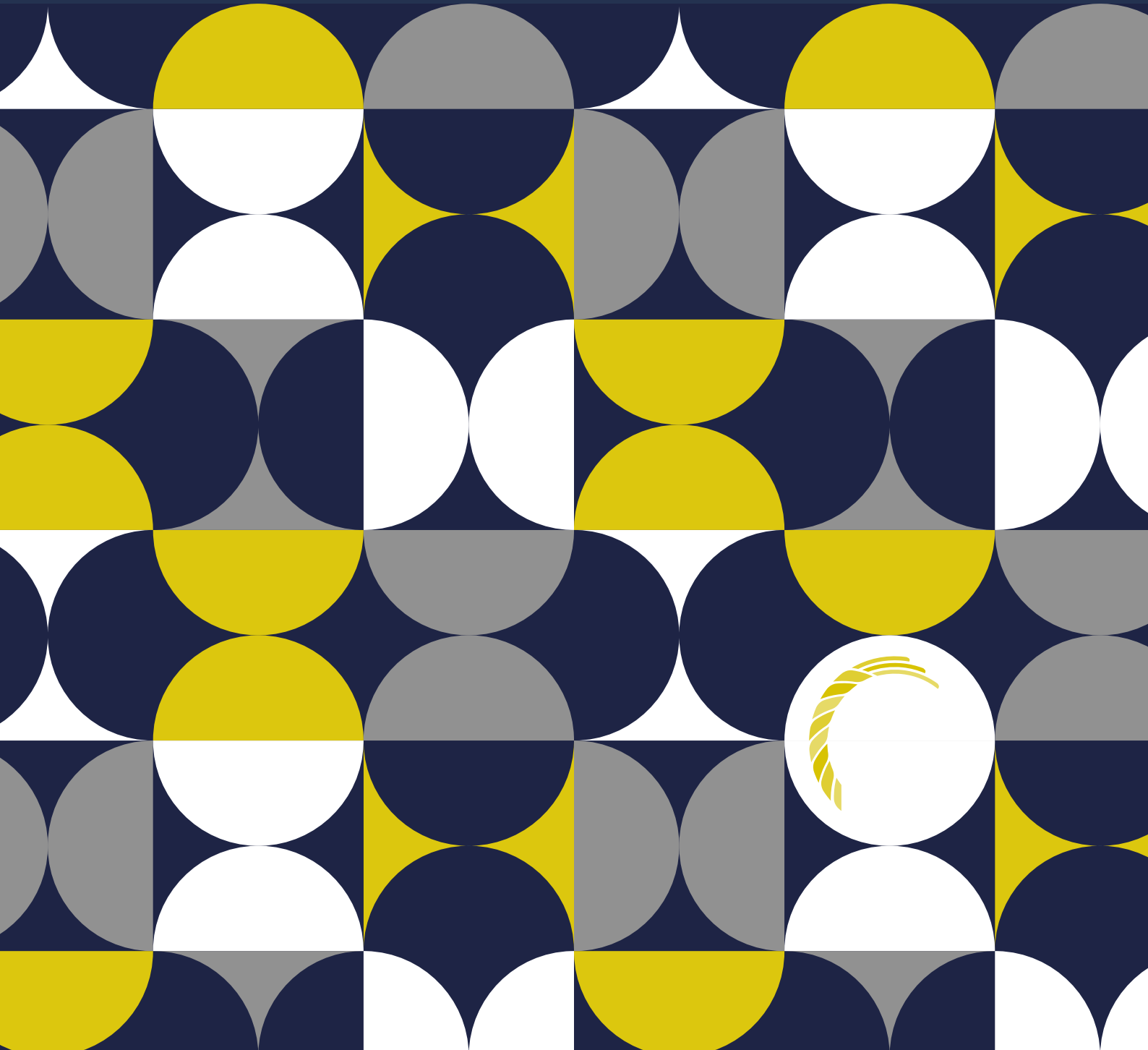


FOR THE YEAR ENDED 31 MARCH 2024



# Annual Report and Accounts





# Definitions

<b>Company</b> or <b>DSW Capital</b> or <b>DSW</b>	DSW Capital plc, registered as a public company in England and Wales, with registered number: 07200401
<b>Group</b> or <b>DSW Group</b>	The Company and its Subsidiaries, DSW Services LLP (Registered number: OC397251) & DSW Operations Limited (Registered number: 14425970)
<b>Network</b> or <b>DSW Network</b>	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



**£16.0m**

Network Revenue<sup>1</sup>  
(FY23: £18.3m)



**10.3%**

YoY growth in Fee  
Earners  
(FY23: 10.2%)



**19.0%**

YoY growth in  
Partners  
(FY23: 7.7%)



**£153k**

Revenue per  
Fee Earner  
(FY23: £193k)



**107**

Fee Earners  
(FY23: 97)



**4.3 FEs**

per licensee business  
(FY23: 4.6 FEs)



**25**

Licensee Businesses  
(FY23: 21)

## Market Recognition

**19th**

Most active financial  
adviser in the UK in 2023<sup>2</sup>  
(2022: 11th)

**6th**

Most active financial  
adviser in the North-West  
in 2023 (2022: 2nd)

**56th**

In Accountancy Age's Top  
50+50 accountancy firms  
in 2023<sup>3</sup> (2022: 48th)



Winner of three Deal of  
the Year Awards during  
2023

**20th**

In Accountancy Age's first  
Mid-Tier Power Index  
in 2022<sup>4</sup>

<sup>1</sup>Network Revenue is revenue generated by the licensees | <sup>2</sup><https://www.experian.co.uk/blogs/latest-thinking/marketing-solutions/customer-intelligence/mergers-and-acquisitions-review/> | <sup>3</sup><https://www.accountancyage.com/rankings/top-5050-accountancy-firms-2023/> | <sup>4</sup><https://www.accountancyage.com/rankings/mid-tier-power-index-2022/>

## DSW Capital KPIs



**£2.4m**

Total income from licensees\*  
↓ 18.9% YoY decrease



**£0.4m**

DSW Capital Adjusted Profit After Tax\*\*  
↓ 67.5% YoY decrease



**£7.6m**

Net Assets  
(FY23: £7.9m)



**£0.1m**

Cash Generated from Operations  
(FY23: £1.4m)



**£2.6m**

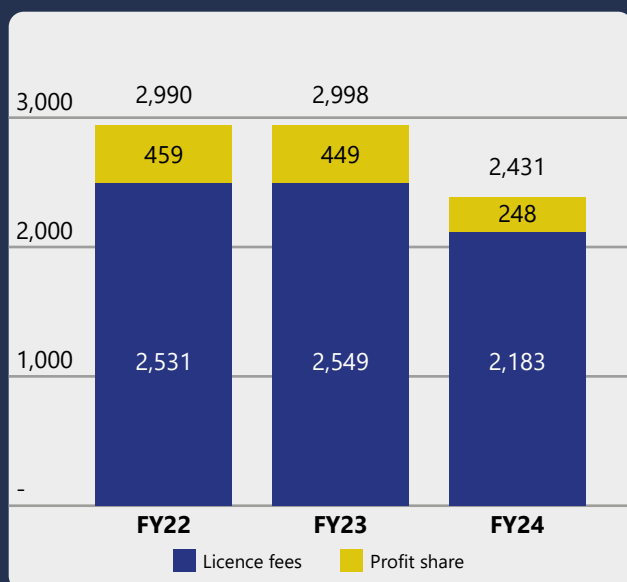
Cash  
(FY23: £4.6m)



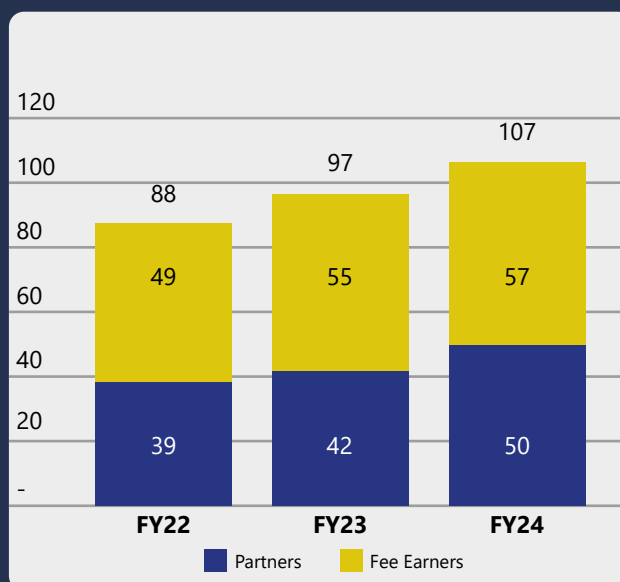
**£0.2m**

Profit before tax  
(FY23: £0.7m)

## Income from Licensees



## Fee Earners



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.

\*\* Adjusted profit after tax is defined as profit before tax adjusted to add back the items not considered part of underlying trading including the share-based payment expense. It is a non-GAAP metric used by management and is not an IFRS disclosure. Our adjusted profit after tax declined 67.5% to £0.4m (FY23: £1.2m) reflecting our increased investment of £0.2m in Partner recruitment capabilities.

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### 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 benefitting 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.

# DSW AT A GLANCE

## 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.

## Our Purpose

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.

## Our FY24 Highlights

- We welcomed a record number of new partners to the DSW Network, with partner numbers rising from 42 to 50, a 19% increase YoY (FY23: 7.7 % increase YoY).
- We expanded our geographic footprint, with new offices in Leicester, Nottingham, Cardiff and Burscough, ending the year with 11 offices.
- Increased our licensees from 21 to 25, operating in 11 service lines across the UK.
- Continued to diversify and invest in non-M&A service lines following the addition of Bridgewood Financial Solutions, an insolvency practice in Nottingham.
- Expanded our UK Tax offering, through supporting the acquisition of STS Europe and the addition of specialist R&D Tax expertise.
- Re-located our offices in London & Leeds, to prime city centre locations to further support our future expansion in these regions.
- Launched our ESG Committee made up of 10 volunteers from across the DSW Network, who will drive forward our initiatives and continue the excellent progress made to date.
- Hosted our International Women's Day event, which celebrated the success of DSW role models within the firm and from our wider network.
- Held our first DSW Group-Wide conference, where the network heard from Sarah Outen and her experience circumnavigating the globe on her own.
- Following the success of last year's Future Leaders Programme, we welcomed another 12 aspiring and existing partners to attend our bespoke leadership development programme.

## Our Model

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 AT A GLANCE

## Our People

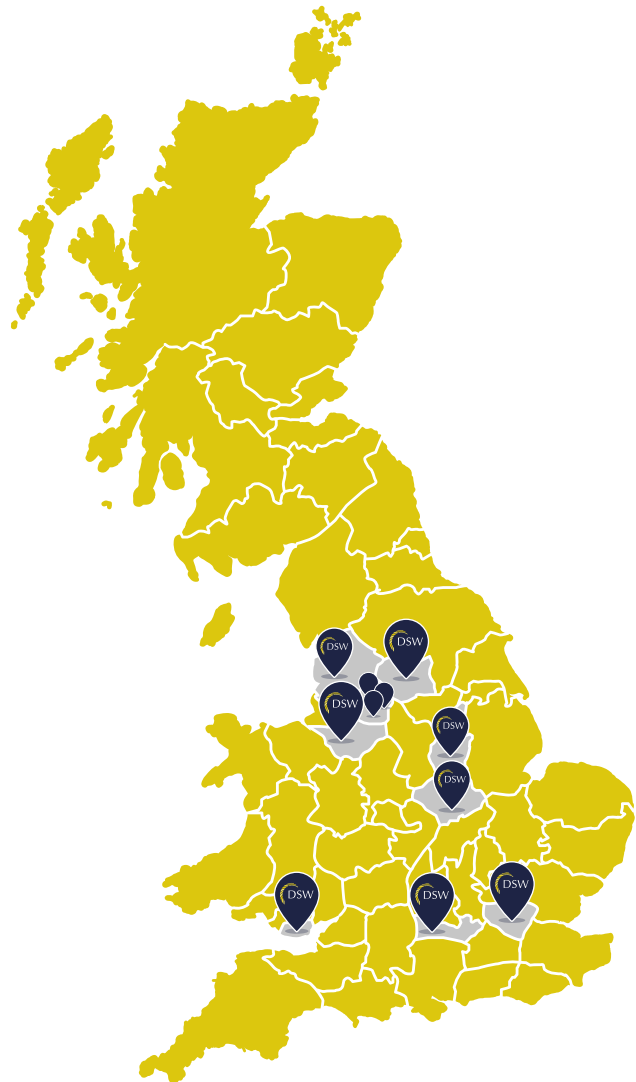
As at 31 March 2024 we have 107 Fee Earners across 25 licensee businesses and 11 regional locations across the UK. Our network of professionals provide expert advice across 11 service lines, working with their clients to deliver partner-led bespoke solutions.

- Corporate Finance
- Transaction Services
- Business Recovery
- Debt Advisory
- Tax Advisory
- Equity Finance
- Venture Capital
- Business Planning
- Asset Based Lending Risk Management
- Fractional Support
- Wealth Planning

## Our Strategy

The Board's strategy is to scale its agile model through organic growth, geographical expansion, additional service lines and investing in "Break Outs" (existing teams in larger firms). The focus remains on attracting high margin, complementary, niche service lines with a strong synergistic fit with the existing DSW Network.

Whilst the prevailing economic environment has been challenging, it has contributed to an increasing number of candidates actively looking for an alternative working model. DSW remains a desirable place to work for ambitious people who want to grow their own businesses.





## DSW AT A GLANCE

## Why Invest?

### AIM Listed

The Group's admission to AIM in 2021 created a strong "halo" effect which has powered significant fee earner growth from 82 to 107, which equates to a three-year CAGR of 11.6%. The capital raised on the AIM listing continues to enable us to invest significantly in recruitment so we are well positioned to bolster the DSW Network as we identify the right opportunities.

### Market leading

Our licensee businesses have been recognised for offering market leading expertise in their respective fields. According to Experian, DSW has been within the Top 20 Most Active Financial Advisers in the UK for the last four years, with strong regional presence in the North-West, Midlands and Yorkshire where we frequently feature in the Top 10 Most Active Financial Advisers.

### Strong referral network

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. Our referral network not only creates a supportive and collaborative environment but leads to high levels of repeat business.

### Diverse income streams

Given the diversity of the licensee businesses, not all work is M&A transaction related, with many businesses offering counter-cyclical services. With a focus on attracting high margin, complementary, niche service lines, this allows DSW to both strengthen and diversify the Group further, as demonstrated by the addition of Bridgewood and STS Europe which bolstered our Insolvency and Tax Services in FY24.

### Scalable business model

DSW has multiple growth avenues for scaling the business: the acquisition of licence fees; expanding existing teams; and through service line and geographical expansion. This strategic position creates strong organic growth opportunities and a platform upon which it can diversify through acquisition.

### Strong balance sheet

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.

### Strongly positioned

DSW has invested significantly in recruitment during the year, a strategy which lead to an increase of 19% in both Partners and the number of licensee businesses, which will serve us well as M&A activity levels recover. The Group remains well positioned to continue growing its Network and to capitalise on future upturns in SME and M&A activity.

### Dividend Yield

DSW has delivered a dividend yield between 3.9% and 5.1% to shareholders since IPO. The dividend for FY24 of 2p takes the total paid to shareholders since IPO to 9.98p.

