FOR THE YEAR ENDED **31 MARCH 2022**

DSWCapital

Annual Report and Accounts

Definitions

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

OUR VISION

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

DSW Network KPIs

19.6%
YoY growth in Portfolio Revenue

14.3%
YoY growth in Fee Earners

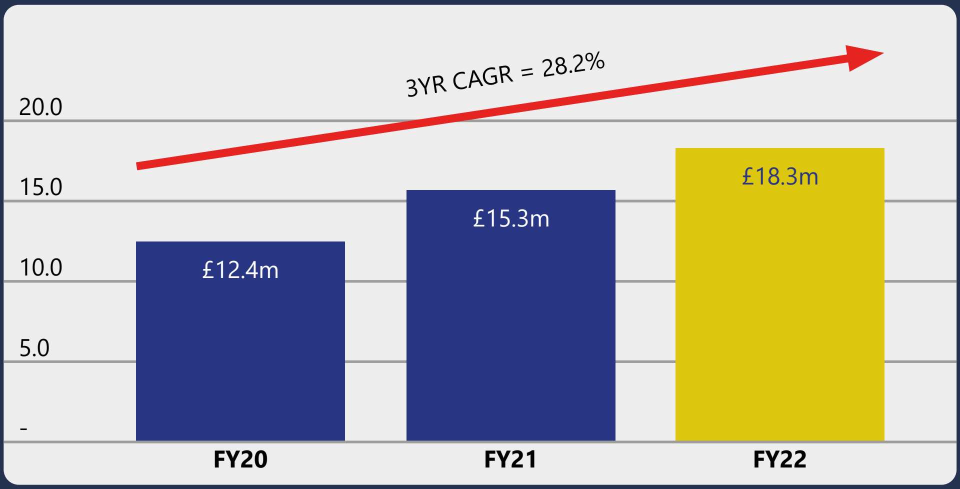
88
Fee Earners

£227k
Revenue per Fee Earner

15.8%
YoY growth in Revenue per Fee Earner

4.4 FEs
per licensee business

Network Revenue (£m)



DSW Capital KPIs

£3.0m
Total income from licensees*
↑ 21.7% YoY Growth

£1.7m
DSW Capital Adjusted Profit After Tax
↑ 34.3% YoY Growth

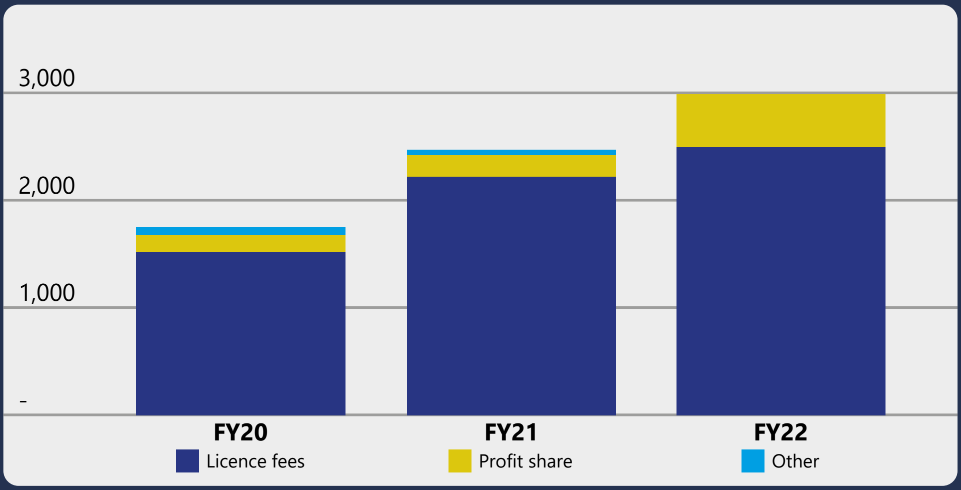
£(31k)
Loss before tax**

£1.4m
Cash Generated from Operations
(£2.3m pre-IPO costs)

£4.7m
Cash

£8.1m
Net Assets

Income from Licensees (£'000)



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 in associates*

***after SBP charge and IPO costs have been deducted*

CONTENTS

Innovative business model

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

Scalable platform

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

Collaborative culture

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

BUSINESS REVIEW

DSW

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

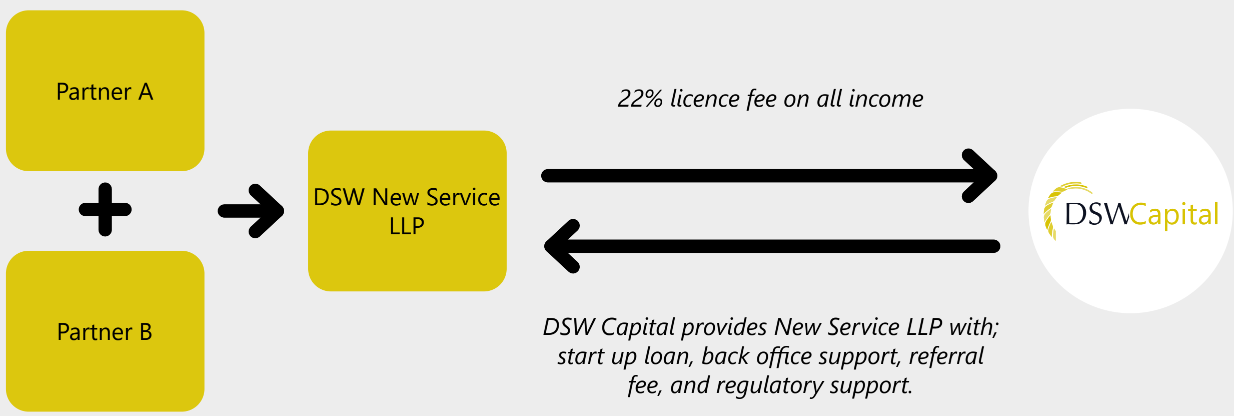
Our Model - Empowering Professionals

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

DSW is one of the first platform models disrupting the traditional model of accounting professional services firms. At 31 March 2022, the Network included 20 licensee businesses and 88 Fee Earners ("FEs"), across seven offices in England and one in Scotland. These trade primarily under the Dow Schofield Watts brand. Following the year end, DSW has expanded its geographical footprint and opened a further two offices in Edinburgh and Glasgow.

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

An example licensee



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 primarily 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, 30% of the Group's revenue related to non-M&A related transactions.

Limited exposure to fixed costs

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

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

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

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

Flexibility and autonomy appeal to a wide pool of professionals

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

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. 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 favorably versus the substantial loans required when entering partnerships at larger firms.

Raised profile as part of a well-established brand

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

Hit the ground running

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

Greater autonomy and flexibility

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

The benefits of a licence model to DSW

To DSW Capital

Capital light and highly cash generative

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

To licensees

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

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

See details below:

£2.5m of Network Revenue generated through cross-referrals in FY22

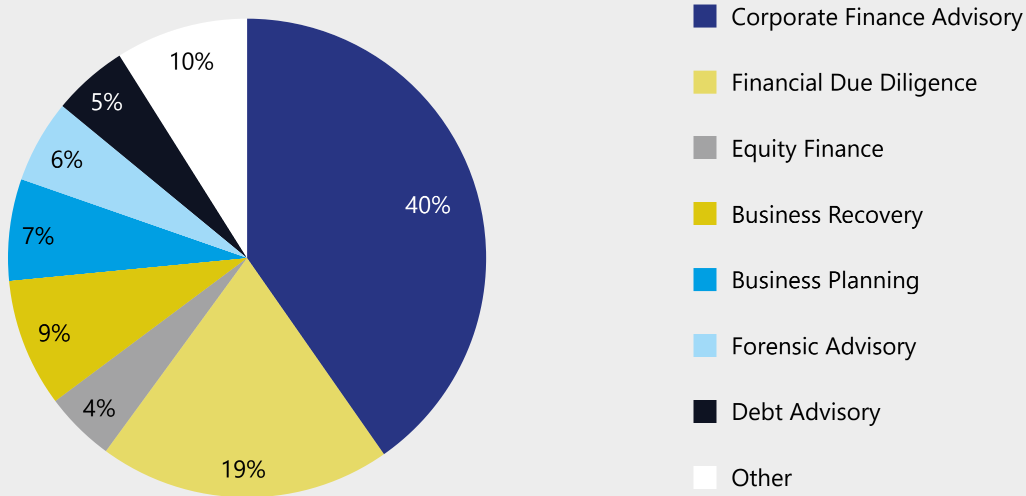
14% of Network Revenue generated through cross-referrals in FY22

Average license fee is **16.9%** therefore the fee paid by licensees is almost self-funded from cross-referrals across the Network

Our Network

At 31 March 2022, DSW had 88 FEs across its network of 20 licensee businesses, giving an average of 4.4 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

Corporate Finance Advisory
FE=35

Equity Finance
FE=4

Tax Services
FE=3

Financial Due Diligence
FE=16

Forensic Services
FE=5

Wealth Advisory
FE=1

Business Recovery
FE=8

Asset Based Lending Risk Management
FE=2

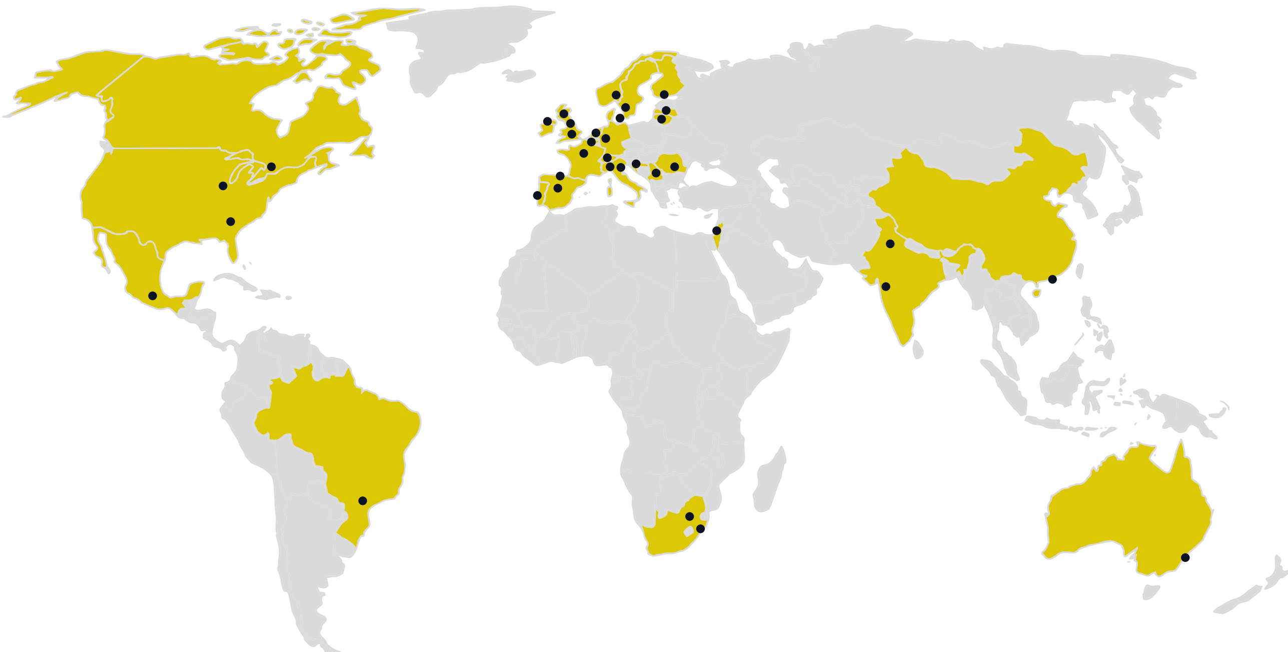
Angels Network
FE=4

Business Planning
FE=6

Debt Advisory
FE=4

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 covers 28 countries and is comprised of over 250 professionals. It gives DSW enhanced access to overseas buyers, investors and local knowledge while allowing its UK-based clients access to an enhanced pool of acquisition targets and advisors to support overseas expansion. We view the network as another potential growth avenue and source of new business for DSW.



28 Countries	48 Offices	2,150+ Deals Closed	€27BN Deal Value	250 Professionals

MARKET OVERVIEW

Overview of the Financial, Professional and Business Services sector

The UK is a global hub for activity in the Financial, Professional and Business Services ("FPBS") sector, being one of the largest and most developed markets internationally. This is due to the existence of a well-developed eco-system of complementary professional services. Consequently, the sector is an important contributor to the UK economy, both in terms of value added to other businesses and sectors, and its own contribution to GDP. Collectively, the sector accounts for over 10% of economic output. The FPBS sector is a large provider of employment for the UK economy, providing 5.5 million jobs across the UK in 2021, as well as being a major recruiter, hiring nearly 20% of all graduates entering the UK labour market each year[1].

