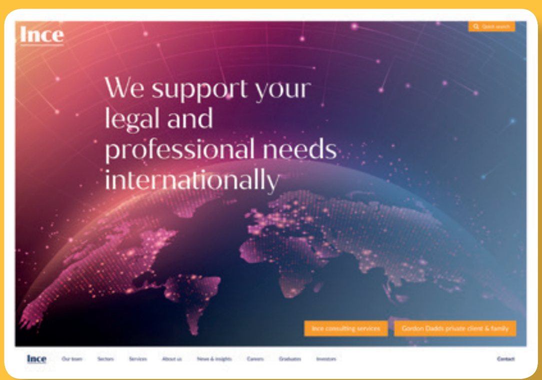
The Ince Group plc

Meeting the challenge

Annual Report and Financial Statements 2020

With 150 years of experience, we have cultivated a seamless 'one-firm' approach that is tailored to our clients' personal needs and pairs them with the best legal and strategic business professionals in their field; whenever, wherever and in any case.

Contents



Please find out more about us at www.incegd.com

Meeting the challenge

This year has been another one full of challenges and successes, nonetheless, our business is performing well and our people are driving our successes putting us in a strong position for the future. Read more about how we are meeting the challenge through:

Driven by our points of differentiation

We are a fast-growing international legal and professional services group dedicated to empowering our clients to seize new opportunities for growth.

1.

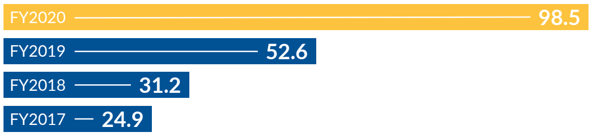
Strong financial performance expected

- Fast growth towards £100m revenue
- Improving gross margin towards 45% of revenue
- Controlling overhead towards 30% of revenue
- Strengthened balance sheet after recent placing

Our objective at admission to AIM in August 2017 was to double revenue in three years. As we approach the third anniversary, our reported revenue has almost quadrupled.

We have the ambition to develop a highly profitable and fast growing international legal and professional services group and have the structure and teams in place to achieve this.

Growth in revenue since listing on AIM (2017) year by year (£m)



2.

Clear growth drivers

- High performing partners with strong client relationships drive organic growth
- With opportunities to promote collaborative selling behaviour
- Both underpinned by transparent remuneration policy and clear career progression programme
- Attract lateral hires to strengthen geographic and sector expertise
- Selective acquisitions to complement and expand existing offer to clients

Our partners' remuneration model is designed to promote the behaviours we wish to see – work hard, win new clients, share work with colleagues appropriately and maintain financial hygiene and so grow the group's business profitably.

Read more on page 11.

Through the firms that we have acquired and unified, we tap into over 150 years of experience, insight and relationships, strengthened by our entrepreneurial culture and 'one firm' approach.

We are driven by a unique team of passionate people whose broad legal expertise and deep sector specialisms make us the partner of choice for all of our clients' complex legal and strategic needs.

3.

Market-leading reputation in the shipping, trade, energy, aviation and insurance sectors

- Business advisor to our clients not just a legal specialist
- Early professional services entrant to listed market – first to fully "internationalise"

Our deep sector specialisms make us the partner of choice for all of our clients' complex legal and strategic needs:

Our sectors

- Maritime
- Commodities & trade
- Aviation & travel
- Energy & infrastructure
- TMT
- Gaming & betting
- Leisure, hospitality & retail
- Insurance
- Real estate
- Private wealth & family

Our broad range of services

- Consultancy
- Dispute resolution
- Corporate
- Commercial
- Banking & finance
- Employment, pensions & immigration
- Cyber security
- Regulatory solutions
- Licensing
- IP/IT
- Competition
- Construction & engineering
- Charities & philanthropy

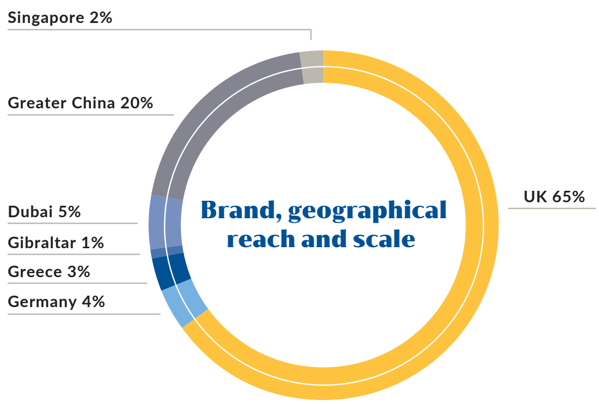
4.