# BUSINESS REVIEW

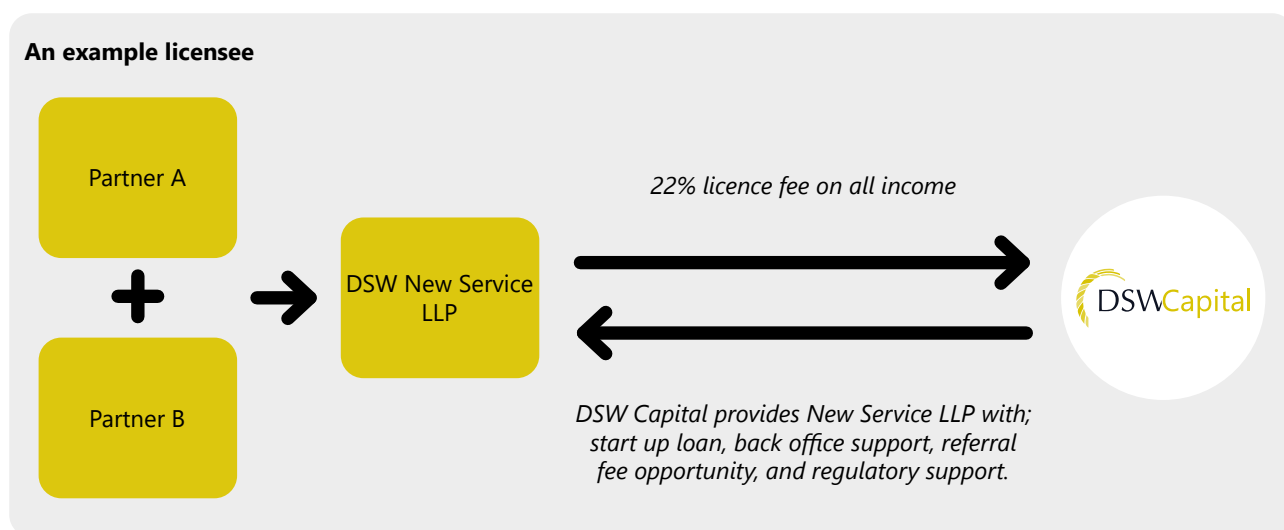
## DSW

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 is one of the first platform models disrupting the traditional model of accounting professional services firms. At 31 March 2024, the Network included 25 licensee businesses and 107 Fee Earners ("FEs"), across eleven offices in England. 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, people development support and banking. This model enables our partners to hit the ground running and focus on growing their respective businesses, maximising their profit capabilities and building a legacy. 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.



## 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.

- Introduction of an Assurance Programme to ensure that the newly-implemented policies and procedures are being complied with.
- Hosting the first annual DSW Group Conference, attended by both DSW employees and partners.
- Investment in additional recruitment resources to bolster our Partner recruitment capabilities.
- Investment in an additional marketing resource to deliver bespoke Marketing Workshops for our licensees.
- Regular social and networking events including Partner Conferences, quarterly employee networking events and a busy calendar of social & wellbeing events.
- Newly established ESG Committee, made up of volunteers, who are driving our ESG agenda with a wide range of initiatives.
- Increased volume of knowledge and resource sharing, through internal communications including our Diversity & Inclusion Newsletters.
- Our ongoing cross-service line Mentoring programmes with 45% of our Employees and Partners now actively participating.
- Offering additional compliance support to DSW Partners, with drop-in sessions held for Engagement Letter advice and IT Policy support.
- Launched a new Internal Collaboration Group, whose primary focus is to drive cross-selling and cross-service line collaboration even further.

Further details can be found in our ESG report on pages 26 to 30.

## 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 (2023: 32%).

#### 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. At the year end, the central office function employed just ten people excluding Directors, 8.4 full-time equivalents, 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 are often 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. We also offer "Breakout incentives" 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, people development, 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.

## The benefits of a licence model to DSW

### To DSW Capital

#### Capital light and cash generative

None of the start-up investments have required capital greater than £0.5m and the average payback period is two 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. During FY24, over £1m of Network Revenue was generated through cross-referrals, representing 6.6% of total Network Revenue (2023: 14.2%). Providing opportunities for Fee Earners to network with one another is important to facilitate cross-referrals. DSW hosts six-monthly partner & employee conferences, quarterly employee networking meetings, group led training and various social events throughout the year.

See details below:

**£1.0m** of Network Revenue generated through cross-referrals in FY24 (FY23: £2.6m)

**6.6%** of Network Revenue generated through cross-referrals in FY24 (FY23: 14.2%, FY22: 13.9%)

Average licence fee is **15.4%**. Historically, the licence fee was largely self-funded through cross-referrals across the Network however FY24 referrals were impacted by subdued M&A activity.

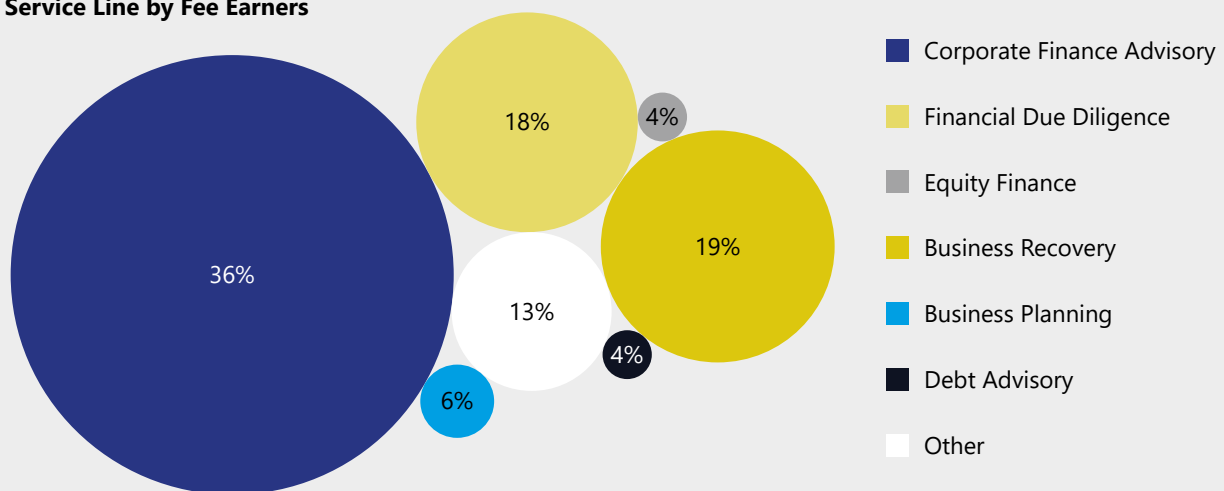


DSW Corporate Finance in the Midlands, which launched in 2023.

## Our Network

At 31 March 2024, DSW had 107 Fee Earners ('FEs') across its network of 25 licensee businesses, giving an average of 4.3 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

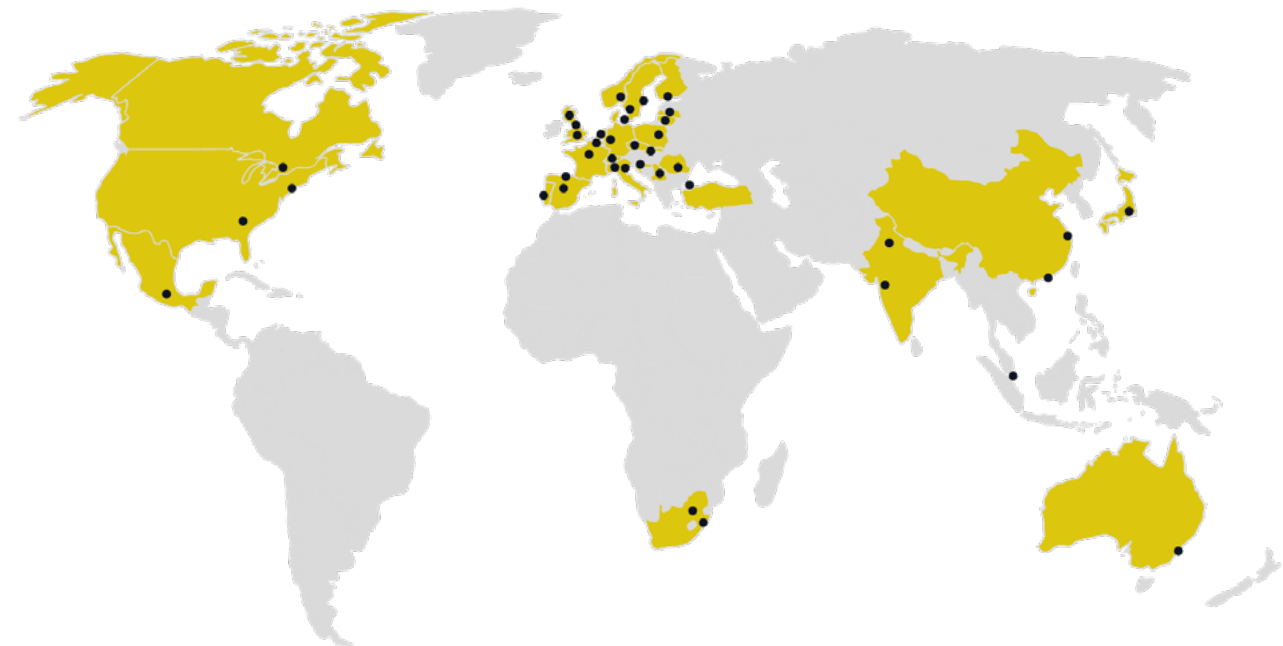


### DSW Service Lines



## 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 of 33 members, which is considered the eighth-largest international M&A advisor network, is comprised of nearly 350 dealmaking professionals in 65 offices across 31 countries. 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.

**31**

Countries

**65**

Offices

**2,500+**

Deals Closed

**€30BN**

Deal Value

**346**

Professionals

# MARKET OVERVIEW

## Overview of the Financial, Professional and Business Services Sector

The UK is the world's leading net exporter of financial services<sup>6</sup> and it remains the largest and most developed market in Europe for related professional services. In 2022, UK-based financial and related professional services generated a trade surplus of £95.6bn.<sup>7</sup>

Against the current challenging economic backdrop, the UK-based financial and related professional services industry continues to make significant contributions to the UK economy, both in terms of value added to other businesses and sectors, and its own contribution to GDP.

In 2023, the financial and related professional services industry contributed a substantial £244bn to UK real gross value added (GVA), representing around £12 in every £100 of economic output.<sup>2</sup> It also continues to be a major national employer, employing over 2.4 million people in 2022 – or almost one in every 13 people in employment – with two thirds of these jobs based outside London in cities such as Birmingham, Edinburgh, and Manchester.<sup>2</sup> 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 individuals and businesses in their day to day activities.

The UK Financial, Professional and Business Services industry is often characterised in terms of hosting top international firms, such as the “Big 4” accountancy and professional services networks, however there is also a high concentration of Small and Medium Enterprises (SMEs) within the UK due to the low barriers to entry and large talent pool of individuals.

The Directors believe the UK market can be broadly divided into three segments:

**1**

### “Big 4”

Large companies, with significant scale, offering a wide catalogue of services with a regional and international footprint.

**2**

### “Mid Market”

Firms with substantially less scale than the “Big 4” but still offering a number of different services, often with offices across the UK. They may also have an international presence.

**3**

### “High Street”

Small owner-managed businesses, often specialising in one service line, usually operating in one location.

<sup>6</sup> <https://www.theglobalcity.uk/financial-professional-services>

<sup>7</sup> <https://www.thecityuk.com/our-work/key-facts-about-uk-based-financial-and-related-professional-services-2024/>



## 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. 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, the FRC imposed a record number of fines on audit firms in 2023 demonstrating its unwavering commitment to enhancing audit quality, and sending a clear message that the Big 4 must prioritise quality and compliance to restore and maintain public trust in the financial reporting system.

The Big 4's, and other top financial and professional services firm's, plans to restructure in recent months have been widely reported with a significant number of redundancies expected in 2024, reversing the expensive hires made in the aftermath of the pandemic. This over hiring has been compounded by reduced attrition rates and suppressed market activity.

These changes and uncertainty appear to be impacting staff retention levels as some staff may not like the new arrangements if their service line is sold and put under new ownership, whilst redundancies within other services lines may lead to an increase in the number of people looking to make a career change. Furthermore, this change is leading to some teams and individuals deciding 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 2024, 47% 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 basis<sup>8</sup>.

### Professionals seek greater flexibility

There has been widespread criticism regarding the lack of diversity and long-hours culture present at the big firms with 57% in the accountancy sector saying they were unhappy with their current working model.<sup>9</sup> 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 16% of our current partners being female, across all our service lines. M&A typically has lower female representation; however we believe that 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.

We are immensely proud of the initiatives launched by our ESG Committee, and specifically our Diversity & Inclusion leads who continue to highlight and champion the fundamental benefits of the DSW model that empowers talented females to fulfil their potential in a traditionally male dominated profession. We recently held a hugely successful and insightful event celebrating International Women's Day where the local female M&A community were invited to hear from some of our DSW role models whilst networking with their peers.

### 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 (FY24: 68% of Total Income from licensees) and we are financially impacted by suppressed deal activity levels in M&A. Nevertheless, our unique platform model continues to demonstrate its resilience, and equally so do our partners who have continued to demonstrate remarkable strength and entrepreneurship despite the economic environment they find themselves in.

These 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

<sup>8</sup> Sources: Deloitte - [https://www2.deloitte.com/content/dam/Deloitte/dk/Documents/Annual\\_report\\_2022.pdf](https://www2.deloitte.com/content/dam/Deloitte/dk/Documents/Annual_report_2022.pdf) | PwC - <https://www.pwc.co.uk/annualreport/assets/2022/pwc-uk-financial-statements-2022.pdf> | Ey - [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_uk/about-us/ey-uk-2022-impact-report.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/ey-uk-2022-impact-report.pdf) | KPMG - <https://assets.kpmg.com/content/dam/kpmg/uk/pdf/2023/01/members-report-and-financial-statement-2022.pdf>

<sup>9</sup> Talent Survey December 2023 – [www.mdmconsultants.co.uk](http://www.mdmconsultants.co.uk)

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. In spite of the economic challenges, DSW has been able to increase partner numbers by 19% in FY24, with a net increase of four new licensees to the network creating a robust platform for growth when the market becomes more buoyant.

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 were recently ranked the sixth most active financial adviser by deal volume in 2023.