Whilst the perception of FPBS firms has historically been London-centric, the picture of the FPBS sector within the regions and nations is diverse and varied with roughly three-quarters (73%) of employees being based in regions and nations outside London. DSW has a strong regional focus and this is central to its geographical expansion strategy[2].

UK market

The UK market is diverse, comprising approximately 5,000 professional services firms, which the Directors believe can be broadly divided into three segments:

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

[1] https://www.pbsc.uk/wp-content/uploads/2021/06/Skills-for-Future-Success-2021-vF-Single.pdf

[2] Business Register and Employment Survey. ONS (2020)

Market Dynamics

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

Big 4 shake-up – an opportunity for DSW

The Financial Reporting Council (FRC) has now effectively banned the Big 4 from providing advisory services to public interest audit clients and instructed them to split off their audit divisions by 2024. No doubt, there will be more restructuring as more service lines are put up for sale as regulators look to drive more competition in the market and reduce the dominance of the Big 4. We believe these changes could impact staff retention levels as it is possible some staff will not like the new arrangements if their service line is sold and put under new ownership. Furthermore, some may decide to leave and set up their own practices, which, in addition to increasing competition in the market, has the potential to create some exciting opportunities. At 31 March 2022, 69% 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 the Big 4 based on their latest published accounts.[3]

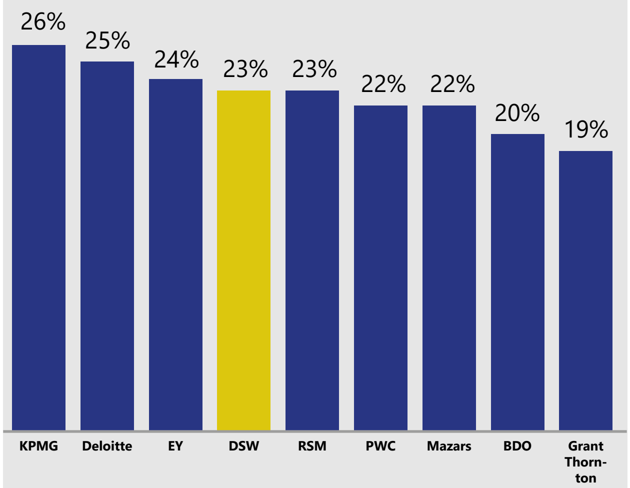
Professionals seek greater flexibility

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

Females under-represented at senior levels

We take pride in our ability to attract female partners, with 23% of our current partners being female, which positions us ahead of other mid-tier accountancy firms and PwC. It is also worth noting that the percentage of female partners shown below is across all service lines. M&A typically has lower female representation, making DSW's level of female partner representation even more impressive.

Female Partner Representation %



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

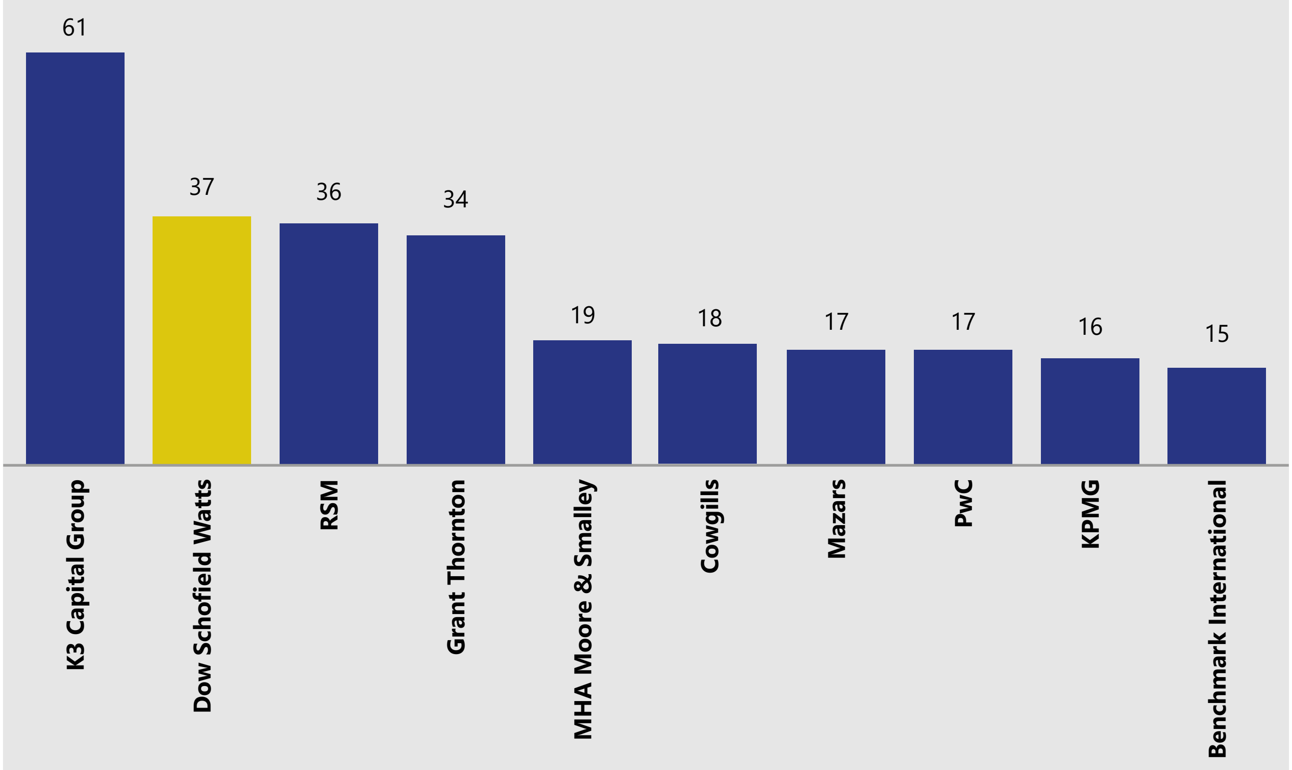
[3] *Sources: Deloitte - https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/about-deloitte/deloitte-uk-annual-report-fy21-statutory-accounts.pdf. PwC - https://www.pwc.co.uk/annualreport/assets/2021/pwc-uk-financial-statements-2021.pdf. Ey - https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/ey-uk-2021-impact-report.pdf. KPMG - https://assets.kpmg/content/dam/kpmg/uk/pdf/2022/02/uk-members-report-and-financial-statements-2021.pdf*

MARKET OVERVIEW

Competitors

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

Experian financial adviser ranking in 2021 (North West)



DSW Capital was also ranked the sixth most active corporate finance advisor in the UK by Experian in the first quarter of 2022. We also ranked in first place in the North West, joint third in Scotland, and fifth in the Midlands and South West in terms of the number of deals advised on during the three months to March 2022.

Whilst these firms 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

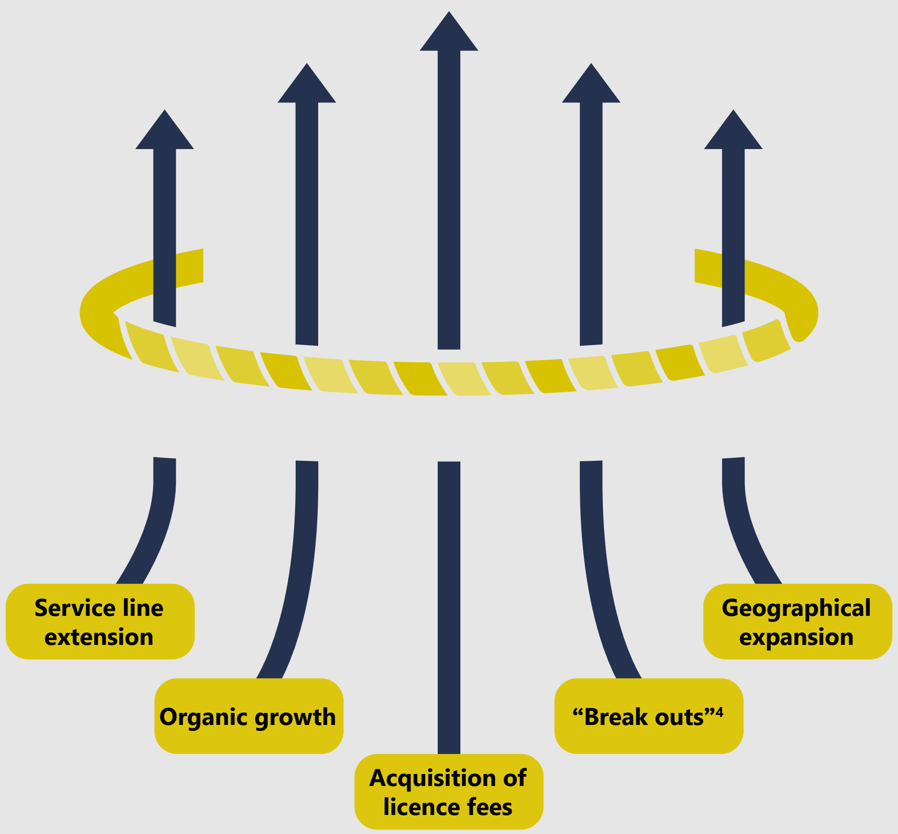
Growth Opportunities

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 success of the AIM listing and access to additional capital has resulted in the management team also now adopting a proactive acquisition search during FY22.

This has resulted in the creation of an 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:

- **Employer solution services**
- **Niche legal services**
- **Existing service lines in new locations**
- **Tax related services and family office**
- **Other Big 4 (non-audit) service lines**

DSW plans to accelerate growth through



[4]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. It gives me pleasure to announce DSW Capital's inaugural results as a quoted company for the year ended 31 March 2022. The Group has continued to perform strongly this year with a 19.6% increase in network revenue to £18.3m (FY21: £15.3m) and an increase in adjusted profit before tax of 25% to £2.0m (FY21: £1.6m)[5]. Average Revenue per Fee Earner has also increased by 15.8% in FY22 to £227k (FY21: £196k) and Revenue for the Group was £2.7m (FY21: £2.4m). Statutory loss before tax for FY22 was (£31k) after the deduction of the SBP charge and IPO costs.

Summary of the year

DSW's admission to AIM was a significant step in the development of the business. We are delighted to have the support from so many sophisticated investors and are confident that DSW is well placed to exploit the market opportunity that exists within the professional services sector.

The fundraising from the IPO coupled with a robust trading performance, has ensured that the Group has 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.

We are delighted with our results for FY22 which show significant growth against the prior year. The DSW Network generated revenues of £18.3m in FY22, up by 19.6% from the previous year. This growth was enabled by a combination of existing and new licensee businesses and the continued hard work of the whole of the DSW team.

The DSW Network, which comprises 20 licensee businesses, benefited from high levels of demand in the professional services sector throughout the Period and, in February 2022, DSW was named by Experian as one of the top 20 most active corporate finance advisers in the UK in 2021. As anticipated, the heightened profile of DSW resulting from the IPO has resulted in increased recruitment activity with a high number of talented individuals joining or about to join DSW. We now have 88 Fee Earners as of 31 March 2022, an increase of 14.3% on the prior year.

Long-term vision and strategy

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

DSW has successfully executed on its strategy to expand its service lines, since IPO, with the addition of DSW Asset Based Lending Risk Management LLP in January 2022. This brought the total number of licensees to 20 across 11 service lines. Since the end of FY22, the Group has welcomed two new partners in Scotland, expanding both the service offering and presence to include Edinburgh and Glasgow.

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, as a broad range of perspectives benefits the progression and success of our business. DSW's commitment to diversity extends beyond

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[5] Adjusted profit before tax is defined as (loss)/profit before tax adjusted to add back the items not considered part of underlying trading including share-based payment expense and IPO costs. It is a non-GAAP metric used by management and is not an IFRS disclosure. Reconciliation can be found in the CFO report on page 16.

CHAIR'S STATEMENT

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 will continue to be a core value, as new professionals and businesses are welcomed to the Network.

Technology

With the increased prevalence of hybrid working, the Group has invested in the right technology to ensure its licensees and employees have the flexibility to choose where they work most effectively, helping maintain a strong work life balance.

As part of the IT strategy to improve the cyber security of our systems further, the Group is in the process of obtaining the Cyber Essentials Accreditation, as we adopt best practice.

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, myself and Jillian Jones, are considered independent. The current Board reflects a blend of different experience and backgrounds.

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, since the Company's IPO on 16 December 2021, DSW has complied with the QCA Corporate Governance Code and you can find more information on our governance arrangements in the Corporate Governance Statement on pages 28-29.

Our approach to Risk

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

DSW has a wealth of compliance and risk experience to support all licensee businesses in related matters and provide them with regulatory guidance. For more detail, please refer to Risk Management section on pages 23-25.

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. For the first time, we have included an ESG report in this year's Annual Report, setting out our priorities and related activities. You can read more detail on our priorities in the Environmental, Social and Governance report on pages 19-22.

The Board has also elected 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 35-38 for more detail.

Dividend

The Board is committed to a long-term progressive dividend policy.