Scalable UK and international business

- Back office function based in low cost location used to support faster growth of top line and profitability
- Diversified sector exposure in legal and consultancy; growth opportunity in other professional services

Working across our offices in Europe, the Middle East and Asia, we offer a wide range of legal and business services and have an in-depth understanding of local markets.

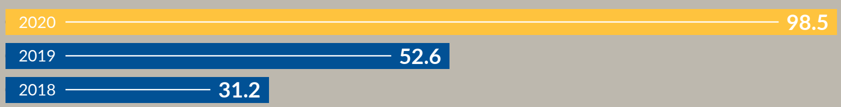
Revenue split by location



STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS

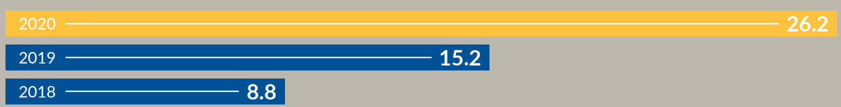
Robust results driven by our strong Ince brand

Revenue (£m)



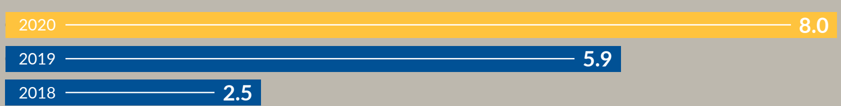
+87%

Operating profits (£m)



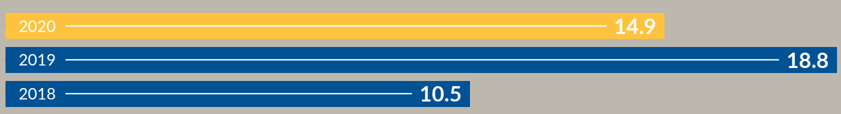
+72%

Adjusted* profit before tax (£m)



+36%

Adjusted** diluted earnings per share (p)



–21%

Net cash generated by operating activities

£14.7m

(2019: £5.9m)

Dividend cancelled in view of uncertainty caused by COVID-19 (2019: 6.0p)

Organic growth of revenue

c. 5%

Non-recurring acquisition costs and related material items

£1.7m

(2019: £14.3m)

Profit and total comprehensive income for the year

£21.8m

(2019: £0.8m)

Diluted earnings per share

11.4p

(2019: loss 28.1p)

Net borrowings

£9.0m

(2019: net borrowings £2.9m)
£1.2 million of external debt repaid since draw down in June 2019 and pay down continuing

* Adjusted profit before tax is calculated as the profit before tax after adding back non-recurring items (as shown in note 11 to the financial statements) and after deducting the non-controlling interests shown in statutory accounts

** Adjusted earnings per share is computed from adjusted profit before tax after deducting taxation

Highlights

Operational highlights

- Compound revenue growth of almost 60% p.a. since listing in 2017 (both through acquisitions and organic growth)
- Ince international offices now fully integrated into the Group's operations giving wider sector and geographical coverage
- More than 10 top tier lateral hires successfully embedded in the business
- Group now operates from eight jurisdictions across the UK, EMEA and Asia
- Collaborative selling across regions and expanded base of specialisms main driver of organic growth
- Successful fundraise of £14m in February 2020
- Completion and installation of wholly-owned multi-office, multi-currency practice management system

COVID-19

- Trading performance has been impacted in the first quarter of FY 2021 by COVID-19 (c. 10% reduction in revenue versus budget)
- Pre-existing infrastructure allowed all locations to move instantly to offsite working
- Asia practices (impacted from January 2020) have now returned to their offices following Government guidance although in Hong Kong for example social distancing measures have been reintroduced. At present we are operating at pre-pandemic levels and ahead of budget in this region
- Cash preservation through active engagement with colleagues, key suppliers and stakeholders to secure reductions and deferrals where appropriate. At 31 March 2020 cash holdings were £5.2 million and at 30 July 2020 were £6.4 million after £1.2 million scheduled reductions in borrowings

Outlook

Our strategy continues to be to grow revenue profitably through adding high performing partners to a single efficient administration operation. We do this by recruiting high quality personnel, developing new business streams, acquiring complementary businesses and forging strategic alliances.