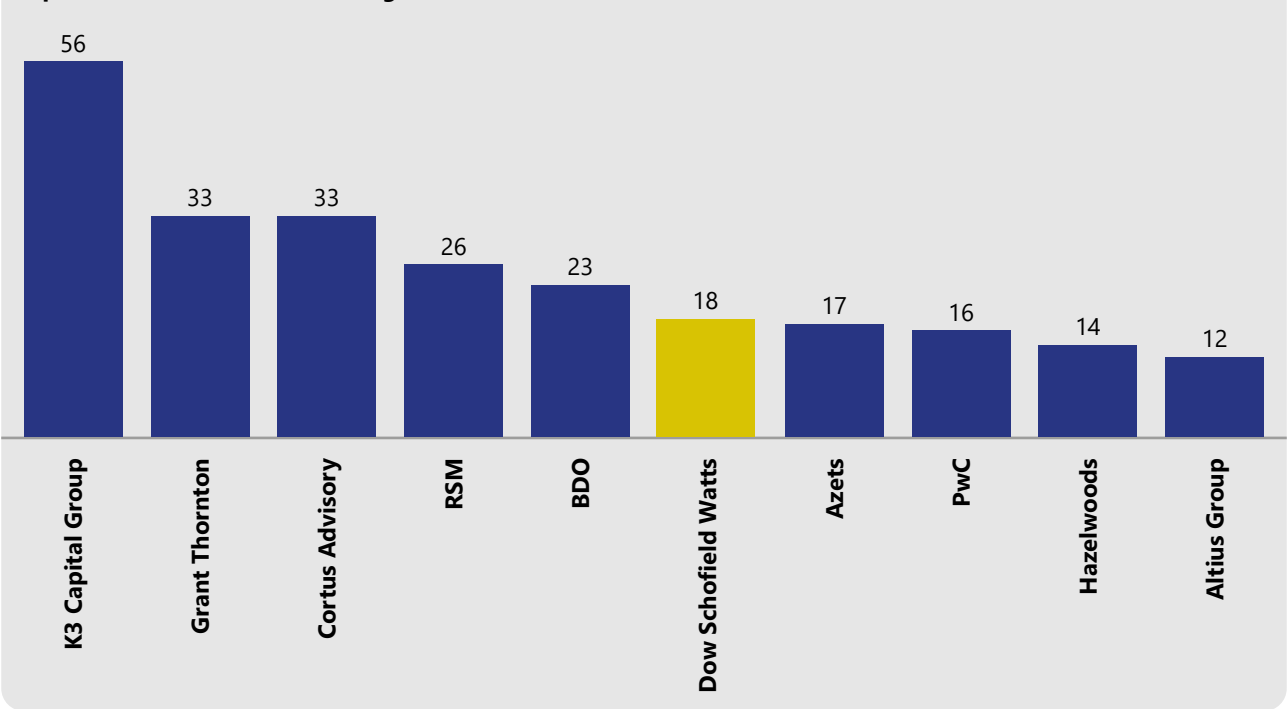
We have also seen significant private equity interest over the last 18 months in the accountancy sector creating new

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. However, we have already seen signs that activities of consolidators is also creating uncertainty challenges for staff affected, with an increasing number looking to alternative models where they can take control of their own destiny.

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.

Experian financial adviser ranking in 2023 (North West)



## 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 at IPO enables us to adopt a proactive acquisition search, so we are well positioned to bolster the DSW Network as we identify the right opportunities.

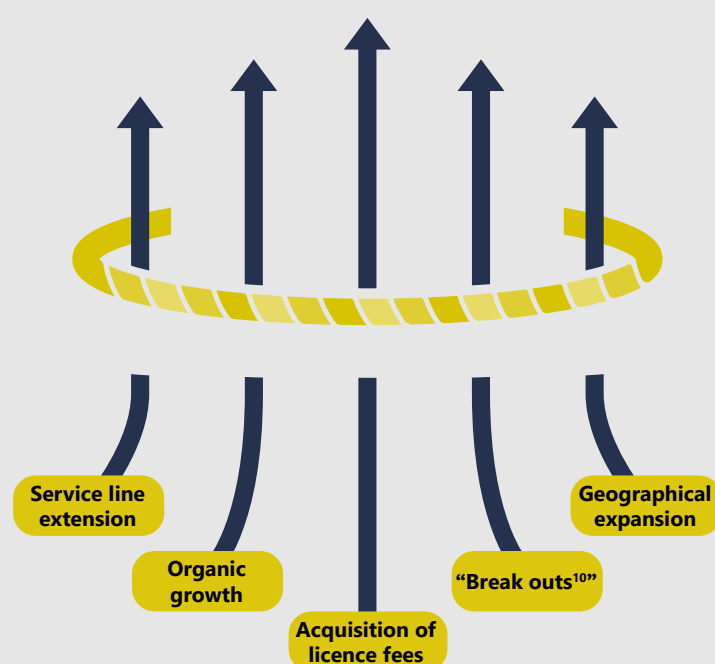
We have a well-established acquisition target database which identifies high margin, high growth, complementary service lines with a strong synergistic fit with our existing portfolio. Target acquisition service lines include:



In FY24, we continued to deliver on our strategic objectives to expand DSW's presence geographically, with two new start-up businesses in the Midlands and Cardiff in the Period, and to diversify into new service lines not reliant on M&A, with two complementary acquisitions in tax advisory and business recovery.

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 invested significantly in recruitment in FY24, taking advantage of the market conditions contributing to a 19% increase in Partner numbers, 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.

### DSW plans to accelerate growth through



<sup>10</sup> Attracting teams from existing larger firms

# 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. Below are DSW Capital's results for the year ended 31 March 2024.*

Throughout FY24, we have continued to experience frustrating economic conditions that continue to impact confidence in the SME M&A market. Despite this, the DSW licensee businesses have demonstrated their remarkable resilience and entrepreneurship by delivering £16.0m of Network Revenue, only a 12.5% reduction on the prior year. It was great to see that the DSW Network, which comprises 25 licensee businesses, was named by Experian as the 19th most active corporate finance adviser (by number of deals) in the UK in 2023, having consistently been ranked within the Top 20 Most Active Finance Advisers in the UK for the last four years.

Our priority of recruiting new Partners and Fee Earners this year has meant that we were able to grow the number of Fee Earners, including Partners, from 97 to a new record number of 107, an increase of 10.3% (FY23: 10.2%), whilst the number of partners rose from 42 to 50.

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.

## 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).

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

Partner recruitment is fundamental to long-term shareholder value, and we believe our significant investment in recruitment in FY24 has delivered strong results, with the number of partners rising by 19.0%. We anticipate the benefits of our investment in FY24 will continue to be felt in FY25 and beyond.

## New Additions to the Network

During the year, we expanded our geographical footprint and welcomed two new businesses, DSW CF Midlands and DSW CF Advisory (Cardiff) under the "Breakout Initiative". We welcomed Bridgewood Financial Solutions, a corporate recovery business based in Nottingham, to the DSW Network and supported our existing Tax practice with the acquisition of STS Europe, a tax advisory business based in the North-West.

## 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 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

## CHAIR'S STATEMENT

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.

During the Period, we 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 continued investment in our cyber security, maintaining excellent IT service levels and providing a platform for future innovation.

### People

During the year, Nicole Burstow, Deputy CEO & CFO, tendered her resignation. She stepped down from the Board and left DSW Capital on 17 May 2024. After a careful and diligent recruitment process, we are pleased to be welcoming Shrutisha Morris, who will be appointed as Deputy CEO and join the Board on 1 August 2024.

Furthermore, we were delighted to formally welcome Pete Fendall to the Board as COO and Interim CFO. Pete joined the Board on 1 April 2024.

### 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. 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 FY24, and you can find more information on our governance arrangements in the Corporate Governance Statement on pages 36-38.

### 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 we 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. During the current year, DSW introduced an assurance discipline to policy compliance to ensure that defined requirements are being



DSW Transaction Services at their new Covent Garden location.

adhered to and the existing policies are being complied with across the DSW Network.

We offer risk management workshops to all licensee businesses, to ensure that the Network follow a clear and consistent format for identifying and assessing risks.

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 31-33.

### 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 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 26-30.

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 44-47 for more detail.



## CHAIR'S STATEMENT

**Dividend**

The Board remains confident in the long-term prospects for DSW and continues to add new Partners and new licensee businesses to fuel future growth. While confidence in the long-term performance of the Group remains unchanged, the Board acknowledges the suppressed earnings in FY24 and has taken the decision to propose a reduced final ordinary dividend for the year ended 31 March 2024 of 0.75 pence per share, giving a total dividend for the year ended 31 March 2024 of 2.0 pence per share. The Board anticipates maintaining dividends at a reduced level until market conditions improve and earnings return to growth.

An interim dividend of 1.25 pence per share in respect of the six months to 30 September 2023 was paid on 23 January 2024.

If approved by shareholders, this will take total cumulative dividends that will be paid out to shareholders post-IPO to 9.98 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 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 FY25 with optimism and remains excited about the long-term prospects for the Group.


**Heather Lauder**

Independent Non-Executive Chair

1 July 2024



Attendees of the Pandea Global M&amp;A Annual Conference in Copenhagen 2024.

# CHIEF EXECUTIVE OFFICER'S REVIEW



*I am pleased to report on the year ended 31 March 2024, a year of significant progress in terms of partner recruitment, which is fundamental to long-term shareholder value, but at the same time a year of continued trading challenges for our licensee partners as the SME M&A market remained subdued throughout the year.*

The SME M&A market continues to feel the impact of higher costs of capital and consequently lower company valuations. The adjustment to lower valuations results in both lower levels of transactional activity but also reduced utilisation as transactions become more protracted.

The Network Revenue achieved in FY24 was down 12.5% to £16.0m (FY23: £18.3m) reflecting a decline of 20.6% in average revenue per Fee Earner to £153k (FY23: £193k). However, this was mitigated by a 10.3% increase in fee earners to 107 (FY23: 97), driven by our investment in recruitment and acquisitions.

## Resilient Profitability

Adjusted profit before tax decreased by 64% to £0.5m (FY23: £1.4m), with the decline in profitability chiefly attributable to lower levels of licensee activity but also increased investment in partner recruitment and reflecting the Board's decision to increase provisions in FY24 against balances owed by licensees, primarily a departing licensee.

Revenue for the Group was £2.3m (FY23: £2.7m) and statutory profit for the year was £84k (FY23: £485k) after the deduction of the share-based payment ("SBP") charges.

DSW received an average effective licence fee (including profit share where applicable) of 15.4% (FY23: 16.6%), the reduction reflecting reduced profit share contributions.

With the decline in SME M&A activity since October 2022, our average revenue per Fee Earner has declined 32.6% to £153k from FY22 levels of £227k. Despite the relatively low levels of M&A activity the business remains resiliently profitable, and with significant potential when the M&A market improves as 68% of our revenues remain M&A related (FY23: 68%).

## Balance sheet strength

The Group's balance sheet remains healthy, with cash balances at 31 March 2024 of £2.6m (FY23: £4.6m), after the acquisitions of Bridgewood and STS Europe (£0.9m combined consideration), investment in new start-up licensees of £0.5m and paying dividends of £0.7m in the Period.

We remain well-resourced to execute on our strategy but have adjusted our dividend payout levels to reflect our current trading position and immediate prospects.

## DSW's strategy and delivery against it

Our strategic aim remains to have a more resilient and diversified group of licensee businesses. At present, corporate finance and due diligence represents the majority of our business (68% vs. 68% in the previous year<sup>11</sup>). 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.

As we reported last year, we committed significant investment in FY24 in additional central recruitment capability and relaunched our break-out initiative with clearer messaging that we are offering "golden hellos" to new teams. As a direct result of these initiatives, we expanded our geographic footprint with new corporate finance teams being established in the Midlands and Cardiff.

Regarding acquisitions of licence fees, we completed a transaction with Bridgewood, a corporate recovery business based in Nottingham, and supported the acquisition of STS Europe, a tax advisory business based in the North-West.

<sup>11</sup> Calculation includes all licencing income including income from associates.

## CHIEF EXECUTIVE OFFICER'S REVIEW

We remain in regular contact with many companies that we admire and continue to work hard to convince them of our attractiveness, as a suitor offering a different solution for stakeholders.

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

### Professional headcount

Being a professional services business, our focus is on the recruitment of new partners, new teams and the recruitment of additional Fee Earners to grow existing licensee businesses. Partner recruitment is fundamental to long-term shareholder value.

At the year-end, the number of Fee Earners, including partners, had grown from 97 to a new record number of 107, an increase of 10.3% (FY23: 10.2%), and the number of partners rose from 42 to 50.

Our acquisitions increased our professional headcount by 13 and recruitment of new licensee businesses added 10 professionals. However, headcount in existing licensees declined by 13.

The decline in professionals in existing licensees was predominantly borne by the departures of our Forensic and Aberdeen based businesses, but existing licensees preferred to take a more prudent approach to recruitment choosing to defer backfilling roles.

Since March 2013, the number of Fee Earners has increased from 30 to 107, which equates to an 11-year compound annual growth rate ("CAGR") of over 12%, and an increase of 25 (30.5%) since the admission to AIM in December 2021, just over two years ago.

For most of FY24, the partner recruitment market has been favourable, with the candidate pool strong in quality but

the continued economic uncertainty has increased caution in those seeking change.

### 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 a record 25 licensee businesses in our network (FY23: 21).

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.

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 our clear focus on helping people meet their aspirations.

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.

### A growing brand and reputation

DSW must continue to demonstrate that it is a highly attractive proposition for professionals and their clients who work within the UK "mid-market". The quality of DSW's people and their clients is reflected in our average revenues per fee earner of £153k (FY23: £193k). This remains an important metric, we regard the significant reduction as being due to reduced M&A activity levels.

We continue to focus on the quality of our partners as this is fundamental to the strength of our proposition. At 31 March 2024, 47% of employees and partners across the DSW Network previously worked at a Big 4 firm.

DSW's achievements and capabilities are most notable in its original core service areas of corporate finance and due diligence. Our national prominence in M&A was highlighted by an Experian research report for 2023, which marked DSW as the 19th most active adviser (by number of deals) in the UK (11th position in 2022 and 18th position in 2021).

In November, DSW ranked 56th in Accountancy Age's top accountancy firms (based on revenue) to the year ended



The DSW teams from Yorkshire at their new Leeds office.

<sup>12</sup> <https://dswcapital.com/dow-schofield-watts-rises-in-accountancy-top-50-50/>



## CHIEF EXECUTIVE OFFICER'S REVIEW

March 2023, compared to the previous year's ranking of 48th.<sup>12</sup> A decline reflecting the significant importance of M&A activity to DSW.

### International network

DSW has an established partnership network of global advisory firms, called "Pandea Global M&A". Pandea 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 33 members, with 350 dealmaking professionals in 65 offices across 31 countries, is the 8th largest in the world.

The Pandea 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 Pandea conference held in Copenhagen in April 2024, attracted over 60 delegates from 25 of the 33 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 ESG committee with its leadership covering diversity and inclusion, empowering our people, and social and environmental impact. The committee is led by our Chief Operating Officer, Pete Fendall, and supported by representatives from across our licensees.

In September, we held our first full employee conference - one of the excellent initiatives to emerge from our Future Leaders Programme. The Future Leaders Programme, in conjunction with BecomingX welcomed its second cohort of 12 employees and partners 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. These initiatives also increase our connectivity, whilst operational autonomy is at the heart of our model, we continue to reinforce that we are stronger together.

### 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 in the SME segment.



DSW Principal Partners, a new service line launched in 2024.

The Group has entered the new financial year with 25 licensee businesses (FY23: 21) and 107 Fee Earners (FY23: 97), creating a stronger platform for organic growth when market conditions for M&A become more favourable.

The new financial year has started in line with our expectations.

Our focus remains firmly on recruitment, and we remain very confident in the strength of our business model to continue to attract Fee Earners. We have a strong balance sheet and are confident that our considerable efforts to both acquire licence fees and recruit teams will continue to bear fruit.