The Board is proposing to pay a final ordinary dividend for the year ended 31 March 2022 consisting of an interim catch up dividend of 0.56 pence per share and a final dividend of 3.66 pence per share, to align with its dividend policy going forward.

Ukraine

In response to the Russian invasion of Ukraine, the Group immediately reviewed all its relationships to ascertain if it was acting for any individual or corporate client that did not comply with the UK's sanction regime. We are not aware of any exposure through our licensees.

Outlook

I am pleased to report that the new financial year has started well, despite the well documented macro challenges.

This is an exciting time for the business. The market opportunity is substantial and the business is well structured with a clear growth strategy to build on the strong business performance demonstrated in the FY22 results.

While acknowledging that economic conditions continue to be volatile, we are confident in the Group's ability to continue to deliver on its organic growth strategy. We firmly believe that we are an attractive alternative to the big 4 accounting firms both as an "employer" of talented professionals and as a service provider providing a bespoke, personalised service. The Board looks forward to the year ahead with optimism and is excited about the long-term prospects for the Group.

H. Lauder

Heather Lauder

Independent Non-Executive Chair

13 July 2022

CHIEF EXECUTIVE OFFICER'S REVIEW

The year under review has been a momentous one for the Group. The IPO and Admission to AIM, in December 2021, was a significant milestone for DSW, combined with the strong financial performance achieved in FY22, have created a strong foundation for the Group as we look ahead.

Our balance sheet ensures that we are well placed to execute on our strategy to capitalise on the substantial growth opportunities presented in the rapidly changing UK accounting market.

Empowering professionals

Since launching the business in 2002, as a three-man start-up along with Jon Schofield and Mark Watts, DSW has developed steadily over time to become, in recent years, a fast-growing, mid-market challenger professional services network.

Our vision is to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses.

This is the essence of our success: we empower professionals, we help them build their businesses, develop as leaders and be the best they can be.

Strong organic growth

Being a professional services business, recruitment of Fee Earners is one of the principal sources of organic growth for DSW. This includes the recruitment of new partners and Fee Earners to set up new teams and the recruitment of additional Fee Earners to grow existing licensee businesses.

At the year-end, the number of Fee Earners, including partners, had grown from 77 to 88 an increase of 14.3% and the number of partners rose from 34 to 39.

Our organic growth included the addition of one new specialism, DSW ABL Risk Management bringing in two new partners, and a new location in Reading with the recruitment of three new partners. We now have a total of 11 specialisms and seven locations.

This has been a very welcome acceleration, as the COVID-19 pandemic presented particular challenges to our recruitment primarily by restricting "face to face" meetings.

Since March 2013, the number of Fee Earners has increased from 30 to 88, which equates to a nine-year CAGR of over 12%.

Strong trading results

This has been another successful year of profitable growth for DSW.

Corporate finance and due diligence still represent the majority of our business (70% vs. 81% in the previous year[6]) and have continued to grow successfully in line with the market. Other service lines such as business recovery and debt advisory grew significantly faster, with the number of licensees increasing from 18 to 20, and as a result are now an increasing proportion of our business.

As a result of this supportive market for specialist professional services, the DSW Network Revenue grew 19.6% to £18.3m (FY21: £15.3m). The three-year historical DSW Network Revenue CAGR to FY22 was 28.2%.

Our adjusted profit before tax was up 25% to £2.0m[7] (FY21: £1.6m) and DSW received an average licence fee (including profit share where applicable) of 16.9% (FY21: 16.1%).

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[6] Calculation includes all licensing income including income from associates.

[7] Adjusted profit before tax is defined as (loss)/profit before tax adjusted to add back the items not considered part of underlying trading including share-based payment expense and IPO costs. It is a non-GAAP metric used by management and is not an IFRS disclosure. A reconciliation can be found in the CFO report on page 16.

CHIEF EXECUTIVE OFFICER'S REVIEW

A growing brand and reputation

DSW must continue to demonstrate that it is an extremely attractive proposition for both clients and professionals who work within the UK "mid-market". The quality of our clients and the quality of our people is reflected in our significant average revenues per fee earner of £227k (FY21: £196k). This is an important metric in our positioning towards being the most sought-after destination for ambitious professionals.

DSW's achievements and capabilities are most notable in its original core service areas of corporate finance and due diligence. Our prominence in M&A was highlighted by an Experian research report for Q1 of 2022, which marked DSW as the 6th most active adviser (by number of deals) in the UK. More representative was the 18th position of DSW for 2021 as a whole up from 25th place in 2020[8].

In November, DSW broke into Accountancy Age's top 50 accountancy firms (based on revenue) to the year ended March 2021.

"Dow Schofield Watts has enjoyed another year of success. The firm climbed 13 places in our rankings between 2019 and 2020 and has earned another 10 places since last year. It now sits in 49th".[9]

An IPO "halo"

Our admission to the AIM market of the London Stock Exchange in December 2021 was extremely successful and endorsed our confidence in the strength and potential of the DSW platform model and our market opportunity.

We considered that admission was an important step in our development providing access to capital to fund licence fee acquisitions, to increase brand awareness and recognition, and add further credibility to the DSW offering amongst potential new licensees and clients of the Network, thereby enhancing the Network's future growth potential.

Listing on AIM was a significant undertaking, and our success was made possible by an amazing internal team and external advisers who managed the process so expertly and enthusiastically. I would like to thank everyone who contributed to this outstanding achievement and significant milestone for our firm.

The overall strength of the DSW brand is crucial in attracting and retaining both clients and professionals. I passionately believe that our admission to AIM has enhanced and strengthened that brand and that the IPO "halo" effect is supporting our growth plans.

DSW's strategy and delivery against it

As communicated at the time of the AIM listing, DSW aims to scale its licence model through organic growth of existing licensees, geographical expansion, additional service lines, recruitment of new licensees, investing in "Break Outs" (existing teams in larger firms) and the acquisition of licence fees.

We have had a productive year on Fee Earner recruitment, with year-end Fee Earners of 88, up a net 11 (having been at 82 at the time of listing in December). This growth rate is in line with our projections. Our recruitment processes continue to improve and our investment in additional central recruitment capability has resulted in a significant uplift in new applicants.

In terms of "break-outs" and acquisitions of licence fees, our significant efforts are ongoing. In March 2022, we launched a DSW Entrepreneurship Grant scheme on social media offering significant financial incentives to encourage teams to join DSW and we would expect this to bear fruit in the current year. With regard to acquisitions of licence fees, we remain in regular contact with companies we admire and continue to work hard to convince them of our attractiveness as a suitor offering the right solution for all their stakeholders.

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

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. 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.

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 the 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 the flotation and supporting the licensees to achieve another successful year.

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[8] *Source: https://dswcapital.com/new-report-places-dow-schofield-watts-in-top-20-uk-dealmakers/*

[9] *Source: https://www.accountancyage.com/2021/11/17/top-5050-accountancy-firms-2021-revealed/*

CHIEF EXECUTIVE OFFICER'S REVIEW

During this year, we have expanded the team to assist with the recruitment and the growth of our licensees. These appointments include:

- an additional recruitment manager for the recruitment pipeline of newly established licensee businesses and for growing existing licensee businesses. This additional resource also provides us with people development support and conducts new partner assessments and team assessments; and
- a strategic projects director to drive licensee development, licensee cross referrals and provide us with a class leading ESG framework and strategy.

These investments are right at the heart of empowering our licensees to build their own businesses and we are looking to extend our central capabilities to further that support to help our partners and their employees to be "the best that you can be".

This focus on developing our battalions of licensees will make sure that they continue to represent DSW successfully and their development reinforces the foundations of the licensee business and therefore for DSW for the coming years.

Our partners and their teams are our greatest ambassadors. I would like to take this opportunity to thank DSW partners across the Network for their continuing commitment to DSW and all that it stands for.

Looking ahead

This is a truly exciting time for DSW. The market sector in which we operate is substantial and developing in a way that makes DSW's business model increasingly attractive to ambitious entrepreneurial professionals and their clients. As accounting and tax specialists continue to demand flexible and mobile working solutions, DSW's first mover advantage puts us in an excellent position to benefit from the significant cultural changes now taking place within the Big 4.

We remain confident in the strength of our business model. We are generally protected from the impact of wage and cost inflation as our partners bear most of these risks of operational gearing. However, we are not immune from a downturn in M&A activity particularly if it is focused on the SME marketplace. But these short-term challenges often give rise to the greatest long-term opportunities as our candidate pool of new partners and employees is as much fuelled by personal disappointment as it is by significant opportunity.

The new financial year has started well and is in line with the Board's expectation and we look forward to another year of sustainable organic growth.

James Dow
Chief Executive Officer
13 July 2022

CHIEF FINANCIAL OFFICER'S REVIEW

Key Performance Indicators

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

	2022	*2021*	*2020*
Revenue (£'000)	2,681	2,354	1,689
Total income from licensees[10] (£'000)	2,990	2,456	1,754
Adjusted EBITDA* (£'000)	2,233	1,824	1,136
Adjusted PBT (£'000)	2,002	1,592	996
Adjusted PBT margin (%)	74.6	67.6	59.0
Net Assets (£'000)	7,985	2,212	1,327

**Adjusted EBITDA is defined as Adjusted profit before tax adjusted to add back impairment of loans due from associated undertakings (£127k), finance costs (£60k), depreciation (£87k), amortisation (£39k) and deduct finance income (£82k).*

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

	2022	*2021*	*2020*
Total revenue of all Network licensees (£'000)	18,285	15,342	12,362
Revenue per fee earner (£'000)	227	196	166[11]
Revenue per partner (£'000)	446	432	388
Fee Earners (Number)	88	77	83

I am delighted to report our maiden set of results as a listed business. We have an extremely talented network of partners and employees and their hard work and relentless commitment to exceptional client service has driven a very strong performance.

Income Statement

Revenue and Network Revenue

Network revenue for the year was £18.3m, an increase of 19.6% on the prior year. The buoyancy in the M&A market has been unabated in the Period and we have continued to work with our licensee partners to grow their businesses and teams. Meanwhile, the high quality of work delivered, represented by a 15.8% growth in revenue per Fee Earner has further enhanced top line growth. This has translated into total income from licensees of £2.99m for DSW Capital, an increase of 21.7% on the prior year representing an average licence fee of 16.9%.

Fee Earners

The number of Fee Earners is a key driver of growth and we have seen a 14.3% increase on the prior year against the backdrop of a challenging recruitment market. This has been particularly notable post IPO where we have seen an uptick in recruitment from the enhanced profile of being a plc, further assisted by investment in central recruitment resources and marketing.

With 88 Fee Earners, DSW's Network is smaller than other listed professional services firms; however, the revenue per fee earner of £227k is comparable with larger listed peers such as Knights, DWF, Gateley and Keystone Law. Furthermore, we believe our average revenue per fee earner for the year is comparable to all the Big 4 based on their latest available financial results.[12]. This demonstrates that DSW is seen by the market as a genuine alternative to the

[10] Total income from licensees represents statutory revenue plus share of results in associates

[11] 2 Prior year comparatives calculated using average Fee Earners in the Period which will be basis for the KPI calculation going forward.

[12] Sources: Deloitte - https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/about-deloitte/deloitte-uk-annual-report-fy21-statutory-accounts.pdf. PwC - https://www.pwc.co.uk/annualreport/assets/2021/pwc-uk-financial-statements-2021.pdf. Ey - https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/ey-uk-2021-impact-report.pdf. KPMG - https://assets.kpmg/content/dam/kpmg/uk/pdf/2022/02/uk-members-report-and-financial-statements-2021.pdf

the largest firms, providing us with a huge opportunity to increase our market share in this sector.

Central Costs

The Group has a lean platform model which is 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 only 10 people (excluding directors), 6.5 full time equivalents. Similarly, the licensee businesses bear their own property costs or work from home, therefore the Group's exposure to inflationary pressures is limited to its one office premises.

Central costs (excluding the share-based payment charge and IPO costs) have increased by £0.17m, 37% on the prior year. The majority of the increase is due to the full year impact of non-executive remuneration and the alignment of executive and non-executive remuneration to market commensurate rates. In addition, we have bolstered our central infrastructure in the year with the addition of a Talent and Resource Manager and a Strategic Projects Director to support the growth of the Network. 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. This has resulted in an Adjusted Pre-tax Profit of £2.0m, an increase of 25% on the prior year.

Adjusted PBT and Exceptional Costs

Adjusted PBT is calculated as follows:

	2022 (£000's)	**2021 (£000's)**
(Loss) / Profit before tax	(31)	1,585
Share based payments	1,167	7
IPO costs	866	-
Adjusted PBT	2,002	1,592

We have a significant exceptional share-based payment charge in the year of £1.2m which reflects the accounting impact of the one-off issue of growth shares to partners and employees prior to the IPO. The growth shares were converted to ordinary shares on IPO and there is no dilutive impact on shareholders going forward. The charge is being spread over the period from issue to 1-2 years post IPO depending on the individual share conditionality. The expense is expected to reduce in future periods and from 16th December 2023 will represent a more normalised basis reflecting the effect of the executive LTIP scheme only.