The underlying business has proven resilient and the Group now has a firmly established international presence with a very strong brand.

The Board considers that the Group has the strength, flexibility and commitment to prosper and grow for the benefit of shareholders and colleagues over the coming years. Given the COVID-19 uncertainties, it is too early to provide guidance on the results for the current year.

"This year has been another one full of challenges and successes."

It gives me great pleasure to present my first report since succeeding Anthony Edwards as Chairman in April this year. I and the Board thank Anthony for his guidance and chairmanship through the flotation process and since the Group's admission to AIM.

The Group's turnover increased by 87% to £98.5 million, operating profit by 72% to £26.2 million and Adjusted* profit before taxation to £8.0 million from £5.9 million. Adjusted* diluted earnings per share were 14.9p, a decrease of 22% from last year reflecting the increased shares in issue. We paid a dividend of 4p per share in the year and had declared a further dividend of 2p per share for payment in April, however this was cancelled for prudence as the COVID-19 pandemic struck. The Group's results are more fully described and discussed in the following pages by our CEO and our CFO.

The year has been another one full of challenges and successes. Continuing the integration of the two firms, their operations and their cultures has been an on-going process and the CEO develops that theme on page 8.

The results for the year were advancing well until COVID-19 appeared and global governmental actions to limit the spread progressively impacted all of our offices, starting in the Far East in January. This has dampened the outcome for the year end, however we are pleased with the substantial progress throughout the year.

I would like to place on record my thanks to all our colleagues across the Group around the world for their dedication to serving our clients particularly throughout the period of unusual working conditions.

The Group's strategy continues to be the profitable growth of income and the intellectual capital of the Group both through lateral team hires and, where appropriate, acquisitions. To this end, the Group has increased the number of equity partners to over 100 since 1 April 2019. This includes achieving control of the Ince offices in Hong Kong, Singapore, Dubai, Greece, Monaco and Germany and taking on the partners of Bentleys, Stokes and Lowless, a long established boutique London law firm specialising in shipping.

Of particular significance have been the lateral hires of three partners in Hong Kong who have driven substantial growth in that office and the hires of Julian Clark as Senior Partner of the law firm, Mark Tantam as head of consulting businesses and Alex Janes as head of EMEA offices who are all now active across the Group. The latter three have brought both significant client lists and experience of managing international professional service businesses, expanding and strengthening the Group's management team.

In late March, the Board reluctantly concluded that the Company should take the prudent action of cancelling the dividend which had been declared for payment in April as there was a high level of uncertainty about the impact of the COVID-19 pandemic. The Group has conserved cash very effectively since then and at 30 July 2020 had cash of some £6.4 million in the bank compared with £5.2 million at 31 March and we had reduced indebtedness by £1.2 million by scheduled repayments. Various governmental programmes which have been helpful to the Group will expire or be reduced over the next few months and there will be obligations to pay back some of this funding. Accordingly, the Board does not believe it prudent to propose a dividend at this time. The Board continues to believe that rewards for shareholders who have invested in the business are very important and the position is under continuous review.

In terms of governance, we are actively looking to recruit at least one further Non-Executive Director and are determined to deliver a board which is balanced, diverse and inclusive in terms of area of relevant expertise, background and culture. It is very important that the boardroom has a wide range of views in order to understand, acknowledge and respond to our clients, colleagues and shareholders.

The Group now has a firmly established global presence with a very strong brand which we are continuing to build upon through lateral team hires. The world will not be the same post COVID-19, however I believe that the Group has the strength, flexibility and commitment to prosper and grow for the benefit of our valued shareholders and colleagues over the coming years. Given the COVID-19 uncertainties, it is too early to provide guidance on the results for the current year.

David Furst

DAVID FURST, CHAIRMAN

31 July 2020

* These terms are explained in the Chief Financial Officer's report

Ince in any case

Cultural integration

The Ince & Co merger was transformational both in terms of the range of services which we can now provide, the locations from which we provide these services and the number of partners and fee earners who have joined our practice. We have spent the last year bringing the cultures of the two legacy firms together to create the “New Ince”, a firm with its own values, its own brand and its own culture, across all our UK and international offices. The creation of this “new” firm has also attracted a number of lateral hires who see the “New Ince” as a strong platform for their own growth in the future. We welcome them all.