**James Dow**

Chief Executive Officer

1 July 2024

# CHIEF FINANCIAL OFFICER'S REVIEW



*Despite the economic headwinds posed by challenging market dynamics and subdued SME M&A activity, our unwavering commitment to progress and resilience has yielded remarkable results in recruitment, as we welcomed a record number of new partners to the DSW Network.*

FY24 has been a year of investment, doubling down on our recruitment strategy, bolstering and enhancing our recruitment capabilities, whilst continuing to invest in our central infrastructure to set us up for long-term success. We are delighted with the progress to date, having increased our partner numbers by 19% within the year, and added on six new businesses.

We have a talented network of partners and employees, who have demonstrated their resilience and agility over the last twelve months, remaining committed to delivering outstanding solutions and advice to their clients. Whilst Network Revenue and Revenue per fee earner have both declined within the current year, our business remains poised to bounce back once the SME M&A market picks up again.

Our investment in recruitment and central infrastructure, whilst having a short-term impact on profit will position the Group well for the future. FY24 has seen us substantially enhance our partner recruitment capabilities, systems and processes as we have embedded the insights gained over the last twelve months to set us up for further growth in FY25. 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.

## Key Performance Indicators

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

	2024	2023	2022
<b>Revenue (£'000)</b>	2,311	2,714	2,681
<b>Total income from licensees (£'000)<sup>13</sup></b>	2,431	2,998	2,990
<b>Adjusted EBITDA (£'000)<sup>14</sup></b>	626	1,536	2,233
<b>EBITDA (£'000)</b>	326	841	200
<b>Adjusted PBT (£'000)<sup>15</sup></b>	507	1,409	2,002
<b>PBT (£'000)</b>	207	715	(31)
<b>Adjusted PBT margin (%)</b>	21.9	51.9	74.6
<b>PBT margin (%)</b>	9.0	26.3	(1.2)
<b>Net Assets (£'000)</b>	7,588	7,895	7,985

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

	2024	2023	2022
<b>Total revenue of all Network licensees (£'000)</b>	15,975	18,263	18,285
<b>Revenue per fee earner (£'000)</b>	153	193	227
<b>Revenue per partner (£'000)</b>	320	435	446
<b>Fee Earners (Number)</b>	107	97	88

<sup>13</sup> Total income from licensees represents statutory revenue plus share of results in associates.

<sup>14</sup> Adjusted EBITDA is defined as Adjusted profit before tax adjusted to add back impairment of loans due from associated undertakings (£130k), finance costs (£22k), depreciation (£144k), amortisation (£59k) and deduct finance income (£236k).

<sup>15</sup> Adjusted profit before tax is defined as profit before tax adjusted to add back the items not considered part of underlying trading including share-based payment expense. 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 20.

## CHIEF FINANCIAL OFFICER'S REVIEW

## Income Statement

*Revenue and Network Revenue*

Network revenue for the year was £16.0m, which is a reduction of 12.5% on the prior year. This is a direct result of the continued trading challenges our licensees have experienced as a result of the SME M&A Market being subdued throughout the year. Whilst we have continued to diversify from M&A within the current year, with the notable additions of Bridgewood and STS Europe, we have also launched two new corporate finance teams in the Midlands and Cardiff, which is a testament to our strong brand recognition in the M&A market. The subdued M&A activity has lowered utilisation and revenue per fee earner by 20.6% to £153k, however revenue per fee earner is also impacted by lower levels of contribution from new start-ups as they build up their pipeline.

Our average effective licence fee has also reduced to 15.4% (FY23: 16.6%) reflecting reduced profit share contributions from some of our licensees. As a result of the contributing factors above, licencing income has fallen by 18.9% to £2.4m.

*Fee Earners*

In FY24, we invested £0.2m in our partner recruitment capabilities, recognising that the challenging economic conditions would undoubtedly create greater push factors for prospective candidates to explore alternative business models. We are delighted with the progress we have made, as over the last twelve months we welcomed a record number of partners to the DSW Network. Our partner numbers increased from 42 to 50, representing a 19% increase YoY (FY23: 7.7%), and we are therefore entering into FY25 with an excellent platform for growth.

Whilst the economic conditions have created an opportunity for us to successfully boost our partner recruitment, these conditions also lead to licensees to take a cautious approach with their own recruitment as they wait for strong signs of the market picking back up again. We believe the investment in partner recruitment in FY24 will deliver benefits in FY25 and beyond. DSW remains a highly sought after destination for young professionals looking to join ambitious teams, and we look forward to welcoming them once organic recruitment picks up.

Despite a reduction in revenue per Fee Earner from £193k to £153k, this KPI remains comparable to our larger listed peers such as Knights, DWF, Gateley and Keystone Law as well as the Big 4, once adjusted for the impact of new start-up businesses. Our businesses continue to prove their resilience, and to be recognised as award winning experts in their local markets. The strength of the DSW brand



Cohort two from the DSW Future Leaders programme.

continues to grow and our business remains poised to prosper when M&A activity improves, whilst we also remain to be 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. We recognise that for our Partners and Employees to be the best that they can be, we need to invest in central initiatives that ensure we remain the best that we can be and provide increased value to our licensees.

Central costs (excluding the share-based payment charge and IPO costs) have increased by £0.39m, on the prior year. Most of the increase relates to our investment in partner recruitment and investment in our central infrastructure, including IT security and innovation.

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 11 people (excluding directors), 8.4 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 one office premises.

In the year, we partnered with Alexander Mann Solutions, as part of our total investment in Partner Recruitment of £0.24m, which yielded successful results in FY24. With this investment we were able to effectively refine and hone our recruitment strategy, embedding knowledge, systems and processes which will serve the team in future financial years. We also rolled out our IT strategy, which included procurement process to identify a new managed service provider to provide the bandwidth and support

## CHIEF FINANCIAL OFFICER'S REVIEW

needed to enhance IT resilience and enable us to pursue exciting IT Innovation projects. We continued to invest in our marketing team and resources to strengthen the marketing offering we provide to all our licensees, with the introduction of bespoke marketing workshops for our licensees. Following the successful launch of our DSW Future Leaders programme, this had significant benefits for the DSW Network and inspired a lot of initiatives for the future. One such initiative was our first group-wide DSW conference which saw over 80 professionals and support staff come together at the Midland Hotel in Manchester, to share knowledge and ideas whilst also strengthening relationships across the network.

**Adjusted PBT and Exceptional Costs**

Adjusted PBT is calculated as follows:

	2024 (£000's)	2023 (£000's)
Profit / (Loss) before tax	207	715
Share based payments	299	694
Adjusted PBT	506	1,409

Our Adjusted Pre-tax Profit was £0.5m (2023: £1.4m), which is a decrease of 64.0% on the prior year, reflecting the lower levels of licensee activities, increased provisioning against licensee balances and increase investment in central infrastructure noted above.

We have a share-based payment charge in the year of £0.3m which reflects the accounting impact of the one-off issue of growth shares to partners prior to the IPO and the senior management LTIP. The growth shares were converted to ordinary shares on IPO and there is no dilutive impact on shareholders going forward. The charge was spread over the period from issue to two years post IPO and was fully expensed on 16th December 2023. The share-based payment charge is expected to reduce to a more normalised basis going forward of £0.2 - £0.3m per annum; 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) was 24.3%, slightly below the statutory rate primarily due to the reversal of the prior year over provision. The prior year effective rate (16.3%) was lower due to the reversal of certain costs previously treated as non-deductible.

**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 2p (2023: 6p). Adjusted EPS removes the impact of the share-based payment charge incurred in the year (as shown above).

**Balance Sheet****Cash**

The Group's business model is 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 28 days (calculated as amounts owed to DSW Capital from licensees divided by Network Revenue), compared to 27 days in the prior year. This remains well below the listed peer group.

Cash generated from operations was £0.09m (2023: £1.35m). Operating cash conversion in the year was 14% which is lower than the prior year (2023: 88%)<sup>16</sup> largely due to start-up funding provided to new licensee businesses. Operating cash conversion adjusted for loans to new starts was 61% (2023: 101%). Corporation tax payments were £0.2m (2023: £0.2m).

Capital expenditure was minimal in the period (£0.05m) and lease payments of £0.11m relate to the Head Office in Daresbury. Interest income (£0.2m) has been earned on licensee loans and the Group's cash balances.

The closing cash and cash equivalents balance remains healthy with cash balances as at 31 March 2024 of £2.6m (2023: £4.6m). Cash balances have reduced by £2.0m which is after the acquisitions of Bridgewood and STS Europe (£0.9m combined consideration), investment in new start-up licensees of £0.5m and paying dividends of £0.7m in the Period. The Group continues to hold no debt facility.

<sup>16</sup> Cash conversion is calculated as cash generated by operations divided by Operating cash flows before movements in working capital.

## CHIEF FINANCIAL OFFICER'S REVIEW

### *Net Assets*

The Group has a strong balance sheet with net assets of £7.6m at the year-end (2023: £7.9m). We continue to retain healthy cash resources to enable us to continue to take advantage of current recruitment and strategic acquisition opportunities.

### **Dividend**

While confidence in the long-term performance of the Group remains unchanged, the Board acknowledges the suppressed earnings in FY24 and has taken the decision to propose a reduced final ordinary dividend for the year ended 31 March 2024 of 0.75 pence per share, giving a total dividend for the year ended 31 March 2024 of 2.0 pence per share. The Board anticipates maintaining dividends at a reduced level until market conditions improve and earnings return to growth.

An interim dividend of 2.0 pence per share in respect of the six months to 30 September 2023 was paid on 23 January 2024.

The final dividend will be approved at the Company's AGM which will be held at 10:00am on 24 September 2024 at The Midland Hotel, Manchester, M60 2DS.

Since IPO in December 2021, the Group will have paid out 9.98 pence per share in dividends, following the approval of the FY24 Final Dividend of 0.75 pence.



Pete Fendall

Chief Operating Officer & Interim Chief Financial Officer

1 July 2024



# 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 understands the business and the evolving environment in which the Group operates, 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 26-30 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 a newly established ESG Committee, which is made up of volunteers from across the DSW Network with both Partner and Employee representation. The committee is responsible for driving forward ESG initiatives that reflect the voice of the wider DSW Network, and our ambitions as a firm. Additionally, we have held our first group wide DSW conference in September 2023, to bring all employees and partners from across the network together. This served as a platform for two-way knowledge sharing and fostering strong relationships across the DSW Network. As a Board, we will continue to prioritise and listen to the interests of our partners and employees which is to be achieved by actively promoting and driving opportunities which allow our people to contribute their views and ideas to inform our broader strategy.

### **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.

### **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 Environmental & Social impact leads, who sit within our ESG Committee. Our ESG Committee puts forward and drives initiatives that enable us to have a positive impact on both our local community and the environment.

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 46-47, 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

## SECTION 172 COMPANIES ACT STATEMENT

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 considers 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 36-38.

**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 held our first DSW group wide conference and have welcomed the second cohort of aspiring partners and leaders on to our Future Leaders Program to build on the progress made by the first cohort and to empower and engage employees in the broader strategy of our business. Further details and highlights from FY24 can be found in our ESG report on pages 26-30. 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 FY23, we significantly increased our investment in recruitment for FY24. 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. The benefits of this decision are now clear, having increased our partner numbers by 19% YoY. Furthermore, our investment has enabled us to embed knowledge, process and systems into our recruitment process which will serve us well for the future.

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, launching our ESG Committee to oversee our ESG initiatives has been crucial to ensure we are able to deliver a long-term impact that will shape the future of the business. We continue to engage with our investors and our people through focus groups, meetings and presentations to drive our ESG initiatives forward, identifying our key priorities and continually challenging our strategy. Further details of our strategy can be found on pages 26-30.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)



*As the ESG Chair, I am immensely proud of the progress our committee has achieved to date. Our unwavering commitment to ESG principles underscores our dedication to creating a positive impact.*

We recognise that ESG is not just a buzzword; it is fundamental to our organisation's success. It starts at Board level, filters down through the whole business, and encompasses all stakeholders—whether investors, employees, or the communities we serve—who expect us to lead by example. We embrace this responsibility wholeheartedly.

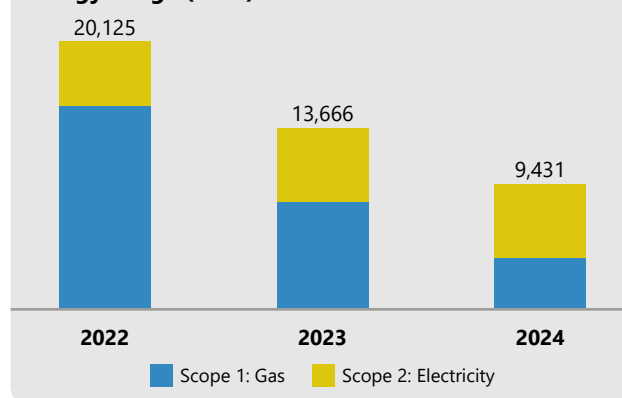
Our ambition is clear: to be 'best in class' within our sector and size. We strive for excellence, not merely compliance. By embedding ESG considerations into our decision-making processes, we aim to drive sustainable growth and resilience.

DSW remains committed to engaging with our people, to incorporate their insights, perspectives, and priorities when shaping our ESG strategy. By listening and acting upon their feedback, we ensure that our approach reflects the values and aspirations of our entire organisation and continues to evolve.

Together, we forge a path towards a more responsible, equitable, and prosperous future—one where ESG isn't just a checkbox, but a compass guiding our actions."

## 2024 Highlights

### Energy Usage (KwH)



Significantly reduced our Scope 1 Emissions by

**53.4%**

Overall Scope 1 & Scope 2 emissions reduced by

**31.0%**

Welcomed the 2nd Cohort of aspiring partners and leaders on the

**DSW Future Leaders Programme**

Held our first

**DSW group wide conference**

which was attended by over 75 of our People and Partners.

Hosted our

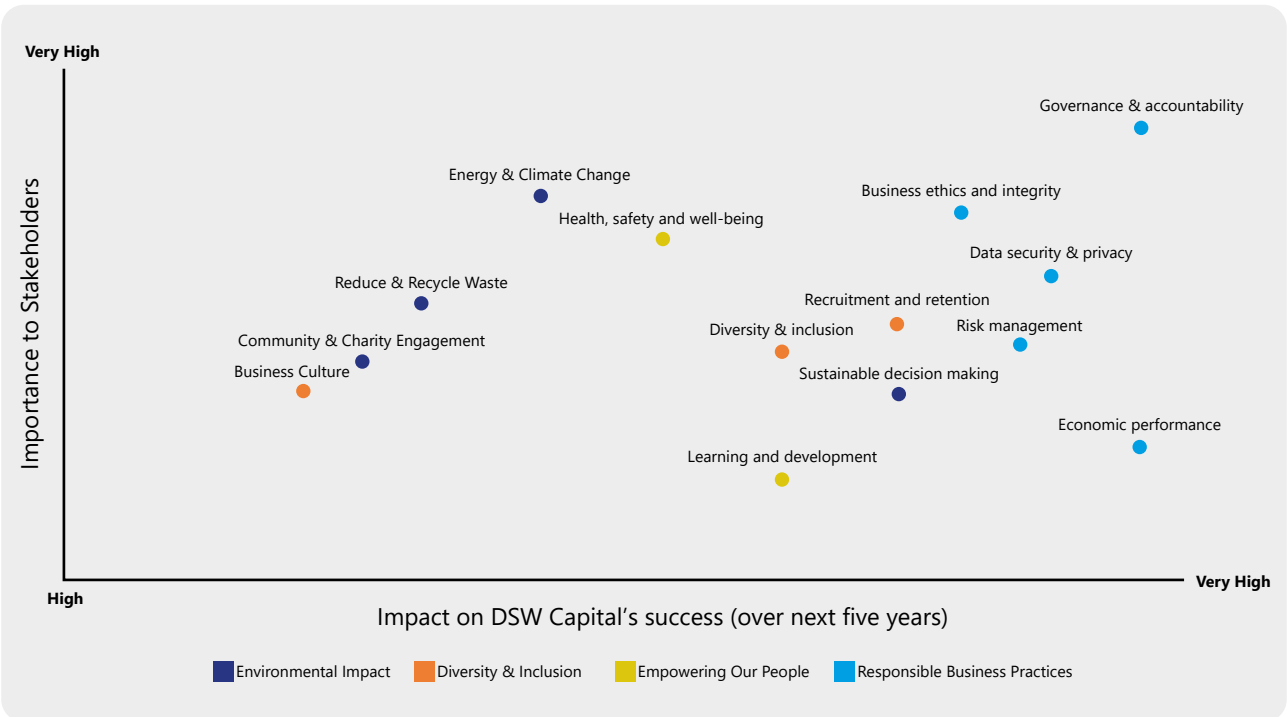
**International Women's Day**

event, which celebrated the success of DSW role models within the firm and from our wider network.