Total IPO costs incurred were £1.27m, of which £0.40m has been recognised in equity and the remaining £0.87m in the Income statement.

Taxation

The effective rate of tax (based on PBT excluding the share-based payments charge which is non-deductible) is 26.7%. This is higher than the statutory tax rate and the prior year (20.5%) due to non-deductible IPO costs in the period.

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 10p (2021: 66p). Adjusted EPS removes the impact of the share-based payment charge and IPO costs incurred in the year (as shown above).

Balance Sheet

Cash

The cash balance has benefitted from the net funds of the IPO of £3.8m (after IPO costs). The bank loan was repaid out of the proceeds with a total of £0.99m repayments against borrowings in the year.

The Group's business model is strongly 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 30 days (calculated as amounts owed to DSW Capital from licensees divided by Network Revenue), well below the listed peer group.

Cash generated from operations was £1.44m (2021: £1.01m). Operating cash conversion in the year was 105% which is higher than the prior year (2021: 56%)[13] due to very strong billings in the final quarter and the associated licence fees being paid on a quarterly basis in Q1 of 2022. This has also driven the year-on-year swing in working capital. Corporation tax payments were £0.5m (2021: £0.2m), whilst we had a net receipt in respect of loans to licensees due to repayments made as businesses mature.

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

CHIEF FINANCIAL OFFICER'S REVIEW

Capital expenditure was minimal in the period (£0.04m) and lease payments of £0.08m relate to the Head Office in Daresbury where a formal lease arrangement was entered into in October 2021.

As a result, the net increase in cash and cash equivalents before the payment of dividends was £4.49m (2021: net increase of £0.65m). The Group paid dividends of £0.38m in the year (2021: £0.38m) leaving closing cash of £4.72m (2021: £0.61m) and no debt.

Net Assets

The net assets of the Group have increased from £2.2m to £8.0m in the year, recognising the capital raised on IPO, profit for the year and a robust financial performance. This leaves the business with a strong balance sheet and excellent capital base to grow the business, both organically and through strategic acquisition opportunities.

Section 172 Companies Act Statement

Overview

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

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

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

The Board understand the business and the evolving environment in which we operate, including the changes in macroeconomic and social factors. DSW Capital have a clearly stated long term growth strategy and, as such, all significant business decisions consider both the short and long-term impact. This year we have included our first ESG report as we recognise that 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 page 19-22 for further details.

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

The Board recognise 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 launching a range of initiatives. We have an active Corporate Social Responsibility ('CSR') committee which is made up of representatives at all levels across our network and serves as a forum so that the interests of our people can be heard and reflected in our business decisions.

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

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

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

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

As an office-based business, our impact on the environment is relatively low, with carbon emissions predominantly from energy usage and travel. In the current year 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 page 37, 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, to ensure that our high standards are maintained across the network. The board monitors the performance of network members through the monthly board meetings and promotes a culture of openness and transparency.

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

The Board recognise the need to treat all members of the company fairly and consistently, as required by both professional standards and to comply with the QCA Code. The Board consider the impact on all stakeholders of the company when determining the course of action which best enables us to deliver our strategy through the long term. Further details of how we engage with our stakeholders can be found within the Corporate Governance Statement on page 28-29.

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. 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;

Undertake and complete the Group's Admission to AIM

The board considered that admission to AIM was an important step in our development providing access to captital to fund licence fee acquisitions, to increase brand awareness and recognition, and further credibility to the DSW offering amongst potential new licensees and clients of the Network, thereby enhancing the Network's future growth potential.

Our employees, licensees and shareholders were instrumental in the decision to float on AIM. Our shareholders were involved throughout the whole process by engaging with our advisors, contributing to the admission document and investor presentations. Our employees and licensees were also kept updated throughout the process and personally invested through the Growth Share scheme, further details of which can be found in note 26.

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 made significant progress towards developing a bespoke ESG framework which reflects the priorities of our stakeholders. As part of this process we have engaged with our investors and our people through focus groups, meetings and presentations and will continue to do so as our ESG strategy evolves over the next year. Further details of our strategy can be found on page 19.

Dividend

The Board is proposing to pay a final ordinary dividend for the year ended 31 March 2022 consisting of an interim catch up dividend of 0.56 pence per share and a final dividend of 3.66 pence per share, to align with its dividend policy going forward. An interim dividend of 13.3 pence per share in respect of the six months to 30 Sept 2021 was paid on 13th October 2021.

Both the interim catch up dividend and the final dividend will be approved at the Company's AGM which will be held in September 2022.

Nicole Burstow
Chief Financial Officer
13 July 2022

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

Introduction

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. As a Board, we understand the increasing importance of ESG to all our stakeholders and it is our intention to move towards reporting this in a structured manner.

Our approach to ESG has been informed by listening to our people, our investors, our local communities, and clients, enabling us to focus on the key areas which are both important and relevant to our business. We have taken this opportunity to refresh our purpose to ensure it reflects our ESG ambitions:

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

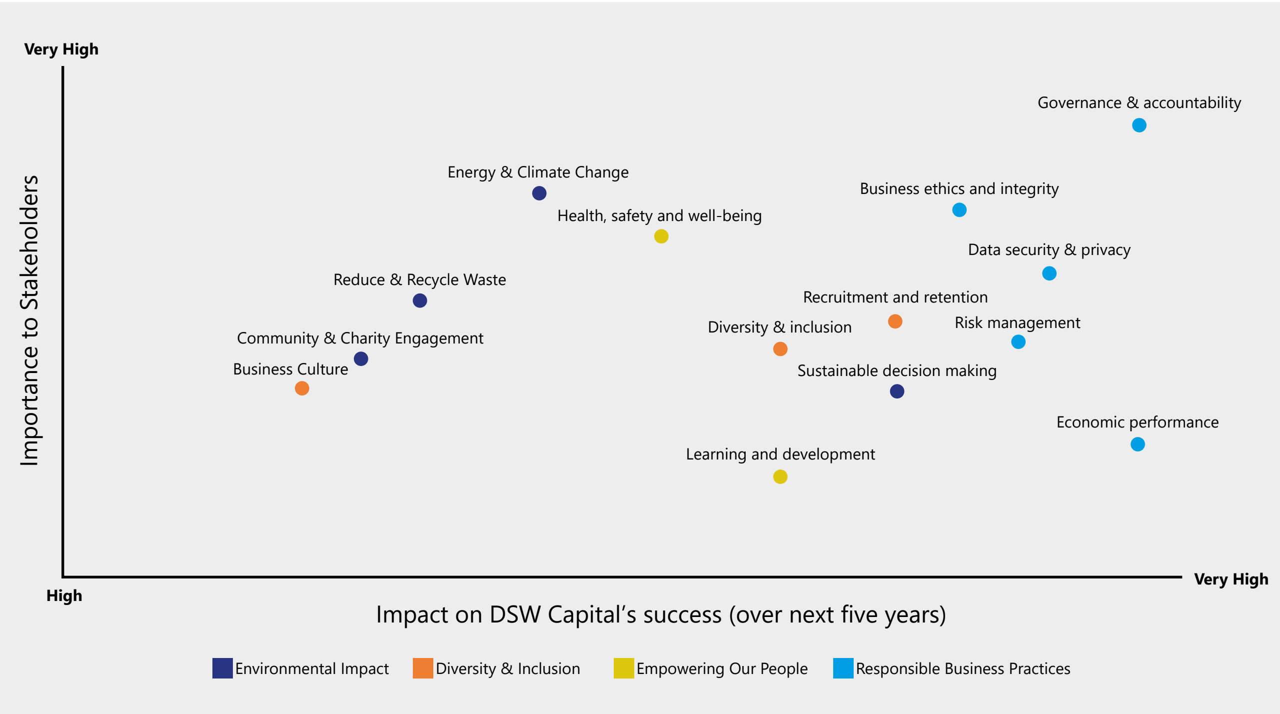
To enable us to monitor and report our progress against our ESG aspirations, we have developed a bespoke framework which consists of four cornerstones. These cornerstones define our areas of priority and highlight our targets and aspirations.

Our ESG Cornerstones:

Social & Environmental Impact	Our aim is to make a positive, long-term impact on our local communities whilst minimising our impact on the environment.
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.
Empowering our people	Our aim is to empower our people to be the best that they can be and build successful and sustainable businesses.
Responsible business practices	Our aim is to promote a culture based upon ethical values and behaviours which align with those of our stakeholders.

Materiality Assessment

In March 2022 we conducted our first ESG materiality assessment to understand which environmental or social issues pose opportunities and risks to the business model, today and in the future. The assessment was internal, drawing from our teams at different levels of the business, and incorporating feedback from past and current dialogue with our four key stakeholder groups: Our People, Investors, Clients and Communities.



The process:

- Workshop with our executive leadership team to identify all areas where our business is impacted or could positively impact ESG.
- The assessment and process identified 53 relevant ESG-related topics.
- These topics were then grouped into 14 different material issues and aligned within one or more of our four ESG cornerstones.
- A scoring matrix was developed and used to score the topics to categorise the material issues in terms of importance and impact, for each stakeholder. The average of these scores has then been presented in the graph above.
- We then compared our internal analysis against external frameworks including the Sustainability Accounting Standards Board (SASB) and aligned our framework with the United Nations Sustainable Development Goals.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

In 2015 the United Nations launched the Sustainable Development Goals (UNSDGs) which are aimed at ending poverty, fighting inequality, and stopping climate change. These goals are a call to action for all countries and businesses to join forces and address some of the world's most pressing social and environmental issues.

Whilst we support all the UNSDGs, our materiality analysis has allowed us to identify the goals most relevant to our business and we have chosen to prioritise nine of the goals where we feel we can make the largest contribution. These goals have been embedded within our ESG strategy.

Our ESG Journey

With our bespoke framework in place, we are now working with our stakeholders to identify initiatives and set targets to help us achieve our ESG ambitions. We recognise that over time our ESG strategy will evolve, and we will maintain open dialogue with all our stakeholders to ensure our strategy reflects their priorities. Below we have set out details on the progress we have made to date and our plans for the future.

Social & Environmental Impact

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. We have established a Corporate Social Responsibility ('CSR') committee, which is made up of individuals at all levels from across the DSW Network. Part of the committee's role is to determine which charities to support each year, and to discuss fundraising activities and initiatives that can be rolled out across the Network.

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 undertaken an exercise to collate data on our Scope 1 and Scope 2 emissions and we intend to monitor these regularly, taking actions to further reduce the impact we have on the environment. The board is pleased to present our Streamlined Energy and Carbon Report on page 37 where further details can be found on the actions we are taking to minimise our impact on the environment.

Diversity & Inclusion

We have a strong commitment to diversity and believe the nature of this model presents an opportunity to lead the accounting profession in this area. We take pride in our ability to attract female partners to the DSW Network with approximately 23% of the Network's current partners being female. The DSW model provides women access to senior roles in corporate finance and transactional services, which the Board believes are typically dominated by men in more traditional firms. Only 16% of AIM 100 company board directors are female, compared to 38% in FTSE 350 companies[14], which demonstrates that AIM companies still need to improve further on gender and other diversity indicators. DSW is proud that 60% of its Board are female, while recognising the need for further diversity in the longer term.

Diversity is at the core of DSW's model as management realise the benefits a broad range of perspectives can bring to the progression and success of a business. DSW's commitment to diversity extends beyond gender to ethnicity, sexual orientation, gender identity, social mobility, disability, and other challenges which can lead to disadvantage. DSW is committed to creating a diverse and inclusive environment for its licensees and employees, and this will continue to be one of the core values as new professionals and businesses are welcomed to the Network.

We are currently looking at a range of initiatives including launching our first Engagement Survey, rolling out additional training and refreshing our Values and Behaviours to continue to promote a diverse workforce.

Empowering our people

Our business model is centred around empowering people to be the best that they can be, providing the support and infrastructure to enable them to achieve their career aspirations. Investing in our people is therefore a key priority for us and through our ESG strategy we will continue to enhance the support we provide centrally.

Earlier this year we launched the DSW Mentoring programme with 24% of our Fee Earners currently signed up as either a Mentor or a Mentee. In March 2022, we provided access to a library of online training courses. We are also in the process of developing our DSW Future Leaders programme, which we expect to launch in Autumn 2022. This will be a bespoke programme offered to our high achievers, supporting them as they take the next step in their careers.

The Covid-19 pandemic has had a profound impact on the workplace, with professionals embracing the ability to choose whether to work from home or the office. Professionals increasingly seek to marry career ambitions with a better work life balance, shunning the traditional long work-hours culture which pervades the profession. Flexibility and autonomy have always been embedded within our business model and we continue to look at ways we can support our people as they adapt to the 'new normal'.