Values, brand and culture

An important part of our integration has been to engage employees on a journey to re-establish and redefine our values and to embed these new values across the Group. This work is continuing but with our new values of Connection, Agility, Clarity and Entrepreneurship, we are able to move forward together with a common set of principles.

Both previous brands of the firm were strong in their own right, covering a combined heritage of 250 years. As we now move forward with the “New Ince”, it is important that we create a brand recognisable and synonymous with excellence in terms of quality of service while at the same time a supportive, creative and diverse environment, which encourages development and innovation – a great place to work.

At the forefront of our continuing strategy of becoming a world leading professional business service firm is ensuring our development has at its core the importance of developing and maintaining an “Ince” **culture**.

During this financial year, and notwithstanding the challenges faced during the global pandemic, we have continued to invest in that culture by supporting initiatives in areas such as:

1. Relationship building and collaboration across our global network
2. Making strides in diversity and inclusion initiatives
3. Transparent and frequent communication to staff
4. Learning and development to encourage continuous improvement

At the heart of our entrepreneurial culture is a desire to build meaningful and lasting relationships between our people and our clients across all our offices. Many new relationships across our network have been forged to the benefit of our stakeholders, as we unlock the value of our enhanced service offering.

It is in this way that we will build, grow and prosper.

Diversity & inclusion

We believe diversity drives innovative thinking and makes us smarter and stronger as an organisation. We are committed to promoting equality of opportunity for all partners, colleagues and job applicants. The firm aims to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit.

This year has seen an increased commitment to and dialogue across the firm in relation to diversity & inclusion (D&I). Our newly established D&I steering committee now reports directly to the Board and works with our focused panels. These panels, which are made up of colleagues from across the Group, work alongside each other to ensure that D&I is part of our day-to-day culture. The steering committee is responsible for the overarching strategy, awareness and raising of issues specifically related to D&I. It also works in partnership with our focused panels to support and review the work they are doing, in addition to the impact that work is having on the firm.

Our five key focus areas are: Mental Health, LGBTQ+, Gender Balance, BAME, and Social Mobility. These groups help set diversity priorities and drive diversity initiatives and community involvement. Initiatives include regular communication, awareness campaigns, round table discussions, events, training and an expanded staff benefits scheme.

Strong governance and a culture of ethical transparency

Doing the right thing and ethical behaviour are at the heart of the Board’s actions. Tone is set by the Board in terms of key measurements for ethical behaviour and provide a vital means of setting our risk appetite as a Group. We have a robust risk management framework to identify, monitor and manage risks.

As a legal and professional business services firm, our Risk & Ethics team forms an integral part of our work to mitigate risk and embed a culture of ethical behaviour. The Head of Risk Management and Ethics has a direct reporting line to the Chairman of the Board and they have regular meetings to discuss risk management, governance and ethics. The Risk & Ethics team also submits a monthly report to the Board and the Head of Risk Management will attend board meetings.

In addition, we have now set up a Reputation and Standards Committee made up of senior people across the business which the Head of Risk Management and Ethics chairs. Meetings are held regularly and the committee is convened to consider any risk or ethical issues that may arise. We also have in place policies and procedures which identify, monitor and manage risks which are regularly reviewed together with a comprehensive training programme to ensure standards remain high across the Group.

A supportive remuneration structure and KPIs

We are committed to creating a new and innovative remuneration model for all of our people that will drive growth and increase profitability. In developing such a model, it will be important for us to foster an environment for both partners and colleagues which is open and transparent and in which everyone can perform to the best of their abilities. Through this, we hope to maintain the high retention levels of our people which we currently enjoy and a continuity of service for our clients.

We are committed to creating a firm that drives collaboration and is one where our clients feel confident that no matter what area they operate in, or what kind of support or service they require – Ince is the Answer.

> **"Notwithstanding the global COVID-19 pandemic, the current year is generating opportunities to grow the business and we are seizing those opportunities."**

I first want to thank my colleagues around the world without whom this year's strong performance could not have been achieved. Their fortitude, hard work and flexibility during this challenging time have been remarkable.