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 2024.

Social & Environmental Impact

Cornerstone Leads



Katie Walton

Cath Priestley

Jess Bradbury

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. This year, we have focused on supporting charities that matter most to our people, welcoming and encouraging charity nominations, and placing more focus on individuals' charitable endeavours. Our teams also collected clothing for charity, and dedicated hours of their time to support our local charity partners hosting fundraising events. The committee has been working hard on a matched

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

funding scheme to support charitable fundraising activities and developing a volunteering initiative that we are excited to roll out in 2024. We are dedicated to collaborating with the broader ESG committee to raise awareness of our ESG initiatives through regular newsletters and updates.

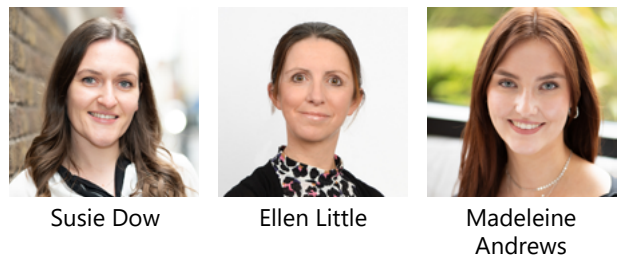
As an office-based business, our impact on the environment is relatively low, with carbon emissions predominantly from energy usage and travel. In the current year, we have focused on promoting behavioural changes to reduce energy usage at our Daresbury Office. We are delighted to report that we have significantly reduced our Scope 1 Emissions by a further 53.4% (FY23: 46.3%) through tighter controls on our heating. Overall, Scope 1 and 2 emissions were reduced by a further 31.0% (FY23: 32.1%). We will continue to work with our licensees to identify initiatives that target our Scope 3 emissions and seek out opportunities to further reduce the impact we have on the environment. We are pleased to present our Streamlined Energy and Carbon Report on pages 46-47, 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.

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.

Diversity & Inclusion

Cornerstone Leads



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



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. We believe that the nature of our business model presents an opportunity to lead the accounting profession in this area. Our model offers genuine flexibility to our licensees and employees, giving them control over the hours they work and providing the technological platform which enables them to deliver their high-quality service from the location of their choice.

As such, we believe our model provides women with access to senior roles in corporate finance and transactional services, which the Board believes are typically dominated by men in more traditional firms. We take pride in our ability to attract female candidates to the DSW Network, with approximately 16% of the Network's current partners and 40% of the DSW Capital Board members being female, however we recognise the need for further diversity in the longer term.

During the year, we held a hugely successful and insightful event celebrating International Women's Day, where the local female M&A community were invited to hear from some of DSW's female role models on the topic of 'Breaking Barriers and Inspiring Entrepreneurship' whilst networking with their peers.

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. During the year, the ESG Committee introduced a Quarterly Diversity & Inclusion Newsletter, highlighting and celebrating important awareness days throughout the year.

In the current year we have rolled out training on Unconscious Bias, ESG and Healthy Working across the DSW Network to educate employees on the benefits of establishing and harbouring a diverse, open-minded workforce and how to develop inclusive thinking.

Recruiting and retaining the right people is critical to the long term success of the business. We take pride in being able to offer young talent an alternative route into specialist services

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

lines and business roles, welcoming three apprentices, internships and graduates to the Network in FY24.

Management recognise 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, the ESG Committee held an Employee Networking Call to discuss Diversity and Inclusion during the year. The Networking Call provided a forum for DSW Employees to provide open feedback and allow us to identify strengths and opportunities for improving Diversity and Inclusion across the DSW Network.

Empowering our People

Cornerstone Leads



Liz Lawson



Giovanna Jackson



Ros Jones

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



Following the success of the first cohort enrolled in the Becoming X bespoke Leadership Development programme, we have invested in a second group of 12 identified as future leaders of DSW. The second cohort includes individuals from multiple service lines, working together and building what we hope to be long term collaborative relationships across the group.

We have also re-launched a new group mentoring programme, with 15 members of the group having signed up, and 13 partners volunteering as mentors. The programme has a new structure outlined to all mentors and mentees at the outset, and the pairings have been carefully allocated based on the results of a preference survey to ensure the best match between mentor and mentee. Initial feedback has been positive.

We held the first group-wide conference in September 2023, bringing over 75 members of the Network together from 10 of the 11 offices and across all service lines. The morning session held for employees, consisted primarily of short and informative presentations delivered by employee volunteers from each service line, designed to share knowledge and develop understanding of the different advisory services offered by, and the composition of each team. Partners joined in the afternoon for wider DSW Network updates from members of the DSW Capital team, presentations from new business units joining the network during the year, and an inspirational speaker, Sarah Outen. We are intending to hold a similar event in October 2024, along with a team building/social activity.

Other incentives in progress and being rolled out over the next 12 months to support our commitment to Empowering Our People and supporting further collaboration across the Network include: office sharing when in the locality of another office; a relaunch of the quarterly employee networking calls to facilitate additional intra-group networking and knowledge sharing opportunities; restarting in person networking events; and starting up regular office 'check in' sessions, creating an informal environment for people to meet, chat and connect.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

Responsible business practices

Cornerstone Leads

DSW Capital Board

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.

A handwritten signature in black ink, appearing to read 'P Fendall'.

Pete Fendall

ESG Chair

1 July 2024

# 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 welcome the second cohort onto 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 continue to invest in initiatives that bring our network together including our inaugural Group Wide Conference which was held in September 2024. This will be an annual event, where we bring the entire group together to strengthen relationships, share knowledge and invest in the wellbeing of our people.

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

## Mitigation

**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.

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.

Furthermore, all partners are required to complete annual partner attestations which remind them of the values and behaviours we respect all our partners to uphold, and also to provide confirmation that they remain compliance with all legal & regulatory requirements and also our Network policies.

**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 continue to invest 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 MANAGEMENT

## Risk

## Mitigation

**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 and political uncertainty, rising energy prices and interest rates, inflationary pressures, resourcing constraints and increased incidence of cyberattacks.

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

1 July 2024

# 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

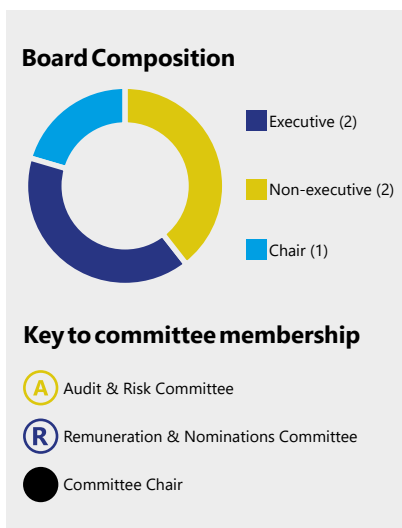
Established Dow Schofield Watts in 2002

### Experience

James is qualified as both a Chartered Accountant and 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 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 OF DIRECTORS



### Pete Fendall

Chief Operating Officer & Interim Chief Financial Officer

#### Date of appointment

April 2024

#### Experience

Pete is a Chartered Accountant who previously spent eight years at Deloitte in the North West Audit & Assurance team, working on large and complex audit engagements whilst also being actively involved in Accounting Advisory and Reporting Accountant projects. He joined DSW in September 2021 to help deliver the IPO and, since then, has led several initiatives to enhance the Group's unique licensee platform model and actively engages with licensees to help them identify ways in which DSW can add value and support their growth ambitions. His most recent projects include the development of the Group's ESG strategy and recruiting new teams and individuals into the DSW Network.

#### 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.

#### 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
- Director of RHDJ Properties Limited
- Governor of Coleg Cambria
- 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 Chair 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 and Vice Chair (Trustee) of IVCC
- Non-executive Chair of Seddon Group
- Non-executive Chair of Seddon Real Estate Limited
- Non-executive Director of Liverpool Trekkers Limited
- Non-executive Director of Ambleside Backpackers Limited
- Non-executive Director (Trustee) of Wirral Youth Zone
- Non-executive Director of Haulfryn Group Limited
- Non-executive Director of Haulfryn Holdings Limited
- Non-executive Director of Haulfryn Limited
- Non-executive Director of Suffolk Street Holdings Limited

# 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 Directors believe the QCA Code provides the best fit for the Group by setting out a standard best practice for small and mid-sized companies, particularly those on AIM. The Board ensures that the Group complies with the QCA Code and sets out below how it complies with each of its 10 Principles.

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

DSW's 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'. To do this, DSW must continually challenge itself to be the best that it can be, to enable the partners and their teams to be the best that they can be.

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 1-9.

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 6-7.

The Directors have identified that the accounting profession is ripe for disruption, creating a significant opportunity for acquisitive growth. DSW is well-positioned for acquisitive growth, seeking strategic acquisitions that align with the Group's long-term vision. A detailed overview of the market can be found on pages 10-13.

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**

DSW recognises that a strong corporate culture is essential for sustainable success. DSW's commitment to sound ethical values and behaviours is embedded throughout the organisation.

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's code of conduct and policies, which address matters such as whistleblowing, social media and anti-bribery and corruption, further engender and promote this culture. DSW maintain a robust whistleblowing mechanism that allows employees to report unethical behaviour without fear of retaliation. Furthermore, regular training sessions ensure that all employees understand our ethical standards.

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

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 Board ensure they have proactive engagement with shareholders and maintain an open dialogue with shareholders throughout the year, engaging with shareholder requests for meetings with executives. The Group primarily communicates with shareholders via its Annual and Interim Reports. These Reports provide clear information about DSW's strategy, financial performance, and risk management. The Group also actively engages with shareholders through virtual investor presentations bi-annually, in-line with our reporting timetable, providing an opportunity for shareholders to directly raise questions to the board. 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. This ensures that shareholders have access to accurate and timely data to make informed decisions.

## CORPORATE GOVERNANCE STATEMENT

Contact details for shareholder communication can be found in the 'Investors' section of the Company's website at [www.dswcapital.com](http://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 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

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 an ESG Committee made up of volunteer partners and employees from across the Group. DSW recognises that feedback is an essential part of all control mechanisms and therefore the ESG Committee regularly canvasses opinions to ensure that any initiatives are reflective of the employees' priorities, needs and interests. Further details are outlined in our Environmental, Social and Governance report on pages 26-30.

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

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 31-33 of this report, along with the monitoring processes and mitigating actions in place to manage these risks.

During the year, the Group introduced an assurance discipline to policy compliance. The Board seeks to gain assurance that defined policy requirements are being adhered to and that the policies are being complied with. Each piece of assurance undertaken results in a written report, detailing the outcome of the testing undertaken, which is reviewed by the Audit & Risk Committee and reported to the Board.

The Audit & Risk Committee has monitored and formally considered auditor independence during the year. 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.

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

In order to uphold the quality of Board independence, 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. Both Non-Executive Directors are willing and able to challenge, question and speak up during Board meetings and have the strength of character to obtain full and satisfactory answers to their questions. More details about the Board can be found on pages 34-35.

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. Both committees comprise of a majority of independent NEDs. The Audit and Risk Committee met on four occasions during the year, and the Remuneration & Nominations Committee met on three occasions during the year, with both Non-Executive Directors present at all meetings.

Details of these committees are set out on pages 39-43 of this report.

Shareholders are given the opportunity to vote annually on the (re-)election of all individual Directors to the Board.

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

The Non-Executive Chair leads the Board and is responsible for its governance structures, performance, and effectiveness. The Board is provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. 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 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 receive an

## CORPORATE GOVERNANCE STATEMENT

annual 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.

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.

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 34-35 of this Report and also on the Company's website. The Directors keep their skillsets up to date with regular training provided both by the Group, and through external providers.

The board reviews both the Group's governance framework and the boards effectiveness on an annual basis. This ensures that both individually and collectively the directors have the necessary up-to-date experience, skills and capabilities to effectively fulfil their duties and that the governance framework remains appropriate for the business going forward.

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

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.

The last external review was completed in December 2021 as part of the IPO process. No specific failings in effectiveness were identified and the review served to reinforce the Board's focus on the monitoring of risk.

The board will be reviewed during the year ended 31 March 2025 and details of the review will be shared within the respective Corporate Governance statement.

Following the resignation of Nicole Burstow, Deputy CEO & CFO, the Board is delighted to announce the appointment of Shrutisha Morris who has been appointed Deputy CEO and joins the Board on 1 August 2024.

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

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.

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.

### **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](http://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 monthly specialist reports on IT Risk for consideration.

The Audit and Risk Committee met on four occasions during the year to 31 March 2024 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.

In consideration of the significant accounting judgements made, the Committee reviewed reports 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 in the prior year, including the approach to policies and standards, providing clarity on the expectations of the

Group to achieve compliance. During the current year, an assurance programme was established to ensure that the newly-implemented policies and procedures are being complied with. During the year, the Committee identified no areas of non-compliance.

Supporting the Network with their risk and compliance responsibilities continues to be a focus this year. Interventions such as Compliance Inductions and Risk Management Workshops for newly established licensee businesses 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

## AUDIT & RISK COMMITTEE REPORT

disclosed in the Risk Management section of this report on pages 31-33.

The Audit & Risk Committee has concluded that sound risk management and internal controls have been in operation throughout the period.

### **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. During the year, the Group introduced an assurance discipline to policy compliance to ensure that defined requirements are being adhered to and the existing policies are being complied with. During the year, the Committee identified no areas of non-compliance. 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

The Remuneration and Nominations Committee meet as and when necessary, but at least twice each year. During the year the committee met three 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 FY24 Executive Bonus scheme.
- Oversaw the recruitment of Shrutisha Morris, Deputy CEO following the resignation of Nicole Burstow.

## Directors' remuneration summary

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

£'000	Salary & Fees	Social Security	Pension Contributions	Total 2024	Total 2023
Heather Lauder	53	6	-	59	57
James Dow	225	30	-	255	248
Jillian Jones	38	4	-	42	40
Jonathan Schofield	38	4	-	42	40
Nicole Burstow	170	22	18	210	141
	<b>524</b>	<b>66</b>	<b>18</b>	<b>608</b>	<b>503</b>



## REMUNERATION &amp; NOMINATIONS COMMITTEE REPORT

Nicole Burstow resigned from her position as Deputy CEO and Chief Financial Officer on 17 May 2024.