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[14] *Source: https://www.bdo.co.uk/en-gb/insights/industries/aim/aim-directors-remuneration-report. https://www.gov.uk/government/news/sea-change-in-uk-boardrooms-as-women-make-up-nearly-40-of-ftse-100-top-table-roles.*

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

We also recognise the impact the pandemic has had on our physical and mental wellbeing, which is why this has been identified as a key area of our ESG strategy. Our CSR committee is exploring several initiatives and already has plans in place to train mental health first aiders to provide support to our people, and to increase the number of social and wellbeing activities on offer to our Network.

Responsible business practices

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. We are also looking at initiatives which include increased Cyber Security training and taking steps to achieve our Cyber Essentials accreditation later this year.

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 a dedicated network recruitment team who invest considerable time and effort in working to discover and attract high quality network members. Comprehensive due diligence checks and evaluations are carried out on all candidates. The Group's Entrepreneurship Grant scheme is designed to attract suitable candidates for 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 rewards and participation in subsequent licence fees. 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 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. 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	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 has invested in: • 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 and provides a structured learning path for all staff in network member firms.
Failure to comply with AIM and relevant regulatory requirements. Being AIM listed, the Group is subject to a range of legal and regulatory requirements. Failure to comply with these requirements could have significant implications for the Group including incurring financial penalties and reputational damage. This may inhibit the Company's growth or adversely impact the network member firms' ability to win new clients and expand their businesses.	The Group maintains policies and mechanisms to ensure that it continues to meet its legal and regulatory obligations. Regular periodic bulletins are distributed to all network member firms advising them of relevant developments in regulatory or legal requirements to maintain awareness across the whole Group and network.
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.	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.

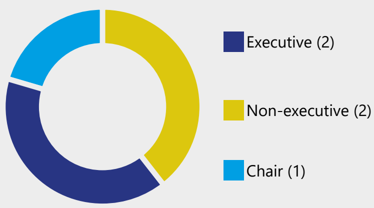
Risk	Mitigation
Emerging Geopolitical and Economic Risks The widespread impact of the ongoing geopolitical situation and related economic uncertainties require close monitoring to identify potential risks to the Group. Such risks include: increased incidence of cyberattacks, financial uncertainty, rising energy prices and interest rates, inflationary pressures, and supply chain and resourcing constraints.	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. The Group's IT and communications infrastructure uses secure cloud-based systems that are encrypted from end-to-end and can be accessed by individuals and network member firms from any location at any time. All staff 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. 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, Environmental, Social and Governance Report and the principal risks and uncertainties, was approved by the Board and signed on its behalf by:

James Dow
Chief Executive officer
13 July 2022

BOARD OF DIRECTORS

Board Composition



Key to committee membership

A Audit & Risk Committee

R Remuneration & Nominations Committee

Committee Chair

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 as 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 at Zurich Assurance Ltd
- Trustee at Future First Charity – chairs its remuneration and nominations committee

Committee memberships

R A

James Dow

Chief Executive Officer

Date of appointment

Established Dow Schofield Watts in 2002

Experience

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

External appointments

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

BOARD OF DIRECTORS

Nicole Burstow

Chief Financial Officer

Date of appointment

April 2019

Experience

Nicole previously spent 15 years with Deloitte in Manchester. As a Director, she was responsible for leading the audits of some of the region's largest and most complex international businesses, more recently focusing on listed businesses. She also played a significant role in growing the North West practice by recruiting and developing talent and expanding the local client base.

External appointments

- None

Jill Jones

Independent Non-Executive Director

Date of appointment

January 2021

Experience

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

External appointments

- Non-executive Director and Trustee of The Liverpool and Merseyside Theatres Trust Limited
- Non-executive Director of Local Solutions
- Non-executive Director of Cynergy Business Finance Limited
- Co-opted member of the Audit Committee of Chester Race Company Limited
- Independent member of Lews Castle College UHI Board of Management
- Director of RHDJ Properties Limited
- Governor of Coleg Cumbria

Committee memberships

A R

Jon Schofield

Non-Executive Director

Date of appointment

Co-founded Dow Schofield Watts in 2002

Experience

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

External appointments

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

Committee memberships

R

CORPORATE GOVERNANCE STATEMENT

Introduction

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

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

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

DSW's robust platform offers a scalable, challenger, recurring revenue model that is capital light, cash generative, and enables service expansion. More details about the strategy and business model can be found on pages 1-5.

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 2-3.

The Directors have identified that the accounting profession is ripe for disruption, creating a significant opportunity for acquisitive growth. A detailed overview of the market can be found on pages 6-9.

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.

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

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

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

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

The Group takes its corporate social responsibilities seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including, inter alia, its shareholders, staff and corporate partners, as part of its business strategy. The work done in respect of this is outlined in the Environmental, Social and Governance section on pages 19-22.

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

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 23-25 of this report, along with the monitoring processes and mitigating actions in place to manage these risks.

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

The composition of the Board includes a balance of Executive and Non-Executive Directors. Two of the Non-Executive Directors, Heather Lauder and Jillian Jones, are considered to be independent and were selected with the objective of bringing experience and independent judgment to the Board. More details about the Board can be found on page 26-27.

The Board's activities are supported by two committees, comprising the Audit & Risk Committee and the Remuneration & Nominations Committee with formally delegated duties and responsibilities. Details of these

CORPORATE GOVERNANCE STATEMENT

committees are set out on pages 30-34 of this report.

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

All the Directors have an effective and appropriate balance of skills and experience, including in mergers and acquisitions and capital raisings. Biographies of the Directors detailing their skills and experience can be found on pages 26-27 of this Report and also on the Company's website. The Directors keep their skillsets up to date with regular training provided by the Group.

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

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

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

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

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

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

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

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

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

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

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

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

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 provides details to all stakeholders on how the Company is governed.

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

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

AUDIT & RISK COMMITTEE REPORT

Overview

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

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

Composition and experience of the Audit and Risk Committee

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

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

The Chief Financial Officer and Chief Executive 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 Audit and Risk Committee met on four occasions during the year to 31 March 2022 with both members present at all meetings.

Annual report and accounts

The Committee reviewed the annual financial statements for the year. This review process involved consideration of all judgements made in preparing the accounts including areas involving significant estimation. The areas involving judgement include the treatment of IPO costs and the share-based payment expense.

The Committee reviewed and accepted the recommendations of the Chief Financial Officer relating to significant accounting judgements and received reports on these from BDO.

Following admission to AIM the Group has adopted IFRS in preparing its financial standards for the first time. 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 budgets is regularly reviewed and variances investigated and acted upon by both the Board and the Group's management team.

The Group maintains a register of the principal risks that it faces in accordance with its risk framework. The Committee regularly reviews the risk register and advises the Board on the principal risks that the Group faces. The principal risks faced by the Group together with all mitigating actions are disclosed in the Risk Management section of this report on pages 23-25.

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 appointment of BDO LLP as the Group's reporting accountant for its admission to AIM and as its external auditor following admission. Other than acting as reporting accountant, prior to its appointment as 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 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. This position will be reviewed annually.

REMUNERATION & NOMINATIONS COMMITTEE REPORT

Overview

The Remuneration and Nominations Committee review the performance of the Executive Directors, Chair of the Board 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 members of the Remuneration and Nominations Committee are:

Heather Lauder (Chair)

Jillian Jones

Jonathan Schofield

The Remuneration and Nominations Committee meet as and when necessary, but at least twice each year.

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.

Director's remuneration summary

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

£'000	Salary & Fees	Social Security	Pension Contributions	**Total 2022**	Total 2021
Heather Lauder	31	3	-	**34**	19
James Dow	52	7	-	**59**	-
Jillian Jones	25	2	-	**27**	5
Jonathan Schofield	35	4	-	**39**	51
Nicole Burstow	245*	33	61*	**339**	183
Richard Evans	5	-	-	**5**	30
	393	**49**	**61**	**503**	288

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

Richard Evans resigned as Company Secretary on 1 June 2022.

The CEO was also awarded a bonus of £30k for the year to 31 March 2022 which he elected to take in shares. The shares will be issued in August 2022. A charge equivalent to the value of shares awarded has been included in the share based payment charge for the year to 31 March 2022 as the award related to the performance in that period.

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:

	2022	2021
James Dow	**53,333**	0
Nicole Burstow	**41,667**	0
Total	**95,000**	0

Legacy Award

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

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

The awards are valued using the Black-Scholes pricing model.

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

	2022	2021
Nicole Burstow	**328,000**	0
Total	**328,000**	0

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:

	2022	
	Number	% of issued shares
James Dow	3,092,460*	14.5%
Nicole Burstow	193,698**	0.9%
Jonathan Schofield	1,869,600	8.7%
Heather Lauder	38,739	0.2%
Jillian Jones	37,369	0.2%

The shares held by Nicole Burstow, Heather Lauder and Jillian Jones, shown in the table above, were awarded as part of the Growth Share scheme set out in note 26 of the financial statements.

**James Dow holds an additional 53,333 shares in respect of PSP awards. Further details can be found in note 26 of the financial statements.*

***Nicole Burstow has an additional indirect interest of 328,000 shares held by the Trustee in respect of the CFO Legacy Award, and also 41,667 shares in respect of PSP Awards. Further details can be found in note 26 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 2022. The Corporate Governance Statement set out on pages 28 to 29 forms part of this report.

Principal activities and Business Review

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

Details of significant events since the balance sheet date are contained in note 29 to the financial statements. An indication of likely future developments in the business of the Group are included in the Strategic Report and Chief Executive's Report.

Information about the use of financial instruments by the Group is given in note 28 to the financial statements.

Results and dividends

The Group recorded revenue in the year of £2.7m (FY21: £2.4m) and loss after tax of £0.3m (FY21: profit of £1.3m). An interim dividend of 13.3 pence per fully paid ordinary share was paid on 13 October 2021. The Directors propose a final dividend for the year ended 31 March 2022 consisting of an interim catch up dividend of 0.56 pence per share and a final dividend of 3.66 pence per share, subject to the approval at the Annual General Meeting in September 2022. Further details of the date, time and venue will be announced separately.

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 23-25. Further information relating to the financial risk of the Group has been included within note 28 of the financial statements.

Going concern

In considering the appropriateness of the going concern basis of preparation, the Directors have considered the cash balance and the forecasts for the next twelve months following the date of this report, which includes detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the foreseeable future. The Group has a significant cash balance of £4.7m, no debt, has a model which is strongly cash generative and a limited fixed cost base. At 31 March 2022, the Group has net assets of £8.0m (2021: £2.2m) and net current assets of £5.6m (2021: £1.4m) which reflects the strong financial position for the Group. In addition, the Group is profitable with adjusted profit after tax of £1.7m in the year ended 31 March 2022, continuing the trend of increased profitability seen in the previous three financial periods.

Scenario analysis has been performed on the underlying forecasts and, given the Group's cash balance is over 4 times the size of the overheads, the forecasts demonstrate 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 share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 24.

The Company has two classes of equity share, 0.25p Ordinary shares and 0.01p Deferred shares. The Ordinary shares have full voting, dividend and capital distribution rights, including on winding up. They are non-redeemable. The Deferred shares have no voting, dividend or other distribution rights. The Deferred shares are expected to the cancelled at the next AGM.

Details of employee share schemes are set out in note 26.

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
- Richard Evans

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

The following Directors resigned in the year: Andy Dodd, Craig Richardson, Mark Watts and Philip Price. Richard Evans resigned as Company Secretary on 1 May 2022.

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 28 & 29.

Directors' remuneration payable in the year ended 31 March 2022 is set out in the Remuneration and 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 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 2022 were as shown in the table below:

	No. of Shares	**% Shareholding**
James Dow & Beverley Dow	3,145,793	14.64%
Mark Watts & Julie Watts	2,991,360	13.99%
Jonathan Schofield & Fiona Schofield	1,869,600	8.74%
Philip Price & Joanne Price	1,495,680	6.99%
Andrew Dodd & Joanne Dodd	1,495,680	6.99%
Canaccord Genuity Group Inc	850,000	3.97%
Craig Richardson	747,840	3.50%
Susannah Dow	747,840	3.50%
Adam Dow	747,840	3.50%

Employees

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

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

Political donations

It is the Company's policy not to make political donations. The Directors confirm that no donations for political purposes were made during the year (2021: nil).

Streamlined Energy and Carbon Reporting ('SECR')

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

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

The data below has been created using the following scopes:

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

Scope 2: Indirect emissions from purchased energy.

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:

	2022
Energy Consumption	
Scope 1 Emissions:	
Gas kWh	15,253
Scope 2 Emissions:	
Electricity kWh	4,872
Total energy used in kWh	**20,125**
Carbon Emissions:	
Scope 1 emissions (tCO2e)	2.8
Scope 2 emissions (tCO2e)	1.0
Total Scope 1 & 2 emissions (tCO2e)	**3.8**
Emissions Intensity Ratios:	
Tonnes CO2e – per £m Revenue	**1.28**
Tonnes CO2e – per Average FTE	**0.53**

Methodology

Greenhouse gas emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption and production data has been collated and converted into CO2 equivalent using the UK Government 2021 Conversion Factors for Company Reporting to calculate emissions from corresponding activity data.