The year has been another one of great progress for the Group, with the completion of the Ince consolidation in April 2019 which saw the overseas offices joining the Group and contributing to revenues which, despite the effects of the COVID-19 pandemic, almost reached £100 million.

Our strategy has been and continues to be to acquire and grow revenue through organic growth, lateral hires and, where appropriate, acquisition and to administer that revenue through a single efficient administrative operation in a low-cost environment.

Our objective at admission to AIM in August 2017 was to double revenue in three years. As we approach the third anniversary, our reported revenue has almost quadrupled, a compound growth rate of almost 60% p.a.

We have the ambition to develop a highly profitable and fast growing international legal and professional services group and have the structure and teams in place to achieve this.

Key achievements

- From the consolidation of the Ince overseas offices in April 2019 and the integration of all of the Ince offices into the Group, the increasing collaboration between offices and practice areas has been progressively driven forwards.
- We have also focused on forging a common culture across the various teams and offices, aimed at embedding the Group's core values of connection, agility, clarity and entrepreneurship.
- In mid 2019 we completed a branding review aimed at capitalising on the Group's established brand names.
  We also implemented a new brand style for the very strong "Ince" brand globally for most of the businesses. We have had increasing evidence of the strength of this brand and have adjusted the balance sheet intangible value to ascribe more value to the brand acquired instead of the client portfolio essentially connected to the partners of the acquired business.
  We recognise that the business is "sticky" to individual partners but is stickier to the Ince brand where clients have multiple touchpoints. This is reflected in the balance sheet at 31 March 2020.
- We have begun the process of strengthening the Ince overseas offices where partner attrition had left them sub-scale. In doing this we have deliberately sought to expand the service lines offered by those offices beyond the world leading marine services which they have always provided: this has included the three Hong Kong partners taken on (as reported last year) who have been effective in developing their non-marine business in the Group very rapidly.
  A further four partners have joined our offices in Dubai, Gibraltar and Singapore in the second half of the year, strengthening our service offering in those regions.

- Through very senior lateral hires in the UK we have also expanded and strengthened the management team and then created an executive committee which is responsible to the Chief Executive and the Board for delivering successful day-to-day operations.
- In addition to those very senior lateral hires and the overseas lateral hires a number of focused lateral hires in the UK have also been achieved. We have made more than 10 top tier lateral hires in the year.
- We raised £14.0 million of further equity capital early in 2020 and we were pleased to welcome a number of new shareholders as well as further investment by many of our existing institutional investors, private investors, partners and colleagues.
- Perhaps the most gratifying achievement has been the way the Group has reacted to the COVID-19 pandemic: it first struck in the Far East and we closed our offices there in late January to protect personnel while continuing to operate to support our clients seamlessly. We then progressively closed each of the other offices as required. Our infrastructure and administrative services enabled all our colleagues to provide the usual high quality service our clients expect at all times. The Greater China offices were the first to re-open and they have, so far in the current financial year, performed ahead of our expectations. The EMEA and UK offices started re-opening later and are showing encouraging signs of a return to normality. That said, we continue to encourage agile working and have plans to ensure continuity of client service through any future potential lockdowns across our jurisdictions.

An analysis of the revenues for the year ended 31 March 2020 by service line is set out below.

Years to 31 March	2020 £m	2019 £m	2018 £m
Shipping & trade	55.7	8.8	–
Dispute resolution	17.0	10.0	9.5
Corporate & tax	11.6	13.4	9.1
Real estate	5.8	7.3	6.6
Family & private client	3.9	4.9	3.4
Other	4.5	8.2	2.7
	98.5	52.6	31.3

Geographically, the revenue for the year ended 31 March 2020 was as below.

Year to 31 March	2020 £m
UK	63.9
Greater China	19.6
Dubai	4.9
Germany	3.6
Greece	3.5
Singapore	1.7
Gibraltar	1.3
	98.5

Financial performance

We are pleased with our results, which are detailed in the CFO's report on page 14, with the Ince businesses delivering a full year's contribution for the first time.

The Group's revenues have grown by 87% over the year and much of this is due to the inclusion of the whole of Ince for a complete year. Within this, we estimate that organic growth was 5%.

The split of the Group's revenue by business area has changed significantly over the year, with the contribution from marine, aviation and transport activities growing to represent over half of the Group's revenue for the year. We are also pleased to see that the revenues generated by real estate (as a proportion of the global revenues) has dropped significantly and was significantly less than 10% in the year. These revenues, while important to the business as an adjunct to other service lines, are volatile, high risk and high maintenance and we are much more comfortable for the future of the business with such revenues at or under 10% of the whole Group.