Pete Fendall was appointed Chief Operating Officer on 2 April 2024 and Interim Chief Financial Officer on 17 May 2024. Pete Fendall resigned as Company Secretary on 2 April 2024 and Susie Dow was appointed as Company Secretary.

Both Nicole Burstow and James Dow received a £500 bonus in respect of the year ended 31 March 2024. In the year ended 31 March 2023, both Nicole Burstow and James Dow also received a £500 bonus each.

### 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:

	2024	2023
James Dow	274,962	274,962
Nicole Burstow	-	237,223
<b>Total</b>	<b>274,962</b>	<b>512,185</b>

There were no awards exercised or expired in the period. During the period to 31 March 2024, it was announced that Nicole Burstow would be leaving DSW Capital. As such, her PSP awards to date have been forfeited.

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

#### *Legacy Award*

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 would 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.

Both the CFO Legacy Awards and the Leeds Legacy Awards vested on 31 March 2023. The Leeds Legacy Awards have subsequently been exercised in full whilst the CFO Legacy Awards have now lapsed. No further charge has been recognised in the year ended 31 March 2024.

## REMUNERATION &amp; NOMINATIONS COMMITTEE REPORT

**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:

	2024		2023	
	Number	% of issued shares	Number	% of issued shares
James Dow	3,547,127*	16.2%	3,289,793*	15.0%
Nicole Burstow	193,698	0.9%	193,698	0.9%
Jonathan Schofield	1,869,600	8.5%	1,869,600	8.7%
Heather Lauder	38,739	0.2%	38,739	0.2%
Jillian Jones	56,639	0.3%	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*

# 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 2024. The Corporate Governance Statement set out on pages 36 to 38 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.

There were no significant events since the balance sheet date. 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 £2.3m (2023: £2.7m) and profit after tax of £0.1m (2023: £0.5m). An interim dividend of 1.25 pence per fully paid ordinary share was paid on 23 January 2024. The Directors propose a final dividend for the year ended 31 March 2024 of 0.75 pence per share, subject to the approval at the Annual General Meeting on 24 September 2024.

## 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 31-33. 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 £2.6m, no debt, has a model which is cash generative and a limited fixed cost base. At 31 March 2024, the Group has net assets of £7.6m (2023: £7.9 million) and net current assets of £4.3m (2023: £5.7m) which reflects the strong financial position for the Group. In addition, the Group is profitable with adjusted profit after tax of £0.4m in the year ended 31 March 2024.

Scenario analysis has been performed on the underlying forecasts and, given the Group's cash balance is over 20% greater than 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 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 the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 23.

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. Shares held by the DSW Capital Employee Benefit Trust abstain from voting.

## DIRECTORS' REPORT

**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

Nicole Burstow resigned as Deputy Chief Executive Officer and Chief Financial Officer on 17 May 2024 and Pete Fendall was appointed as Chief Operating Officer on 2 April 2024 and Interim Chief Financial Officer on 17 May 2024.

Pete Fendall resigned as Company Secretary on 2 April 2024 and Susie Dow was appointed as Company Secretary.

The Board considers that the contribution of each of the Directors is, and continues to be, important to the Company's long-term sustainable success. All Directors, being eligible, are standing for re-election at the next annual general meeting.

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 36-38.

Directors' remuneration payable in the year ended 31 March 2024 is set out in the Remuneration & Nominations Committee Report. Further details on related party transactions with Directors are provided in note 30 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 and Key Man Insurance throughout the year.

**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 2024 were as shown in the table below:

	<b>No. of Shares</b>	<b>% Shareholding</b>
James Dow & Beverley Dow	3,547,127	16.18%
Mark Watts & Julie Watts	2,991,360	13.64%
Jonathan Schofield & Fiona Schofield	1,869,600	8.53%
Philip Price & Joanne Price	1,495,680	6.82%
Andrew Dodd & Joanne Dodd	1,495,680	6.82%
Canaccord Genuity Group Inc	808,500	3.69%
Craig Richardson	747,840	3.41%
Susannah Dow	747,840	3.41%
Adam Dow	747,840	3.41%
Alan Revie	733,310	3.34%

**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

## DIRECTORS' REPORT

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 within the licensees from which DSW receives licence fees.

### 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 (2023: 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 ('CO<sub>2</sub>') 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.

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:

	2024	2023
<b>Energy Consumption</b>		
<i>Scope 1 Emissions:</i>		
Gas kWh	3,819	8,196
<i>Scope 2 Emissions:</i>		
Electricity kWh	5,612	5,470
<b>Total energy used in kWh</b>	<b>9,431</b>	<b>13,666</b>
<b>Carbon Emissions:</b>		
Scope 1 emissions (tCO <sub>2</sub> e)	0.7	1.5
Scope 2 emissions (tCO <sub>2</sub> e)	1.2	1.1
<b>Total Scope 1 &amp; 2 emissions (tCO<sub>2</sub>e)</b>	<b>1.9</b>	<b>2.6</b>
<b>Emissions Intensity Ratios:</b>		
Tonnes CO <sub>2</sub> e – per £m Revenue	<b>0.77</b>	<b>0.86</b>
Tonnes CO <sub>2</sub> e – per Average FTE	<b>0.18</b>	<b>0.25</b>

### Methodology

Greenhouse gas emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption and production data has been collated and converted into CO<sub>2</sub> equivalent using the UK Government 2023 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.

## DIRECTORS' REPORT

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.

In the current year we have significantly reduced our Scope 1 Emissions by 53.4% 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 become Carbon Neutral with respect of our Scope 1 & Scope 2 emissions by 2025 with a target of reducing our Scope 1, 2 and 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. In the current year we have replaced our CSR committee with an ESG Committee, which ensures all our actions/initiatives align with our ESG Strategy. We have three dedicated Environmental & Social Impact leads who, as well as looking at the way we engage with our local charities and communities, are also overseeing how we continue to make progress against our environmental targets.

Further detail can be found in the ESG report on pages 26-30.

### Notice of AGM

The Company's AGM will be held at 10:00am on 24 September 2024 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 1 July 2024 and signed on its behalf by:

DSW Capital PLC  
7400 Daresbury Park  
Daresbury  
Warrington  
WA4 4BS

1 July 2024

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 2024 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 2024 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 material accounting policy information. 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 remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 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 2026 by challenging the Directors on the key assumptions included in the base case forecasts and sensitivity assessments;
- We challenged the key assumptions including licence fee and profit share income from the licensees through consideration of past performance and our knowledge of the industry and the market;
- We compared the forecasts to the post year-end financial information of the Group to evaluate the accuracy and reliability of the forecasting process;
- We agreed the opening cash position per the forecasts to supporting documentation;
- We assessed the Group's cash flows over the forecast period including to determine its ability to maintain adequate working capital levels and support its growth strategies; 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**Overview**

<b>Coverage</b>	<i>100% (2023:100%) of Group profit before tax</i> <i>100% (2023:100%) of Group revenue</i> <i>100% (2023:100%) of Group total assets</i>		
<b>Key audit matters</b>	<i>Risk over improper recognition of revenue and application of IFRS 15</i>	2024 Yes	2023 Yes
<b>Materiality</b>	<i>Group financial statements as a whole</i> <i>£38,000 (2023: £65,000) based on 1.5% of revenue (2023: 5% of Adjusted profit before tax).</i>		

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

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Risk over improper recognition of revenue and application of IFRS 15</b></p> <p>Refer to Note 2 for the accounting policy and note 4 for detailed disclosures.</p> <p>Revenue for the year amounted to £2,313,000.</p> <p>The Group's main revenue comes from licence fees from its licensees.</p> <p>For the Group to recognise revenue under IFRS 15 Revenue from Contracts with Customers, its performance obligation must be satisfied.</p> <p>Licence 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.</p> <p>There is risk that fictitious licence fees may be recognised. There is also risk that inappropriate manual journals to revenue may have been posted.</p> <p>As a result of the matters set out above, we considered this to be an area of focus for our audit.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Consideration of the appropriateness of the Group's revenue recognition policy for licence fee revenue against the requirements of IFRS 15.</li> <li>• Performing analytical reviews on quarterly licence fees and investigating significant fluctuations through enquiry with management and corroborating their explanations to licensee management accounts.</li> <li>• Verifying a sample of licence fee revenue in the year where unusual fluctuations have been noted by matching invoices to the bank receipts and other supporting documentation.</li> <li>• Comparison of the total actual recorded licence fees to expected amounts, based on the fee percentages included in the underlying contracts with the licensees and revenue per the licensees' management accounts.</li> <li>• Agreeing a sample of debtors to post year end receipts to confirm the existence of debtors at year end; and</li> <li>• Reviewing post year end nominal ledger for any credit notes to confirm that there were no reversals of the revenue that was recognised in the 2024 financial year.</li> <li>• Testing journals with unusual revenue combinations that have been processed into the revenue accounts by obtaining corroborative explanations, tracing them to underlying supporting evidence and assessing them for reasonability.</li> </ul> <p><u>Key observations</u></p> <p>From our testing performed, no matters were identified to indicate that the recognition of licence fee revenue was inappropriate.</p>

## 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:

	<b>Group financial statements</b>		<b>Parent company financial statements</b>	
	2024	2023	2024	2023
<b>Materiality</b>	£38,000	£65,000	£36,000	£62,000
<b>Basis for determining materiality</b>	1.5% of revenue	5% of Adjusted profit before tax	1.5% of revenue	5% of Adjusted profit before tax
<b>Rationale for the benchmark applied</b>	Due to the decline in profits in the current year, we determined revenue to be most appropriate benchmark as it is one of the key metrics of the Group apart from profit before tax. The market for mergers and acquisitions, which forms a significant portion of the company's profits is still characterised by a high level of unpredictability therefore the profit before tax benchmark has not been used due to its volatility.	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.	Due to the decline in profits in the current year, we determined revenue to be most appropriate benchmark as it is one of the key metrics of the Group apart from profit before tax. The market for mergers and acquisitions, which forms a significant portion of the company's profits is still characterised by a high level of unpredictability therefore the profit before tax benchmark has not been used due to its volatility.	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.
<b>Performance materiality</b>	£28,500	£49,000	£27,000	£47,000
<b>Basis for determining performance materiality</b>	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 £2,000 (2023: £3,000). 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 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.

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li> <li>the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>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.</p>
<b>Matters on which we are required to report by exception</b>	<p>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:</p> <ul style="list-style-type: none"> <li>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</li> <li>the Parent Company financial statements are not in agreement with the accounting records and returns; or</li> <li>certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>we have not received all the information and explanations we require for our audit.</li> </ul>

**Responsibilities of Directors**

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

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

## 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, Incremental borrowing rate (IBR), expected credit losses and cashflow forecasts used in the going concern assessment;
- Identifying and testing journal entries, in particular any journals with unusual combinations that were posted to revenue and cash, journals posted by specific users, journals which included specific keywords and journals randomly sampled to address unpredictability, by agreeing them 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.

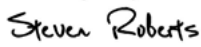
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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](http://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:  
  
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**Steven Roberts (Senior Statutory Auditor)**

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

1 July 2024

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 2024

	Note	2024 £'000	2023 £'000
<b>Continuing operations</b>			
<b>Revenue</b>	4	2,311	2,714
<b>Gross profit</b>		<b>2,311</b>	<b>2,714</b>
Share of results of associates	16	120	284
Share of results of jointly controlled entity	17	56	25
Administrative expenses		(2,364)	(2,366)
<b>Operating profit</b>		<b>123</b>	<b>657</b>
<b>Adjusted operating profit<sup>17</sup></b>		<b>422</b>	<b>1,351</b>
Share based payments expense		(299)	(694)
<b>Operating profit</b>		<b>123</b>	<b>657</b>
Finance income	9	236	104
Impairment of loans due from associated undertakings		(130)	(22)
Finance costs	10	(22)	(24)
<b>Profit before tax</b>		<b>207</b>	<b>715</b>
Income tax	11	(123)	(230)
<b>Profit for the year</b>	6	<b>84</b>	<b>485</b>
Total comprehensive income for the year attributable to owners of the Company		<b>84</b>	<b>485</b>
<b>Earnings per share</b>			
From continuing operations			
Basic	13	£0.004	£0.02
Diluted	13	£0.004	£0.02

<sup>17</sup> 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 2024

	Note	2024 £'000	As restated (See Note 29) 2023 £'000
<b>Non-current assets</b>			
Intangible assets	14	696	748
Property, plant and equipment	15	363	440
Lease receivable	24	82	-
Investments	18	1,499	1,025
Investments in associates	18	145	209
Interests in jointly controlled entities	18	21	39
Prepayments and Accrued Income	19	800	69
Deferred tax asset	21	2	9
		<b>3,608</b>	<b>2,539</b>
<b>Current assets</b>			
Trade receivables	19	839	924
Prepayments and Accrued Income	19	452	344
Other receivables	19	978	567
Current tax asset		30	-
Lease receivable	24	49	-
Cash and bank balances		2,632	4,584
		<b>4,980</b>	<b>6,419</b>
<b>Total assets</b>		<b>8,588</b>	<b>8,958</b>
<b>Current liabilities</b>			
Trade payables	22	192	162
Other taxation	22	179	211
Other payables	22	84	76
Accruals and Deferred Income	22	94	133
Current tax liabilities	22	-	95
Lease liability	24	153	91
		<b>702</b>	<b>768</b>
<b>Net current assets</b>		<b>4,278</b>	<b>5,651</b>
<b>Non-current liabilities</b>			
Lease liability	24	218	220
Dilapidation provision	22	80	75
		<b>298</b>	<b>295</b>
<b>Total liabilities</b>		<b>1,000</b>	<b>1,063</b>
<b>Net assets</b>		<b>7,588</b>	<b>7,895</b>
<b>Equity</b>			
Share capital	23	55	55

Share premium		5,268	5,271
Share-based payment reserve	25	498	1,868
Retained earnings	25	1,767	701
<b>Total Equity attributable to owners of the Company</b>		<b>7,588</b>	<b>7,895</b>

The financial statements on pages 56 to 96 were approved by the board of directors and authorised for issue on 1 July 2024. They were signed on its behalf by:



**Pete Fendall**

Director

1 July 2024

# COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Note	2024 £'000	As restated (See Note 29) 2023 £'000
<b>Non-current assets</b>			
Intangible assets	14	696	748
Property, plant and equipment	15	64	40
Lease receivable	24	82	-
Investments	18	1,499	1,025
Investments in associates	18	145	209
Interests in jointly controlled entities	18	21	39
Prepayments and Accrued Income	19	800	69
Other receivables	19	130	-
Deferred tax asset	21	2	9
		<b>3,439</b>	<b>2,139</b>
<b>Current assets</b>			
Trade receivables	19	818	869
Prepayments and Accrued Income	19	386	287
Other receivables	19	978	696
Current tax asset		30	-
Lease receivable	24	49	-
Cash and bank balances		2,615	4,563
		<b>4,876</b>	<b>6,415</b>
<b>Total assets</b>		<b>8,315</b>	<b>8,554</b>
<b>Current liabilities</b>			
Trade payables	22	81	32
Other taxation	22	166	210
Other payables	22	83	76
Accruals and Deferred Income	22	85	128
Current tax liabilities	22	-	95
Lease liability	24	54	-
		<b>469</b>	<b>541</b>
<b>Net current assets</b>		<b>4,407</b>	<b>5,874</b>
<b>Non-current liabilities</b>			
Lease liability	24	91	-
Dilapidation provision	22	1	-
		<b>92</b>	<b>-</b>
<b>Total liabilities</b>		<b>561</b>	<b>541</b>