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

Data collected relates to the most recent 12-month period where data was available. Comparative information has not been disclosed as this is the Group's first year of reporting.

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 in FY23 and we will work towards this goal with the broader DSW network.

The Group are committed to reducing our carbon footprint and in December 2021, we signed up with Zellar, who are helping their customers identify initiatives to reach Net Zero by 2030. We will continue to review our energy consumption with the aim of delivering on-going reductions in emissions. It is our target to reduce our Scope 1 & Scope 2 emissions to Net Zero by 2025 with a target of reducing our Scope 3 emissions to Net Zero by 2030.

To help us achieve our objectives we have identified several initiatives which we have either implemented or are planning on implementing within the next twelve months as part of our ESG strategy. These initiatives include; completion of a behavioural actions survey to increase awareness across the network of how individuals can help us achieve our targets, 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.

Further detail can be found in the ESG report on pages 19-22.

Notice of AGM

The Company's AGM will be held in September 2022. Further details to be announced separately.

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 13 July 2022 and signed on its behalf by:

DSW Capital PLC
7400 Daresbury Park
Daresbury
Warrington
WA4 4BS
13 July 2022

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 2022 and of the Group's loss 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 2022 which comprise the consolidated comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and 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's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained and reviewed the assumptions in the Directors' going concern assessment covering the period to 31 July 2023 by challenging the Directors on the key assumptions included in the base case forecasts and sensitivity assessments;
- We challenged the key assumptions including license fee and profit share income from the licensees through consideration of past performance and our knowledge of the industry and the market and, reviewing post year-end financial information of the licensees;
- We agreed the opening cash position per the forecasts to supporting documentation; and
- We assessed the adequacy and consistency of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation with the Directors' going concern assessment.

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's 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.

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

Overview

Coverage	*100% of Group profit before tax* *100% of Group revenue* *100% of Group total assets*	
Key audit matters		2022
	Risk over improper recognition of license fee revenue	Yes
Materiality	*Group financial statements as a whole* £102,000 based on 5% of adjusted profit before tax.	

An overview of the scope of our audit

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

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

In assessing the risk of material misstatement in the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements we determined that one component, 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.

Key audit matters

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

Key audit matter		**How the scope of our audit addressed the key audit matter**
Risk over improper recognition of license fee revenue Refer to Note 2 for the accounting policy and note 4 for detailed disclosures.	Licence fee revenue for the year amounted to £2,531,000. The Group's revenue comprises mainly of revenue from licence fees from its licensees. For the Group to recognise revenue under IFRS 15 *Revenue from Contracts with Customers*, its performance obligation must be satisfied. License fee revenue is recognised when the licensee raises an invoice, in line with contractual terms of the licence agreement, at which point it is deemed that the Group meets its performance obligation. As the Group's performance obligation is linked to the licensees' sales and therefore dependent on information obtained from the licensees, the risk of material misstatement is increased. There is also a risk that the cut-off may not be properly observed in recognising revenue for the Group, for example when invoices are raised by the licensee but not raised by the Group. There is also the risk that revenue may not be reversed when the licensee reverses their pre- year end revenue. Additionally, there is a risk that inappropriate manual journals to revenue have been posted. As a result of the matters set out above, we considered this to be an area of focus for our audit.	Our procedures included the following: • Consideration of the appropriateness of the Group's revenue recognition policy for license fee revenue against the requirements of IFRS 15. • Performing analytical reviews on monthly license fee revenue and investigating significant fluctuations through enquiry with management and corroborating their explanations to licensee management accounts; • Comparison of the total actual recorded licensee fees to expected amounts, based on the fee percentage included in the underlying contracts with the licensees and revenue per the licensees management accounts; • Testing manual journals that have been processed into the revenue accounts by tracing these to underlying supporting evidence including licensee invoices and management accounts; • Testing a sample of credit notes that have been processed into the general ledger subsequent to year end to check that there were no subsequent reversals of revenue that was recognised during the 2022 financial year; • Verification of a sample of license fee revenue in the year by matching invoices to the bank receipts and other supporting documentation; and • For a period around the year end we selected a sample of revenue recognised and agreed to licensee management accounts to determine whether revenue has been recognised in the correct period. Key observations From our testing performed, no matters were identified to indicate that the recognition of license fee revenue was inappropriate.

Our application of materiality

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

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

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

	Group financial statements	**Parent company financial statements**
	2022 £	2022 £
Materiality	102,000	94,500
Basis for determining materiality	5% of adjusted profit before tax	5% of adjusted profit before tax
Rationale for the benchmark applied	We determined profit before tax to be the most appropriate benchmark as the Group is profit making and profit before tax is also a key measure of the Group's performance for users of the financial statements. The profit before tax has been adjusted to exclude IPO costs and share based payment expenses which are deemed to be once off in nature and non-recurring.	We determined profit before tax to be the most appropriate benchmark as the Parent Company is profit making and profit before tax is also a key measure of the Parent performance for users of the financial statements. The profit before tax has been adjusted to exclude IPO costs and share based payment expenses which are deemed to be once off in nature and non-recurring.
Performance materiality	76,500	70,875
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment.	75% of materiality based on our risk assessment and consideration of the control environment.

Component materiality

We set materiality for the significant component of the Group based on a percentage of 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was £94,500. In the audit of this component, we further applied a performance materiality level of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or 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;
- 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 for the right of use assets under IFRS 16 and cashflow forecasts used in the going concern assessment;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords by agreeing to supporting documentation;
- In response to the risk of fraud in revenue recognition, the procedures set out in the Key Audit Matter above;
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Discussions with management and those charged with governance relating to their consideration of known or suspected instances of non-compliance with laws and regulation 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. 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:

Julien Rye

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Julien Rye (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester, United Kingdom

13 July 2022

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 2022

	Note	2022 £'000	2021 £'000
Continuing operations			
Revenue	4	2,681	2,354
Gross profit		**2,681**	**2,354**
Share of results of associates	16	309	102
Share of results of jointly controlled entity	17	102	15
Administrative expenses		(3,018)	(728)
Operating profit		**74**	**1,743**
Adjusted operating profit[13]		**2,107**	**1,750**
Share based payments expense		(1,167)	(7)
IPO Expenses		(866)	-
Operating profit		**74**	**1,743**
Finance income	9	82	84
Impairment of loans due from associated undertakings		(127)	(139)
Finance costs	10	(60)	(103)
(Loss) / Profit before tax		**(31)**	**1,585**
Income tax	11	(303)	(327)
(Loss) / Profit for the year	**6**	**(334)**	**1,258**
Total comprehensive (loss) / income for the year attributable to owners of the Company		**(334)**	**1,258**
Earnings per share			
From continuing operations			
Basic	13	(£0.02)	£0.66
Diluted	13	(£0.02)	£0.66

[13] 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 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	14	794	673
Property, plant and equipment	15	525	56
Investments	18	922	922
Investments in associates	18	290	97
Interests in jointly controlled entities	18	23	19
Prepayments and Accrued Income	19	175	184
Deferred tax asset	22	4	3
		2,733	**1,954**
Current assets			
Trade receivables	19	832	1,352
Prepayments and Accrued Income	19	362	255
Other receivables	19	369	266
Cash and bank balances		4,722	609
		6,285	**2,482**
Total assets		**9,018**	**4,436**
Current liabilities			
Trade payables	23	86	81
Other taxation	23	210	278
Other payables	23	54	24
Accruals and Deferred Income	23	163	88
Current tax liabilities	23	63	262
Borrowings	20	-	326
Lease liability	25	83	-
		659	**1,059**
Net current assets		**5,626**	**1,423**
Borrowings	20	-	625
Convertible loan notes	21	-	540
Lease liability	25	302	-
Dilapidation provision	23	72	-
		374	**1,165**
Total liabilities		**1,033**	**2,224**
Net assets		**7,985**	**2,212**
Equity			
Share capital	24	54	2
Share premium		5,280	-
Share-based payment reserve	26	1,174	7
Retained earnings		1,477	2,203
Total Equity attributable to owners of the Company		**7,985**	**2,212**

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	2022 £'000	2021 (Restated) £'000
Non-current assets			
Intangible assets	14	794	673
Property, plant and equipment	15	39	35
Investments	18	922	922
Investments in associates	18	290	97
Interests in jointly controlled entities	18	23	19
Prepayments and accrued income	19	175	184
Deferred tax asset	22	4	3
		2,247	**1,933**
Current assets			
Trade receivables	19	801	1,316
Prepayments and Accrued Income	19	307	190
Other receivables	19	499	366
Cash and bank balances		4,714	584
		6,321	**2,456**
Total assets		**8,568**	**4,389**
Current liabilities			
Trade payables	23	29	10
Other taxation	23	177	276
Other payables	23	54	24
Accruals and Deferred Income	23	154	87
Current tax liabilities	23	63	262
Borrowings	20	-	276
		477	**935**
Net current assets		**5,844**	**1,521**
Borrowings	20	-	625
Convertible loan notes	21	-	540
		-	**1,165**
Total liabilities		**477**	**2,100**
Net assets		**8,091**	**2,289**
Equity			
Share capital	24	54	2
Share premium		5,280	-
Share-based payment reserve	26	1,174	7
Retained earnings		1,583	2,280
Total Equity attributable to owners of the Company		**8,091**	**2,289**

The loss after tax for the Company was £305,819 (2021: profit of £1,274,699).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	**2**	**-**	**-**	**1,325**	**1,327**
Profit for the year	-	-	-	1,258	1,258
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	7	-	7
Balance at 31 March 2021	**2**	**-**	**7**	**2,203**	**2,212**
Loss for the year	-	-	-	(334)	(334)
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	1,167	-	1,167
Issue of shares in year	52	5,280	-	(12)	5,320
Balance at 31 March 2022	**54**	**5,280**	**1,174**	**1,477**	**7,985**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020 (Restated)	**2**	**-**	**-**	**1,386**	**1,388**
Profit for the year	-	-	-	1,274	1,274
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	7	-	7
Balance at 31 March 2021 (Restated)	**2**	**-**	**7**	**2,280**	**2,289**
Loss for the year	-	-	-	(305)	(305)
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	1,167	-	1,167
Issue of shares in year	52	5,280	-	(12)	5,320
Balance at 31 March 2022	**54**	**5,280**	**1,174**	**1,583**	**8,091**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
(Loss) / profit for the year		**(334)**	**1,258**
Adjustments for:			
Income tax expense	11	303	327
Net interest (income)/expense		(22)	19
Depreciation of property, plant and equipment	15	87	36
Amortisation of intangible assets	14	39	37
Share-based payment expense	26	1,167	7
Impairment of loans due from associated undertakings		127	139
Operating cash flows before movements in working capital		**1,367**	**1,823**
Decrease/(increase) in trade and other receivables		192	(1,266)
Increase in trade and other payables		73	367
(Increase)/decrease in amounts owed from associates in relation to profit share		(196)	89
Cash generated by operations		**1,436**	**1,013**
Income taxes paid		(502)	(203)
Net cash from operating activities		**934**	**810**
Investing activities			
Purchases of property, plant and equipment	15	(37)	(16)
Net cash used in investing activities		**(37)**	**(16)**
Financing activities			
Dividends paid	12	(380)	(380)
Finance lease payments		(77)	-
Interest received/(paid)		45	19
Repayments of loans and borrowings		(992)	(217)
Proceeds from loans and borrowings		-	50
Proceeds from issue of ordinary shares net of share issue costs (2022: £405k)		4,620	-
Net cash from / (used in) financing activities		**3,216**	**(528)**
Net increase in cash and cash equivalents		**4,113**	**266**
Cash and cash equivalents at beginning of year		**609**	**343**
Cash and cash equivalents at end of year		**4,722**	**609**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

The address of the Company's registered office is:

7400 Daresbury Park
Daresbury
Warrington
WA4 4BS

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

2. Accounting policies

Statement of Compliance

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

The Group has historically prepared company only accounts under UK Generally Accepted Accounting Practices (FRS 102). As such, consolidated financial information has been prepared under IFRS for the first time for the purpose of presentation in these financial statements. Details of the transition and prior year adjustments have been disclosed in note 31.

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 preparing the Financial Statements the Group has applied the below amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Financial Statements:

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

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.

Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the Financial Statements of the Group in future periods.

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 forecasts for the next twelve months following the date of this Annual 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, allowing the Group to meet its liabilities as they fall due.

At 31 March 2022, the Group has net assets of £8.0 million (2021: £2.2m) and net current assets of £5.6m (2021: £1.4m) which reflects the strong financial position for both the Group and the Company. In addition, the Group remains profitable with adjusted profit after tax of £1.7m in the year ended 31 March 2022 continuing the trend of increased profitability seen in the previous two financial periods.