Operational performance

We have continued to integrate all aspects of our operations onto a single administrative platform which can serve all our offices on a basis which enables appropriate regional and departmental management control. Operations are managed across all service lines to enable sensible operational decisions at global and local levels as appropriate.

As reported previously, the Group now owns a copy of the basic source code for the Group's practice management system. Over the last 12 months this has continued to be developed and is expected in the next month to deal with all London transactions regardless of origin of the transaction or execution or currency. It will then be installed in all overseas offices over coming months, becoming one of if not the only independent multi-office, multi-currency practice management systems available to UK based businesses which is not associated with a major data supplier and therefore subject to that supplier's own commercial imperatives. We believe that this is a significant competitive advantage.

Our core remuneration model (as well as the valuable "Ince" brand which is being enhanced and developed) continues to be a magnet for partners in other firms to join us – our results in this regard over the last 12 months evidence the powers of our brand and our remuneration structure. Our remuneration model focuses on professional practitioners being rewarded both for the billable work they do and for the income generated from their clients. Our basic model for partners continues to be refined to promote our core values and the behaviours we want to see which will drive Group profitability. We continue to focus partners financially on generating fees from their clients, on the recovery of the full value of the work undertaken and the generation of gross margin from which to cover overheads and to generate profits for shareholders.

We have placed a lot of emphasis since the Ince acquisition on the development of a culture for the Group. This culture aims to provide an environment of trust for partners and colleagues which is open and transparent and in which everyone can perform to the best of their abilities. In the context of an integration on the scale of the Ince merger, the turnover in partners and other colleagues over the period has been little different to the Group's history. The stability of partners and other colleagues is, we believe, vital in delivering the continuing satisfaction of clients and we are, therefore, unsurprised by our clients being open to using the other strengths of the Group where appropriate.

The future

We can and will do even better as the partners in the Group come to trust each other with each other's clients to develop performance. We are determined to grow our client base and intellectual capabilities and believe we have the platform to achieve this. We have built a platform which supports a substantial international business which is being incrementally grown by lateral hires and modest acquisitions – for both of which there continues to be a ready supply of opportunities.

We continue to develop the collaborative growth of the business from adding service lines supplied by new recruits in an office and from the ability to service additional needs of existing clients. This requires significant trust to be built up between partners and other colleagues across service lines and geographies.

We have made progress in our diversity and inclusion strategy, but we must continue to improve this further. The value created through diverse experiences and contributions at all levels in our business is important to our growth. We have re-established a new diversity and inclusion steering committee made up of colleagues from across the Group, who I and the Board will work closely with to drive our strategy over the coming years.

Our clients are, along with its people, the Group's most valuable assets. It is because of the value we add for our clients that we can continue to do what we do best: advise them in relation to their most crucial and important business and personal needs. We need to look after our clients, make sure we are communicating with them in the right way and at the right time, and continue to deliver the high-quality legal service they have come to expect from Ince. Clear and accurate communication is key to success. The Ince Key Account Management programme (KAM) has recently been launched for a number of clients with whom we believe we can further develop and strengthen relationships, resulting in better service for those clients and increased revenue for the Group.

Our existing client base is our most valuable marketing and business development audience so by implementing and investing in a KAM programme we will:

- Develop and broaden relationships with existing clients
- Create greater client loyalty
- Through listening to clients, better understand our clients' current business along with future needs
- Generate greater revenue growth from clients who are managed and developed

There are a number of active examples of this, for example, where we achieved a successful small transaction for a client in the last three years and where we are now billing that client a substantial multiple of the initial fee on an annual basis – the key as we see it is to be a trusted partner of our client, providing a range of services which enable the clients to realise increased value from their businesses.

Notwithstanding the global COVID-19 pandemic, the current year is generating opportunities to grow the business and we are seizing those opportunities.

One of our key differentiators as a listed professional services entity is the quality of our work and the quality of our people who look after our clients. While we enjoyed the benefit of a number of market leading practice areas prior to the Ince merger, without a doubt that merger brought with it a substantial body of first class business and professional partners and colleagues. We have consolidated the marketing of our client services under the Ince brand and our clients include a wide range of world leaders in shipping, energy and aviation among other sectors.