<b>Net assets</b>		<b>7,754</b>	<b>8,013</b>
<b>Equity</b>			
Share capital	23	55	55
Share premium		5,268	5,271
Share-based payment reserve	25	498	1,868
Retained earnings		1,933	819
<b>Total Equity attributable to owners of the Company</b>		<b>7,754</b>	<b>8,013</b>

The profit after tax for the Company was £132,000 (2023: £497,000). 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 56-96 were approved by the board of directors and authorised for issue on 1 July 2024. They were signed on its behalf by:



**Pete Fendall**

Director

1 July 2024

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2022</b>	<b>54</b>	<b>5,280</b>	<b>1,174</b>	<b>1,477</b>	<b>7,985</b>
Profit for the year	-	-	-	485	485
Dividends	-	-	-	(1,261)	(1,261)
Share-based payments	-	-	694	-	694
Issue of shares in year	1	(9)	-	-	(8)
<b>Balance at 31 March 2023</b>	<b>55</b>	<b>5,271</b>	<b>1,868</b>	<b>701</b>	<b>7,895</b>
Profit for the year	-	-	-	84	84
Dividends	-	-	-	(687)	(687)
Share-based payments	-	-	299	-	299
Issue of shares in year	-	(3)	-	-	(3)
Reserves transfer (Note 25)	-	-	(1,669)	1,669	-
<b>Balance at 31 March 2024</b>	<b>55</b>	<b>5,268</b>	<b>498</b>	<b>1,767</b>	<b>7,588</b>

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2022</b>	<b>54</b>	<b>5,280</b>	<b>1,174</b>	<b>1,583</b>	<b>8,091</b>
Profit for the year	-	-	-	497	497
Dividends	-	-	-	(1,261)	(1,261)
Share-based payments	-	-	694	-	694
Issue of shares in year	1	(9)	-	-	(8)
<b>Balance at 31 March 2023</b>	<b>55</b>	<b>5,271</b>	<b>1,868</b>	<b>819</b>	<b>8,013</b>
Profit for the year	-	-	-	132	132
Dividends	-	-	-	(687)	(687)
Share-based payments	-	-	299	-	299
Issue of shares in year	-	(3)	-	-	(3)
Reserves transfer (Note 25)	-	-	(1,669)	1,669	-
<b>Balance at 31 March 2024</b>	<b>55</b>	<b>5,268</b>	<b>498</b>	<b>1,933</b>	<b>7,754</b>



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Profit for the year		84	485
Adjustments for:			
Income tax expense	11	123	230
Net interest income		(214)	(80)
Depreciation of property, plant and equipment	15	144	139
Amortisation of intangible assets	14	59	46
Share-based payment expense	25	299	694
Impairment of loans due from associated undertakings		130	22
<b>Operating cash flows before movements in working capital</b>		<b>625</b>	<b>1,536</b>
Increase in trade and other receivables		(589)	(308)
(Decrease) / Increase in trade and other payables		(32)	41
Decrease in amounts owed from associates in relation to profit share		81	81
<b>Cash generated by operations</b>		<b>85</b>	<b>1,350</b>
Income taxes paid		(241)	(203)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(156)</b>	<b>1,147</b>
<b>Investing activities</b>			
Purchases of IP and trademarks	14	(7)	-
Purchases of property, plant and equipment	15	(43)	(43)
Investments made in the period	18	(1,180)	-
<b>Net cash used in investing activities</b>		<b>(1,230)</b>	<b>(43)</b>
<b>Financing activities</b>			
Dividends paid	12	(687)	(1,261)
Lease payments	24	(113)	(77)
Lease receivable amounts received	24	5	-
Interest received		233	104
Share issue costs		(4)	(8)
<b>Net cash used in financing activities</b>		<b>(566)</b>	<b>(1,242)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,952)</b>	<b>(138)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>4,584</b>	<b>4,722</b>
<b>Cash and cash equivalents at end of year</b>		<b>2,632</b>	<b>4,584</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. General information

DSW Capital plc, registered as a public company in England and Wales, with registered number: 07200401. The principal activity of the Company and its subsidiaries, DSW Services LLP and DSW Operations Limited, (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 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

<i>IFRS 17</i>	<i>Insurance Contracts</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 on Leases and Decommissioning Obligations</i>
<i>Amendments to IAS 12</i>	<i>Deferred Tax Assets and Liabilities related to Pillar Two Income Taxes</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 S1</i>	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
<i>IFRS S2</i>	<i>Climate-related Disclosures</i>
<i>Amendments to IFRS 7</i>	<i>Supplier Finance Arrangements and the Classification and Measurement of Financial Instruments</i>
<i>Amendments to IFRS 16</i>	<i>Measurement of a Sale and Leaseback Transaction</i>
<i>IFRS 18</i>	<i>Presentation and Disclosures in Financial Statements</i>
<i>IFRS 19</i>	<i>Subsidiaries without Public Accountability: Disclosures</i>
<i>Amendments to IAS 1</i>	<i>Classification of Liabilities as current or non-current</i>
<i>Amendments to IAS 1</i>	<i>Classification of Debt with Covenants</i>
<i>Amendments to IAS 7</i>	<i>Supplier Finance Arrangements</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 £2.6m, no debt, has a model which is cash generative and a limited fixed cost base. At 31 March 2024, the Group has net assets of £7.6m (2023: £7.9 million) and net current assets of £4.3m (2023: £5.7m) which reflects the strong financial position for the Group. In addition, the Group is profitable with adjusted profit after tax of £0.4m in the year ended 31 March 2024 (£1.2m year end 31 March 2023).

Scenario analysis has been performed on the underlying forecasts and, given the Group's cash balance is over 20% greater than 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 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 affect 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.

To determine the fair value of the long-term loans, the Directors of the Company use the discounted cashflow valuation technique. Differences may arise between the transaction price of the loan at initial recognition and the amount determined

## NOTES TO THE FINANCIAL STATEMENTS

at initial recognition using the valuation technique. Any such differences are capitalised in prepayments and accrued income where they are held as Contract Assets and amortised over the loan term.

### 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

#### *As a lessee*

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 average incremental borrowing rate applied to lease liabilities during the year is 7.80%.

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.

#### *As a lessor*

The Group applies IFRS 16 to account for leases. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

## NOTES TO THE FINANCIAL STATEMENTS

When the group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

### 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.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

**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.

*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

## NOTES TO THE FINANCIAL STATEMENTS

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.

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.

## 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.



## NOTES TO THE FINANCIAL STATEMENTS

**Related Party Transactions**

Details of related party transactions entered into by members of the Group are set out in Note 30.

**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.

**Finance Income**

The Group's finance income includes interest income on long-term loans made to licensees which is calculated using the effective interest method, and interest received on cash and cash equivalents.

**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 loans provided to licensees have 20-year terms and are only repayable at the end of the term and therefore in substance, are more akin to investments. The average interest rate is 6.1%.

## NOTES TO THE FINANCIAL STATEMENTS

*Share based payments*

In the years ended 31 March 2024 and 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 to 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

## 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

	2024 £'000	2023 £'000
<b>External revenue by product line</b>		
Licence Fee Income	2,183	2,549
Profit Share Income	128	165
<b>Total</b>	<b>2,311</b>	<b>2,714</b>

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

	2024 £'000	2023 £'000
<b>External revenue by reporting line</b>		
Licence fees attributable to Mergers & Acquisition ('M&A')	1,475	1,817
Licence fees attributable to Other	708	732
Profit share attributable to M&A	119	165
Profit share attributable to Other	9	-
<b>Total Revenue</b>	<b>2,311</b>	<b>2,714</b>

## 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 licence 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

**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 Licence fees attributable to M&A are revenues of approximately £0.40m (2023: £0.68m) which arose from licence fee income from the Group's largest licensee. Only one other single licensee contributed 10 per cent or more to the Group's revenue in 2024 (none in 2023).

**6. Profit for the year**

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

	<b>2024</b> <b>£'000</b>	<b>2023</b> <b>£'000</b>
Depreciation of property, plant and equipment	144	139
Amortisation	59	46
Employee pension	25	14
Expected credit loss - licence fees	(7)	130
Expected credit loss - outstanding loans	130	22
Expected credit loss - profit share	(3)	(84)

**7. Auditors' remuneration**

	<b>2024</b> <b>£'000</b>	<b>2023</b> <b>£'000</b>
Audit of the Group financial statements	66	63
<i>Fees payable to the Company's auditors in respect of:</i>		
Accountancy services	2	-
<b>Total auditors' remuneration</b>	<b>68</b>	<b>63</b>

Non-audit services relate to iXBRL conversion work performed on the company's financial statements for corporation tax purposes.

## 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:

	2024 Number	2023 Number
Central Heads	15	15
	<b>15</b>	<b>15</b>

Their aggregate remuneration comprised:

	2024 £'000	2023 £'000
Wages and salaries	881	790
Social security costs	118	98
Other pension costs (see note 26)	25	14
	<b>1,024</b>	<b>902</b>

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

### Aggregate Directors' remuneration

	2024 £'000	2023 £'000
Wages and salaries	524	455
Social security costs	66	63
Other pension costs (see note 26)	18	8
	<b>608</b>	<b>526</b>

The highest paid Director's total emoluments in the year were £225,500 (2023: £213,500) of which £nil (2023: £nil) related to pension costs.

### Directors' transactions

Dividends totalling £687,362 were paid in the year in respect of ordinary shares (2023: £1,260,953). Of the dividends, £182,099 (2023: £324,682) 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

	2024 £'000	2023 £'000
Interest income:		
Loan Interest	124	80
	<b>124</b>	<b>80</b>
Other finance income	112	24
Total finance income	<b>236</b>	<b>104</b>

## 10. Finance costs

	2024 £'000	2023 £'000
Interest costs on lease	(18)	(19)
Other finance costs	(4)	(5)
	<b>(22)</b>	<b>(24)</b>

## 11. Income Tax

	2024 £'000	2023 £'000
Corporation income tax:		
Current year	135	260
Adjustments in respect of prior years	(19)	(25)
	<b>116</b>	<b>235</b>
Deferred tax (see note 21)		
Origination and reversal of temporary differences	7	(5)
	<b>123</b>	<b>230</b>

The standard rate of corporation tax applied to reported profit is 25% (2023: 19%).

## NOTES TO THE FINANCIAL STATEMENTS

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

	2024 £'000	2023 £'000
Profit before tax on continuing operations	207	715
Tax at the UK corporation tax rate of 25% (2023: 19%)	52	136
Tax effect of expenses that are not deductible in determining taxable profit and reversal of prior year expenses not deducted previously	5	(14)
Depreciation in excess of capital allowances	-	7
Other tax effects	12	4
Tax effect of adjustments in relation to prior periods	(19)	(25)
Tax effect of income not taxable in determining taxable profit	(9)	(5)
Movement in deferred tax assets/liabilities	7	(5)
Tax effect of share based payment adjustment	75	132
<b>Tax expense for the year</b>	<b>123</b>	<b>230</b>

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 pay tax at the main rate, reduced by a marginal relief.

## 12. Dividends

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the year:		
Dividend for the year to 31 March 2023 consisting of:		
Interim catch up dividend for the year to 31 March 2022 of £0.0056 per share	-	118
Final dividend for the year to 31 March 2023 of £0.02 per share (2022: £0.0366 per share)	421	772
Interim dividend for the year to 31 March 2024 of £0.0125 per share (2023: £0.0176 per share)	266	371
	<b>687</b>	<b>1,261</b>
Final dividend for the year to 31 March 2024 of £0.0075 per share (2023: £0.02 per share)	164	439
	<b>164</b>	<b>439</b>

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 dividend record date is 13 September 2024 and the dividend payment date is 27 September 2024. The ex-dividend date is 12 September 2024.

## 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:

	2024	2023
Earnings	£'000	£'000
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	84	485
Effect of dilutive potential ordinary shares:	-	-
<b>Earnings for the purposes of diluted earnings per share</b>	<b>84</b>	<b>485</b>

	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	21,158,039	21,075,581
Effect of dilutive potential ordinary shares:		
Share Options	768,321	674,454
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	<b>21,926,360</b>	<b>21,750,035</b>

### From continuing operations

	2024	2023
Earnings	£	£
Basic earnings per share	0.004	0.02
<b>Diluted earnings per share</b>	<b>0.004</b>	<b>0.02</b>

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; and
- The tax effect of the above item



## NOTES TO THE FINANCIAL STATEMENTS

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

	2024 £'000	2023 £'000
Profit after tax on continuing operations	84	485
Adjusted for:		
Share-based payment expense	299	694
<b>Adjusted earnings for the purposes of adjusted basic and adjusted diluted earnings per share</b>	<b>383</b>	<b>1,179</b>

Earnings	2024 £	2023 £
Adjusted basic earnings per share	0.02	0.06
<b>Adjusted diluted earnings per share</b>	<b>0.02</b>	<b>0.05</b>

Tax adjustments of £nil (2023: £nil) 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 25% 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
Group & Company:	£'000
<b>Cost</b>	
At 1 April 2022	907
Additions	-
At 31 March 2023	<b>907</b>
Additions	7
Disposals	(49)
At 31 March 2024	<b>865</b>
<b>Amortisation</b>	
At 1 April 2022	113
Charge for the year	46
At 31 March 2023	<b>159</b>
Charge for the year	59
Disposals	(49)
At 31 March 2024	<b>169</b>
<b>Carrying amount</b>	
At 31 March 2023	<b>748</b>
<b>At 31 March 2024</b>	<b>696</b>

All intangible assets relate to intellectual property on which licence fees are charged. £645k of the carrying amount as at 31 March 2024 (2023: £676k) relates to Camlee Group. Management have determined that the present value of future cashflows to be derived from the respective licence fee income is greater than the carrying amount and, as such, the intellectual property does not need to be impaired.

## NOTES TO THE FINANCIAL STATEMENTS

## 15. Property, plant and equipment

### Group

	Right of Use Assets	Office Fixtures, Fittings & Equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2022	520	221	741
Additions	11	43	54
At 31 March 2023	<b>531</b>	<b>264</b>	<b>795</b>
Additions	24	43	67
At 31 March 2024	<b>555</b>	<b>307</b>	<b>862</b>
<b>Accumulated depreciation</b>			
At 1 April 2022	52	164	216
Charge for the year	105	34	139
At 31 March 2023	<b>157</b>	<b>198</b>	<b>355</b>
Charge for the year	109	35	144
At 31 March 2024	<b>266</b>	<b>233</b>	<b>499</b>
<b>Carrying amount</b>			
At 31 March 2023	<b>374</b>	<b>66</b>	<b>440</b>
At 31 March 2024	<b>289</b>	<b>74</b>	<b>363</b>

## NOTES TO THE FINANCIAL STATEMENTS

## Company

	Right of Use Asset	Office Fixtures, Fittings & Equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2022	-	128	128
Additions	-	28	28
At 31 March 2023	-	<b>156</b>	<b>156</b>
Additions	16	35	51
At 31 March 2024	<b>16</b>	<b>191</b>	<b>207</b>
<b>Accumulated depreciation</b>			
At 1 April 2022	-	89	89
Charge for the year	-	27	27
At 31 March 2023	-	<b>116</b>	<b>116</b>
Charge for the year	1	26	27
At 31 March 2024	<b>1</b>	<b>142</b>	<b>143</b>
<b>Carrying amount</b>			
At 31 March 2023	-	<b>40</b>	<b>40</b>
At 31 March 2024	<b>15</b>	<b>49</b>	<b>64</b>

## 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

	2024	2023
	£'000	£'000
The Group's share of profit from continuing operations	120	284
The Group's share of profit and total comprehensive income	<b>120</b>	<b>284</b>

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 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

	2024 £'000	2023 £'000
The Group's share of profit from continuing operations	56	25
The Group's share of profit and total comprehensive income	56	25

## 18. Investments - Group and Company

	2024 £'000	As restated 2023 £'000
<b>Financial assets measured under the equity method</b>		
Investment in Associates	145	209
Investment in jointly controlled entities	21	39
<b>Financial assets measured at amortised cost</b>		
Other investments	1,499	1,025
<b>Total Investments</b>	<b>1,665</b>	<b>1,273</b>

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 prior year Investments balance has been restated in the current year due to an error that occurred in the calculation of the loans' present value on initial recognition resulting in a balance sheet reclassification. This has been corrected in the current year. For full details of the prior period adjustment please refer to Note 29.