Over the last two years the COVID-19 pandemic has created an unprecedented and constantly changing challenge to all businesses. The Group has been resilient throughout the pandemic with minimal disruption and even signs of increased productivity across the network, as demonstrated by the strong results reported for the year ended 31 March 2022. In light of the government's "Living with Covid" policy, management do not anticipate further disruptions from COVID-19 and consider it to be a reasonable expectation that the forecasts will not be materially impacted by future COVID-19 outbreaks.

The process of monitoring the fast-evolving situation in Eastern Europe, recessionary threats and current inflationary pressures on the Group's financial performance and liquidity is ongoing. Whilst the Group does not have operations in Russia or Ukraine, the far-reaching impact on energy prices and the cost of living have been considered as part of our going concern assessment. Each licensee business bears its own working capital requirement including employee and property costs. Furthermore licensee partners are only remunerated out of licensee profits, insulating the Group from the impact of wage inflation. Given our low operational gearing, diversified revenue streams and lean cost base the Directors believe that DSW Capital is resistant to macro-economic uncertainty.

Scenario analysis has been performed on the underlying forecasts and, given the Group's current cash balance is over 4 times the size of the overheads, the forecasts demonstrate that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The payment of a dividend has been approved totalling £888k which will reduce the Group's cash balance by this amount at the time of payment.

After making enquiries, the Directors have formed a judgement, at the date of the Annual Report, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 March 2022.

Basis of consolidation

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

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

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

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

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

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

Investments in associates and jointly controlled entities

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

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

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

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

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

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

Other Investments

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

Revenue recognition

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

The Group recognises revenue from the following major sources:

- Licence fee income
- Profit share income

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

Leases

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

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

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

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

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

Short-term leases and low value assets

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

Dilapidations provision

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

Operating profit

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

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are then recognised in the consolidated income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has elected to net grant income off against the related costs as permitted under IAS 20. In 2022, no government grants were received. In the prior year, government grants of £13,614 were received as part of the Coronavirus Job Retention Scheme ("JRS"). There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

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.

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

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 the consolidated statement of comprehensive income.

Financial assets

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

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

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

Classification of financial assets

Amortised cost and effective interest method

(a) *Trade and other receivables*

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

(b) *Loans owing from licensees*

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

(c) *Cash and cash equivalents*

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

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

Impairment of financial assets

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

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

(i) Definition of default

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

(ii) Measurement and recognition of expected credit losses

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Financial liabilities

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

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

(a) *Trade and other payables*

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

(b) *Borrowings*

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

Convertible Loan Note - Measurement

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

Dividend Policy

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

Dividends are recognised once they have been paid.

Related Party Transactions

Details of related party transactions entered into by members of the Group are set out in Note 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 26.

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 in the consolidated statement of comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

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. As the Group has more than 20% of the voting rights, it is deemed to have significant influence over the licensees and thus they are accounted for as investment in associates.

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

Classification of long-term loans to licensees

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

Share based payments

In the year ended 31 March 2022, 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 four years from the balance sheet date.

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.

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

	2022 £'000	2021 £'000
External revenue by product line		
License Fee Income	2,531	2,243
Profit Share Income	150	101
Other Income	-	10
Total	**2,681**	**2,354**

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

	2022 £'000	2021 £'000
External revenue by reporting line		
License fees attributable to Mergers & Acquisition ('M&A')	1,889	1,864
License fees attributable to Other	642	379
Profit share attributable to M&A	150	101
Profit share attributable to Other	-	-
Total Revenue by reporting line	**2,681**	**2,344**
Other income	-	10
Total Revenue	**2,681**	**2,354**

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 Marker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Chief Executive.

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

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

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

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

Geographical information

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

Information about major customers

Included in revenues arising from License fees attributable to M&A are revenues of approximately £0.96m (2021: £1.17m) which arose from license fee income from the Group's largest licensee. No other single licensee contributed 10 per cent or more to the Group's revenue in either 2022 or 2021.

6. Profit for the year

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

	2022 £'000	2021 £'000
Government grant for the purpose of immediate financial support	-	(14)
Depreciation of property, plant and equipment	87	36
Amortisation	39	37
Employee pension	36	2
IPO costs	866	-
Expected credit loss - license fees	(6)	29
Expected credit loss - outstanding loans	127	139
Expected credit loss - profit share	14	-

In 2022 no government grants were received. In the prior year, government grants of £13,614 were received as part of the Coronavirus Job Retention Scheme ("JRS"). There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

7. Auditors' remuneration

	2022 £'000	2021 £'000
Audit of the Group financial statements	60	50
Fees payable to the Company's auditors in respect of:		
Interim financial reporting	16	-
Reporting Accountants	126	-
Total auditors' remuneration	**202**	**50**

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

8. Staff costs

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

	2022 Number	2021 Number
Central Heads	16	13
	16	**13**

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	669	340
Social security costs	74	31
Other pension costs (see note 27)	36	2
	779	**373**

'Other pension costs' relate to the defined contribution plan charge as detailed in Note 27.

Aggregate Directors' remuneration

	2022 £'000	2021 £'000
Wages and salaries	393	259
Social security costs	49	28
Other pension costs (see note 27)	31	1
	473	**288**

The highest paid Director's total emoluments in the year were £276,308 (2021: £127,313) of which £31,321 (2021: £1,313) related to pension costs.

Directors' transactions

Dividends totaling £379,995 were paid in the year in respect of ordinary shares (2021: £380,000). The dividends were all paid to Directors of the Company who were currently serving at the time of payment. See Note 12 for details.

9. Finance income

	2022 £'000	2021 £'000
Interest income:		
Loan Interest	80	80
	80	**80**
Other finance income	2	4
Total finance income	**82**	**84**

10. Finance costs

	2022 £'000	2021 £'000
Interest on bank loans	(36)	(64)
Amortisation of debt issue costs	(11)	(14)
Interest costs on lease	(11)	-
Other finance costs	(2)	(25)
	(60)	**(103)**

11. Income Tax

	2022 £'000	2021 £'000
Corporation income tax:		
Current year	340	329
Adjustments in respect of prior years	(36)	12
	304	**341**
Deferred tax (see note 22)		
Origination and reversal of temporary differences	(1)	(14)
	303	**327**

The standard rate of corporation tax applied to reported profit is 19 per cent (2021: 19 per cent).

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

	2022 £'000	2021 £'000
(Loss) / Profit before tax on continuing operations	(31)	1,585
Tax at the UK corporation tax rate of 19 per cent (2021: 19 per cent)	**(6)**	**301**
Tax effect of expenses that are not deductible in determining taxable profit	128	11
Depreciation in excess of capital allowances	5	11
Other tax effects	3	6
Tax effect of adjustments in relation to prior periods	(36)	12
Tax effect of income not taxable in determining taxable profit	(12)	-
Movement in deferred tax assets/liabilities	(1)	(14)
Tax effect of share based payment adjustment	222	-
Tax expense for the year	**303**	**327**

On 26 October 2015, the UK corporation tax rate was reduced to 19% for the years beginning 1 April 2020 and 1 April 2021. As a result of the March 2021 Budget, the UK corporation tax rate will increase to 25% for the financial year beginning 1 April 2023. All deferred tax has been assessed including at 25% rate beyond FY23.

12. Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2021 of £0.0667 (2020: £nil per share)	127	-
Interim dividend for the year ended 31 March 2022 of £0.133 per share (2021: £390 per share)	253	370
Special dividend for the year £nil (2021: £0.005 per share)	-	10
	380	**380**
Proposed final dividend for the year ended 31 March 2022 consisting of:		
Interim catch up dividend for the year to 31 March 2022 of £0.0056 per share (2021: £nil)	120	-
Final dividend for the year to 31 March 2022 of £0.0366 per share (2021: £0.0667 per share)	786	127
	906	127

13. Earnings per share

From continuing operations

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

Earnings	2022 £'000	2021 £'000
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	(334)	1,258
Effect of dilutive potential ordinary shares:	-	-
Earnings for the purposes of diluted earnings per share	**(334)**	**1,258**

	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	17,014,850	1,900,000
Effect of dilutive potential ordinary shares:		
Share Options	122,844	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**17,137,694**	**1,900,000**

From continuing operations

Earnings	2022 £	2021 £
Basic earnings per share	(0.02)	0.66
Diluted earnings per share	(0.02)	0.66

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

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

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

	2022 £'000	2021 £'000
(Loss) / Profit after tax on continuing operations	(334)	1,258
Adjusted for:		
Share-based payment expense	1,167	-
IPO Costs	866	-
Tax effect of adjustments above	(43)	-
Adjusted earnings for the purposes of adjusted basic and adjusted diluted earnings per share	**1,656**	**1,258**

Earnings	2022 £	2021 £
Adjusted basic earnings per share	0.10	0.66
Adjusted diluted earnings per share	0.10	0.66

Tax adjustments of £43,000 (2021: £ 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 19% adjusted upwards to take into account the effect of non-deductible expenses.

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

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

14. Intangible assets

	Total £'000
Cost	
At 1 April 2020	707
Additions	40
At 31 March 2021	**747**
Additions	160
At 31 March 2022	**907**
Amortisation	
At 1 April 2020	37
Charge for the year	37
At 31 March 2021	**74**
Charge for the year	39
At 31 March 2022	**113**
Carrying amount	
At 31 March 2021	**673**
At 31 March 2022	**794**

All intangible assets relate to intellectual property on which license fees are charged. £707k of the carrying amount as at 31 March 22 (2021: £531k) relates to Camlee Group.

15. Property, plant and equipment - Group

	Right of Use Asset £'000	Office Fixtures, Fittings & Equipment £'000	Total £'000
Cost			
At 1 April 2020	-	168	168
Additions	-	16	16
At 31 March 2021	**-**	**184**	**184**
Additions	520	37	557
At 31 March 2022	**520**	**221**	**741**
Accumulated depreciation			
At 1 April 2020	-	93	93
Charge for the year	-	36	36
At 31 March 2021	-	**129**	**129**
Charge for the year	52	35	87
At 31 March 2022	**52**	**164**	**216**
Carrying amount			
At 31 March 2021	**-**	**56**	**56**
At 31 March 2022	**468**	**57**	**525**

Property, plant and equipment - Company

	Office Fixtures, Fittings & Equipment £'000
Cost	
At 1 April 2020	87
Additions	10
At 31 March 2021	**97**
Additions	31
At 31 March 2022	**128**
Accumulated depreciation	
At 1 April 2020	33
Charge for the year	29
At 31 March 2021	**62**
Charge for the year	27
At 31 March 2022	**89**
Carrying amount	
At 31 March 2021	**35**
At 31 March 2022	**39**

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

	2022 £'000	2021 £'000
The Group's share of profit from continuing operations	309	102
The Group's share of profit and total comprehensive income	**309**	**102**

Change in the Group's ownership interest in an associate

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

17. Jointly controlled entities

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

Information of jointly controlled entity that is not individually material

	2022 £'000	2021 £'000
The Group's share of profit from continuing operations	102	15
The Group's share of profit and total comprehensive income	**102**	**15**

18. Investments - Group and Company

	2022 £'000	2021 £'000
Financial assets measured under the equity method		
Investment in Associates	290	97
Investment in jointly controlled entities	23	19
Financial assets measured at amortised cost		
Other investments	922	922
Total Investments	**1,235**	**1,038**

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

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

19. Trade and other receivables

	Company 2022 £'000	Company 2021 (Restated) £'000	Group 2022 £'000	Group 2021 £'000
Trade receivables	879	1,404	910	1,440
Loss allowance	(78)	(88)	(78)	(88)
	801	**1,316**	**832**	**1,352**
Other receivables	686	538	686	538
Loss Allowance	(317)	(272)	(317)	(272)
	369	**266**	**369**	**266**
Prepayments and Accrued Income	574	452	629	517
Loss Allowance	(92)	(78)	(92)	(78)
	482	**374**	**537**	**439**
	1,652	**1,956**	**1,738**	**2,057**
Amounts due from subsidiary undertakings	130	100	–	–
	1,782	**2,056**	**1,738**	**2,057**

Included in prepayments and accrued income for both the company and the group are £175k (2021:£184k) due in greater than 1 year. Other receivables are made up from loans due from licensees and prepayments and accrued income relates to prepayments and profit share due from licensees. Amounts due from subsidiary undertakings, in other receivables on the balance sheet, are interest free and repayable on demand.

Trade receivables

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

Average Credit Period taken is 84 Days (2021: 64 days) and no interest is charged on the receivables.

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

	2022 £'000	2021 £'000
Not past due	698	1,263
Past due 61 to 90 days	-	9
Past due 91 to 120 days	51	20
Past due over 120 days	83	60
	832	**1,352**

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.