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 2024 £'000	As restated Company 2023 £'000	Group 2024 £'000	As restated Group 2023 £'000
Trade receivables	893	910	914	965
Loss allowance	(75)	(41)	(75)	(41)
	<b>818</b>	<b>869</b>	<b>839</b>	<b>924</b>
Other receivables	1,346	804	1,346	805
Loss Allowance	(368)	(238)	(368)	(238)
	<b>978</b>	<b>566</b>	<b>978</b>	<b>567</b>
Prepayments and Accrued Income	1,194	368	1,260	425
Loss Allowance	(8)	(12)	(8)	(12)
	<b>1,186</b>	<b>356</b>	<b>1,252</b>	<b>413</b>
	<b>2,982</b>	<b>1,791</b>	<b>3,069</b>	<b>1,904</b>
Amounts due from subsidiary undertakings	130	130	-	-
	<b>3,112</b>	<b>1,921</b>	<b>3,069</b>	<b>1,904</b>

Included in prepayments and accrued income for both the company and the group are contract assets amounting to £800k (2023: £69k) 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 and contract assets as detailed below. Amounts due from subsidiary undertakings, in other receivables on the company statement of financial position, are interest free and repayable on demand and have been classified as due in greater than one year.

**Contract Assets**

Amounts relating to contract assets, which are disclosed within prepayments and accrued income above, are balances that can be classified as incremental costs of obtaining a revenue contract. These include the breakout incentives which provide businesses with an initial free-cash injection, as well as the below-market element of loans offered to licensee businesses.

Amortisation is recognised on a straight-line basis over the life of the contract. The average remaining length of contract to which these assets relate is 22 years. In the year ended 31 March 2024, amortisation amounting to £14k was recognised within admin expenses (year ended 31 March 2023: £9k was recognised in admin expenses).

	2024 £'000	As restated 2023 £'000
<b>Contract assets</b>		
Breakout Incentives	369	-
Below Market Element of Loans to Licensees	438	72
	<b>807</b>	<b>72</b>
Current	24	3
Non-Current	783	69
<b>Total Investments</b>	<b>807</b>	<b>72</b>

## NOTES TO THE FINANCIAL STATEMENTS

As discussed in Note 2, the Group uses the discounted cashflow valuation technique to measure the fair value of the contract assets that are not traded in an active market. However, in accordance with IFRS 13 and IFRS 9, the fair value of an instrument at inception is generally the transaction price. If the transaction price differs from the amount determined at inception using the valuation technique, that difference is capitalised in prepayments and accrued income. The differences yet to be recognised in profit or loss are as follows:

	<b>2024</b>	<b>As restated</b>
	<b>£'000</b>	<b>2023</b>
		<b>£'000</b>
Balance at beginning of the year	72	184
New transactions	713	-
Restatement (Note 29)	28	(103)
Amounts recognised in P&L	(6)	(9)
<b>Balance at the end of the year</b>	<b>807</b>	<b>72</b>

For details of the prior period adjustment please refer to Note 29.

**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 131 days (2023: 102 days) and no interest has been charged on the receivables.

The ageing of trade receivables net of the loss allowance at the reporting date was as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Not past due	580	772
Past due 61 to 90 days	32	7
Past due 91 to 120 days	95	53
Past due over 120 days	132	92
	<b>839</b>	<b>924</b>

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 2022	Cash flow	Other non-cash changes	31 March 2023
Cash & bank balances	4,722	(215)	-	4,584
Lease liability	(385)	77	(3)	(311)
<b>Net Debt</b>	<b>4,337</b>	<b>(138)</b>	<b>(3)</b>	<b>4,273</b>
	01 April 2023	Cash flow	Other non-cash changes	31 March 2024
Cash & bank balances	4,584	(1,952)	-	2,632
Lease liability	(311)	113	(173)	(371)
<b>Net Debt</b>	<b>4,273</b>	<b>(1,839)</b>	<b>(173)</b>	<b>2,261</b>

### Balances at 31 March 2024 comprise:

	Current assets
	£'000
Cash and bank balances	2,632

## 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.

	2024 £'000	2023 £'000
At the beginning of the year asset	9	4
Credited in the year	(7)	5
<b>At the end of the year asset</b>	<b>2</b>	<b>9</b>



## NOTES TO THE FINANCIAL STATEMENTS

## 22. Trade and other payables

	Company 2024 £'000	Company 2023 £'000	Group 2024 £'000	Group 2023 £'000
Trade payables	81	32	192	162
Other taxation and social security	166	210	179	211
Other payables	83	76	84	76
Accruals and Deferred Income	85	128	94	133
Corporation Tax	-	95	-	95
	<b>415</b>	<b>541</b>	<b>549</b>	<b>677</b>

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:

	Company 2024 £'000	Company 2023 £'000	Group 2024 £'000	Group 2023 £'000
Dilapidation provision	1	-	80	75
	<b>1</b>	<b>-</b>	<b>80</b>	<b>75</b>

The dilapidation provision relates to the estimated cost of returning a leased property to its original state at the end of the lease in accordance with the lease terms. The average lease term remaining is 2.75 years.

## 23. Share capital - Group and Company

	2024		2023	
	Number	£'000	Number	£'000
<i>Authorised, issued and fully paid:</i>				
Ordinary shares	21,926,360	55	21,926,360	55
	<b>21,926,360</b>	<b>55</b>	<b>21,926,360</b>	<b>55</b>

	2023	
	Number	£'000
As at 31 March 2023	21,926,360	55
Share issue	-	-
As at 31 March 2024	<b>21,926,360</b>	<b>55</b>

## 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. Further detail on the lease accounting policy can be found in note 2.

During the current year, DSW Capital PLC entered into a lease agreement for a London-based office space, effective from 8 February 2024. The majority of the leased office space has been sub-let by DSW Capital PLC, with both the lease and sub-lease due to expire after 3 years.

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>	<b>Company</b> <b>£'000</b>	<b>Group</b> <b>£'000</b>
<b>Balance at 1 April 2022</b>		<b>468</b>
Additions in the year	-	11
Depreciation	-	(105)
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>374</b>
Additions in the year	16	24
Depreciation	(1)	(109)
<b>Balance at 31 March 2024</b>	<b>15</b>	<b>289</b>

<i>Lease liabilities</i>	<b>Company</b> <b>£'000</b>	<b>Group</b> <b>£'000</b>
<b>Balance at 1 April 2022</b>	<b>-</b>	<b>385</b>
New leases recognised in the 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)
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>311</b>
New leases recognised in year	147	155
Interest expense	2	18
Lease amounts invoiced and paid in the year	(4)	(113)
Lease amounts invoiced and included within creditors at 31 March 2024	-	-
<b>Balance at 31 March 2024</b>	<b>145</b>	<b>371</b>

## NOTES TO THE FINANCIAL STATEMENTS

<i>Income Statement</i>	<b>Company 2024</b>	<b>Company 2023</b>	<b>Group 2024</b>	<b>Group 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest expense (note 10)	2	-	18	19
Expense relating to leases of low-value assets	8	10	9	10
Expense relating to short-term leases	63	63	63	63
	<b>73</b>	<b>73</b>	<b>90</b>	<b>92</b>

As at the 31 March 2024, 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:

	<b>Company 2024</b>	<b>Company 2023</b>	<b>Group 2024</b>	<b>Group 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	54	-	153	91
In one to two years	55	-	159	96
In two to three years	36	-	59	101
In three to four years	-	-	-	23
In over four years	-	-	-	-
	<b>145</b>	<b>-</b>	<b>371</b>	<b>311</b>

The total cash outflow in the year paid in respect of leases was £113,000 (2023: £76,800). Under the terms of the lease, £108,636 per annum is charged until the first break date in October 2026 on the Daresbury lease and £62,216 per annum is charged on the London office lease.

### Leases as a lessor

During the current year, DSW Capital PLC entered into a lease agreement for a London-based office space, effective from 8 February 2024. The majority of the leased office space has been sub-let by DSW Capital PLC, with both the lease and sub-lease due to expire after 3 years. The sub-lease is classified as a finance sub-lease.

During the year, the Group recognised interest income on lease receivables of £2k.

The total cash inflow in the year in respect of the sub lease was £5,000 (2023: £nil).

The group's finance lease arrangements do not include variable payments.

## NOTES TO THE FINANCIAL STATEMENTS

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2024	2023
	£'000	£'000
Amounts receivable under finance leases:		
Less than one year	59	-
In one to two years	56	-
In two to three years	35	-
<b>Total undiscounted lease receivable</b>	<b>150</b>	<b>-</b>
Unearned finance income	(19)	-
<b>Net investment in the lease</b>	<b>131</b>	<b>-</b>
<b>Undiscounted lease payments analysed as:</b>		
Recoverable after 12 months	91	-
Recoverable within 12 months	59	-
	<b>150</b>	<b>-</b>
<b>Net investment in the lease analysed as:</b>		
Recoverable after 12 months	82	-
Recoverable within 12 months	49	-
	<b>131</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 25. Share-based payments

In the year ended 31 March 2024 the Group operated three equity-settled share-based payment plans as described below. The Group recognised total expenses of £299,412 in respect of equity-settled share-based payment transactions in the year ended 31 March 2024.

The charge to the income statement is set out below:

Share plans:	2024	2023
Growth share plan	254,012	368,269
Legacy Awards	-	253,301
PSP Awards	45,400	72,217
<b>Total SBP expense</b>	<b>299,412</b>	<b>693,787</b>

Share-based payments movement for the year ended 31 March 2024:

	SBP Expense (£)	SBP Reserve (£)	Retained Earnings (£)
Growth share plan	254,012	(254,012)	-
Reserve transfer of growth shares	-	1,669,583	(1,669,583)
Legacy Awards	-	-	-
PSP Awards	45,400	(45,400)	-
<b>Total movement</b>	<b>299,412</b>	<b>(1,370,171)</b>	<b>(1,669,583)</b>

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)
<b>Total movement</b>	<b>693,787</b>	<b>(693,787)</b>

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 £254,012 related to the Growth Share Plan in the year ended 31 March 2024.

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. During the year ended 31 March 2024, the Growth Shares vested, and the remaining expense has been recognised.

## NOTES TO THE FINANCIAL STATEMENTS

Since the Growth Shares have vested, the total share-based payments charge relating to the Growth Shares (£1,669k) has been reclassified from the Share-Based Payment Reserve to Retained Earnings.

### 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 would 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.

Both the CFO Legacy Awards and the Leeds Legacy Awards vested on 31 March 2023. The Leeds Legacy Awards have subsequently been exercised in full whilst the CFO Legacy Awards have now lapsed. No further charge has been recognised in the year ended 31 March 2024.

### 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% 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 2024 are shown below:

	2024	2023
	No. of share options	No. of share options
Outstanding at beginning of year	512,185	95,000
Granted during the year	293,796	417,185
Forfeited during the year	(465,325)	-
<b>Outstanding at the end of the year</b>	<b>340,656</b>	<b>512,185</b>
<b>Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>

There were no awards exercised or expired in the period. During the period to 31 March 2024, it was announced that Nicole Burstow would be leaving DSW Capital. As such, her PSP awards to date have been forfeited.

The Group used the Black Scholes Model to calculate the anticipated value of the PSP awards. The charge for the year is £45,400.

## 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 £24,929 (2023: £14,274) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 March 2024 there was £2,494 (2023: £1,895) 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 2024 £'000	Company 2023 £'000	Group 2024 £'000	Group 2023 £'000
Cash and cash equivalents	2,615	4,563	2,632	4,584
Trade and other receivables	2,733	1,637	2,624	1,563
	<b>5,348</b>	<b>6,200</b>	<b>5,256</b>	<b>6,147</b>

### Financial liabilities

	Held at amortised cost			
	Company 2024 £'000	Company 2023 £'000	Group 2024 £'000	Group 2023 £'000
Trade and other payables	249	236	370	371
	<b>249</b>	<b>236</b>	<b>370</b>	<b>371</b>

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*

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 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 £0.0075 per share for the year ended 31 March 2024.

## 29. Prior period adjustment

During the year ended 31 March 2020, the company issued a loan to Newco Limited amounting to £1,125k with a 20-year term as part of a management buyout agreement with Camlee Group. The loan, issued at below-market interest rate, was classified as an investment measured at amortised cost in the financial statements. However, a classification error in calculating the fair value of the loan on initial recognition led to the overstatement of the day one loss in prepayments and accrued income by £104k and an understatement of the investments balance by the same amount. Management have corrected this by reclassifying the amount between the two restating the prior year comparatives accordingly.

Due to the initial £104k overstatement, this also resulted in an understatement of Interest Income by £7k and an overstatement of amortisation by £21k. Management have evaluated that the total impact of this error on the previous periods' profit and loss is £28k, which is immaterial.

Consequently, the retained earnings balance has not been restated, and the full adjustment was recognised in the current year's profit and loss.

Since the only material restatement pertains to the reclassification between investments and prepayments and accrued income balances, management has opted to correct the error in year ended 31 March 2023. A third statement of financial position, as at the beginning of the earliest comparative period (year ended 31 March 2022), has not been presented as both the restatement of £104k and the adjusted balances would be the same as the position as at 31 March 2023.

## 30. 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.

	2024 Revenue and Cost Recharges £'000	2023 Revenue and Cost Recharges £'000
PHD Industrial Holdings	202	252
DSW Investments 2 LLP	(107)	(104)
Other investments	592	684
<b>Totals</b>	<b>687</b>	<b>832</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

*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:

	<b>2024</b>	<b>2023</b>
	<b>Amounts due from related parties</b>	<b>Amounts due from related parties</b>
	<b>£'000</b>	<b>£'000</b>
DSW Investments 2 LLP	(34)	(33)
Other investments	237	277
<b>Totals</b>	<b>203</b>	<b>244</b>

Salary and fees payable to James Dow and Jon Schofield are as disclosed in the Remuneration and Nominations Committee Report. Salary totalling £43,340 (2023: £41,300) has been paid to Susie Dow in the year.

**Remuneration of key management personnel**

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	621	540
Social security costs	77	74
Other pension costs (see note 26)	20	9
	<b>718</b>	<b>623</b>