20. Borrowings

	2022 £'000	2021 £'000
Secured borrowing at amortised cost		
Bank loans	-	942
Debt issue costs	-	(41)
Other loan	-	50
Total borrowings	**-**	**951**
Non-current	-	625
Current	-	326

The principal features of the Group's borrowings were as follows:

(a) A loan of £1.16m was taken out by the Company on 10 February 2020. The loan was secured by a debenture from each Obligor over all its assets and a security from the Shareholders over the entire issued share capital of the Company. The rate of interest on the loan was the aggregate of the 5.25% Margin and 3 month LIBOR (subject to a LIBOR floor of 0.75%). Capital repayments of £72k were paid quarterly in January, April, July, October. £11k of capitalised debt issue costs were amortised to finance charges in 2022 (2021: £14k). This loan was repaid with proceeds from the share issue in December 2021.

(b) A Bounce Back loan of £50,000 was taken out in October 2020 to enable DSW Services to access finance more quickly during the coronavirus outbreak. This loan was repaid in full in October 2021 and no interest was paid.

All borrowings were held in the Company and Group other than the £50,000 bounce back loan.

The weighted average interest rates paid during the year were as follows:

	2022	2021
	%	%
Bank loans	6.0	6.2

Analysis of changes in net debt

	01 April 2020	Cash flow	Amortisation of debt issue costs	Non-cash debt items	31 March 2021
Cash & bank balances	**342**	267	-	-	**609**
Bank Loans	**(1,159)**	217	-	-	**(942)**
Debt issue costs	**55**	-	(14)	-	**41**
Convertible Loan Notes	**(396)**	-	-	(144)	**(540)**
New Loans	**-**	(50)	-	-	**(50)**
Net Debt	**(1,158)**	**434**	**(14)**	**(144)**	**(882)**
	01 April 2021	Cash flow	Amortisation of debt issue costs	Non-cash debt items	**31 March 2022**
Cash & bank balances	**609**	4,113	-	-	**4,722**
Bank Loans	**(942)**	942	-	-	**-**
Debt issue costs	**41**	-	(41)	-	**-**
Convertible Loan Notes	**(540)**	-	-	540	**-**
BB Loan	**(50)**	50	-	-	**-**
Net Debt	**(882)**	5,105	(41)	540	**4,722**

Balances at 31 March 2022 comprise:

	Current assets £'000
Cash and bank balances	4,722

21. Convertible loan notes - Group and Company

The Group issued £500k of convertible loan notes to the founders of a licensee which were convertible to equity in DSW Capital on IPO. As the float happened within 4 years, the value of the loan notes was uplifted to £700k. Given that the uplift value was fixed, it was in effect a 'known' outcome which was only contingent upon an event and therefore a provision was recognised. It was deemed appropriate to recognise a provision of £40k in the prior year due to the Group's estimation that there was a 20% chance of the float occurring as at 31 March 2021. On 16th December 2021, DSW Capital floated on AIM and the value of the loan notes was uplifted to £700k before being immediately converted to Ordinary Share Capital of DSW Capital plc.

22. 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.

	2022 £'000	2021 £'000
At the beginning of the year asset/(liability)	3	(11)
Charge in the year	-	-
Released in the year	-	11
Credited in the year	1	3
At the end of the year asset	**4**	**3**

23. Trade and other payables

	Company 2022 £'000	Company 2021 £'000	Group 2022 £'000	Group 2021 £'000
Trade payables	29	10	86	81
Other taxation and social security	177	276	210	278
Other payables	54	24	54	24
Accruals and Deferred Income	154	87	163	88
Corporation Tax	63	262	63	262
	477	**659**	**576**	**733**

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:

	2022 £'000	2021 £'000
Dilapidation provision	72	-
	72	**-**

24. Share capital - Group and Company

	2022		2021	
	Number	**£'000**	**Number**	**£'000**
Authorised, issued and fully paid:				
Ordinary shares	21,482,508	54	-	-
Ordinary A shares	-	-	950,000	1
Ordinary B shares	-	-	950,000	1
At 31 March	**21,482,508**	**54**	**1,900,000**	**2**
Authorised, issued and nil paid:				
Ordinary C shares	-	-	218,541	-
Ordinary D Shares	-	-	45,479	-
At 31 March	**-**	**-**	**264,020**	**-**
Total	**21,482,508**	**54**	**2,164,020**	**2**

	Ordinary	A Shares	B Shares	C Shares	D Shares	E Shares
As at 31 March 2021	-	950,000	950,000	218,541	45,479	-
Share issue	6,123,000	-	-	-	-	17,268
Cancelled shares	-	-	-	(4,233)	-	-
Bonus issue	-	7,579,480	7,579,480	6,046,745	-	430,051
Consolidated	-	(1,425,000)	(1,425,000)	(5,143,392)	-	(414,432)
Converted to Ordinary	15,359,508	(7,104,480)	(7,104,480)	(1,117,661)	-	(32,887)
Converted to Deferred	-	-	-	-	(45,479)	-
As at 31 March 2022	**21,482,508**	**-**	**-**	**-**	**-**	**-**

On the 26th October, the following transactions took place in relation to the company's share capital;

i. 4,233 Ordinary C Shares were fully paid up, bought back by the company and subsequently cancelled.

ii. 17,268 Ordinary E Shares were issued which were nil paid and have no voting rights. These shares were issued as part of the Growth Share Plan discussed in note 26. These were subsequently fully paid at their subscription price of £0.9614 per share prior to the re-capitalisation which took place on 16th December 2021.

iii. 50,000 Redeemable preference shares with a nominal value of £1.00 were issued and were quarter paid. These shares have no voting rights.

iv. On the 26th October 2021, the Company formally re-registered as a public company under the name of DSW Capital plc.

On the 16th December 2021, the following transactions took place in relation to the company's share capital;

v. The company undertook a bonus issue and consolidation of shares such that the nominal values of the A, B, C and E shares equalled £0.0025. The D Shares were unaffected.

vi. A further bonus issue then occurred, immediately following which the A, B, C and E shares were redesignated as one class of Ordinary Shares. The D Shares were redesignated into deferred shares which continue to have a nominal value of £0.0001. These shares have no rights to vote or income and are expected to be cancelled at the AGM in September 2022.

vii. 328,000 ordinary shares were issued in respect of the share awards set out in the Admission document and 700,000 ordinary shares were issued to the Camlee Noteholders in respect of the conversion of the Camlee Loan Notes, further details of which can be found in note 21.

viii. 5,000,000 ordinary shares were issued as part of DSW Capital's admission to AIM.

ix. 95,000 ordinary shares were issued as part of the PSP award scheme further details of which can be found in note 26.

On the 17th December, the 50,000 redeemable preference shares were repaid in full.

25. Leases

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

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

Right-of-use assets	**Total** **£'000**
Balance at 1 April 2021	**-**
New leases recognised in the year	520
Depreciation	(52)
Balance at 31 March 2022	**468**

Lease liabilities	**Total** **£'000**
Balance at 1 April 2021	**-**
New leases recognised in the year	451
Interest expense	11
Lease payments	(77)
Balance at 31 March 2022	**385**

Income Statement	**2022** **£'000**
Interest expense (note 10)	11
Expense relating to leases of low-value assets	7
Expense relating to short-term leases	61
At 31 March 2022	**79**

As at the 31 March 2022, 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;

	Total £'000
Within one year	83
In one to two years	87
In two to three years	92
In three to four years	98
In over four years	25
Balance at 31 March 2022	**385**

The total cash outflow in the year paid in respect of leases was £76,800. Under the terms of the lease, £102,400 per annum is due for 5 years until the first break date.

26. Share-based payments

In the year ended 31 March 2022 the Group operated three equity-settled share-based payment plans as described below.

The Group recognised total expenses of £1,167,093 in respect of equity-settled share-based payment transactions in the year ended 31 March 2022.

The charge to the income statement is set out below:

Share plans:	**2022**	**2021**
Growth share plan	1,060,453	6,850
Legacy Awards	73,879	-
FY22 performance bonus	30,000	-
PSP Awards	2,761	-
Total SBP expense	**1,167,093**	**6,850**

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

	SBP Expense (£)	**SBP Reserve (£)**
Growth share plan	1,060,453	(1,060,453)
Legacy Awards	73,879	(73,879)
FY22 performance bonus	30,000	(30,000)
PSP Awards	2,761	(2,761)
Total movement	**1,167,093**	**(1,167,093)**

Share-based payments movement for the year ended 31 March 2021:

	SBP Expense (£)	SBP Reserve (£)
Growth share plan	6,850	(6,850)
Total movement	**6,850**	**(6,850)**

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.

As at 31 March 2022, 214,308 C Growth Shares and 17,268 E Growth shares have converted to 1,150,548 ordinary shares in issue. 45,479 D Growth Shares have converted to Deferred Shares which are expected to be cancelled at the AGM in September 2022. The Group recognised total expenses of £1,060,453 related to the Growth Share Plan in the year ended 31 March 2022.

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 four years from the balance sheet date.

Legacy Awards

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

The Legacy Awards have been valued using the Black-Scholes pricing model. The charge for the year is £73,879. The key assumptions used in the calculation of the fair value of the share-based payments are as follows:

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

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

	2022 No. of share options	2021 No. of share options
Outstanding at beginning of year	-	-
Granted during the year	328,000	-
Outstanding at the end of the year	**328,000**	**-**
Exercisable at the end of the year	**-**	**-**

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

FY22 performance bonus

The Remuneration and Nominations Committee have awarded James Dow, Chief Executive Officer, a performance bonus for FY22 with a value of £30,000. It has been agreed that the performance bonus will be settled in shares.

PSP Awards

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

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

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

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

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

Awards outstanding at 31 March 2022 are shown below:

	2022 No. of share options	2021 No. of share options
Outstanding at beginning of year	-	-
Granted during the year	95,000	-
Outstanding at the end of the year	**95,000**	**-**
Exercisable at the end of the year	**-**	**-**

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

The Group used the Expected Value method to calculate the anticipated value of the PSP awards. The charge for the year is £2,761.

27. 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 £35,679 (2021: £1,710) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 March 2022 and 31 March 2021, there were no contributions due in respect of the current reporting period which had not been paid over to the plans.

28. 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 2022	Company 2021 (Restated)	Group 2022	Group 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	4,714	584	4,722	609
Trade and other receivables	1,300	1,682	1,201	1,618
	6,014	**2,266**	**5,923**	**2,227**

Financial liabilities

	Held at amortised cost			
	Company 2022	Company 2021	Group 2022	Group 2021
	£'000	£'000	£'000	£'000
Trade and other payables	237	121	303	193
Borrowings	-	901	-	951
	237	**1,022**	**303**	**1,144**

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:

(b) Credit risk management

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

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

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

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

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

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

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

(c) Liquidity risk management

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

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

(c)(i) Liquidity and interest risk

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

(c)(ii) Financing facilities

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

(d) Capital risk management

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

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

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

Details of the Group's capital are disclosed in the statement of changes in equity and Note 24.

29. Events after the reporting period

Since the end of the year the directors have recommended the payment of a top up to the interim dividend for the year to 31 March 2022 of 0.56 pence per share totaling £120k and a final dividend of 3.66 pence per share totaling £786k as detailed in Note 12.

The partner of DSW Wealth Advisory LLP has made the Directors aware of his intention to leave the partnership with effect from 22 July 2022. The Directors believe that this will not have a material impact on the results of the Group.

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.

	2022 Revenue and Cost Recharges £'000	2021 Revenue and Cost Recharges £'000
PHD Equity Partners	-	127
PHD Industrial Holdings	200	12
DSW Investments 2 LLP	99	65
Other investments	920	485
Totals	**1,219**	**689**

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

Amounts due from/to related parties

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

	2022 Amounts due from/(to) related parties £'000	2021 Amounts due from/(to) related parties £'000
PHD Equity Partners	-	19
PHD Industrial Holdings	1	14
DSW Investments 2 LLP	-	26
Other investments	497	213
Totals	**498**	**272**

Salary and fees payable to James Dow and Jon Schofield are as disclosed in the Remuneration and Nominations Committee Report. Salary totalling £18,761 (2021: nil) has been paid to Susie Dow in the year.

Remuneration of key management personnel

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

	2022 £'000	2021 £'000
Wages and salaries	431	259
Social security costs	54	28
Other pension costs (see note 27)	32	1
	517	**288**

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

31. Prior year adjustments

The Group has historically prepared company only accounts under UK Generally Accepted Accounting Practices (FRS 102). As such, financial information has been prepared under IFRS for the first time for the purpose of presentation in this document. The prior year comparatives have been restated resulting from this first time adoption as detailed below:

	Originally stated	Adjustment	Restated
	£'000	£'000	£'000
Company statement of financial position			
Trade debtors	1,380	(64)	1,316
Prepayments and accrued income	490	(116)	374
Other debtors	405	(39)	366
Investment in associates	-	97	97
Investment in jointly controlled entities	-	19	19
Retained earnings	2,383	(103)	2,280

In the company financial statements these adjustments arise principally from the requirements of IFRS 9 with an expected credit loss provision recognised along with the reclassification of trade and other receivables in line with the requirements of IFRS 10 to better reflect the nature of the assets within investments.