We will continue to further succeed and drive value for our shareholders by continuing to provide relevant and expert advice to our clients from understanding their business as a whole or their individual circumstances (rather than the particular legal issue they might expect to consult us on) therefore providing value to our client. This will enable us further to succeed and drive value for our shareholders.

ADRIAN BILES

31 July 2020

Our Partners' remuneration model and non-controlling interests

Our partner remuneration model is designed to promote the behaviours we wish to see – work hard, win new clients, share work with colleagues appropriately and maintain financial hygiene and so grow the group's business profitably.

Our partners are members of partnerships or similar legal entities in some jurisdictions which the Group controls for accounting purposes without having an equity ownership interest. The partners are remunerated by that profit share alone and do not receive a salary.

The results of those partnerships are consolidated in our results and, because the Group has no equity interest, the partners' shares of the profits are a "non-controlling interest" or NCI.

The partners' profit shares are formulaic and are broadly a percentage of the work done by each partner (regardless of whether it is on his client or not) and a percentage of the amounts billed to their clients (regardless of who did the work). In each case the partner is only entitled to his share when the fee to which it relates has been settled.

Each month they "draw" an agreed amount in cash based on the level of profits they are expected to generate in the year. At the end of the year, their final profit share is computed, as is any taxation the partners will pay on those profits.

The net formulaic profits of each partner after any taxation to be settled by the Group less the amount of their draws during the year is then paid to them in two tranches and the tax they are due to pay is settled on their behalf.

In the statutory profit and loss account, the partners' profit shares are shown as NCIs and are deducted after all other costs and taxation. We consider this presentation to be unhelpful as the partners' profit shares are a cost of the business so far as equity shareholders are concerned, so we adjust for this and show a reduced Adjusted profit which better reflects the results for shareholders.

The undrawn partners' profit shares are NCI's on the balance sheet – at the year end this amount broadly represents the partners' capital in their entities plus partners' undrawn profits (including any taxation to be settled by the Group) and an accrual for profit shares on fees not yet settled (for payment in the year the fees are settled).

Our remuneration model is refined on a continuing basis and we are looking to put in place schemes for other staff which will promote the behaviours the board wishes to see.

Read more in our Investment Case on page 2.

With better client service

“We give good, clear advice which is tailored to our clients’ needs and we make every client feel special because they are.”

In conversation with Rania Tadros, Head of Ince Dubai

What do you think Ince is currently known for when it comes to client service?

Client service at Ince is synonymous with being knowledgeable, fit for purpose and ensuring a prompt turnaround time. We give good, clear advice which is tailored to our clients’ needs and we make every client feel special because they are. No matter how small or big they are, their issues are equally important to us. Being available and going the extra mile is in our DNA. One client once told me, and I will never forget this, that if we could take care of our children as well as we looked after his cases, our children would be very happy.

How does the firm’s new diversified model and culture support world-leading client service?

Our business gives us a holistic view of our clients’ business. Our entrepreneurial mind-set allows us to better understand how the businesses of our clients operate and how we can better service them. As a diversified business, we have more exposure to our clients and therefore its people, and we can more easily understand their culture, their vision and decision making processes. This allows us to provide a bespoke service. Another benefit of our diversified offering is that we can present a wider team of experts, and collaborate across different teams and offices. We can now do the work that we previously would have had to turn down.

Could you give examples of how the new model works in practice?

We received an instruction from a client based in Dubai in relation to a hotel management new build project in Mauritius. Historically we would have turned that work down, but we referred the work to our colleagues in London and managed to build a good relationship with the client, resulting in doing more work for them later.

We also get work referred to Dubai from other parts of the network through contacts we otherwise wouldn’t have had. Recently, we received promising instructions from our colleagues in London in shipping and general litigation.

Other examples of collaboration include collaboration between the Hong Kong and London offices where a shipping client needed advice in relation to GDPR for an activity in Europe; and collaboration across different teams when clients of our specialist practices seek advice not only to navigate the regulatory environment in which they operate, but very often also in relation to trademarks, corporate and employment matters.

How can Ince better use technology and innovative models to deliver high quality client service?

I believe that we can gain competitive advantage by focusing more on innovative pricing models and cost controls for our clients. With a business solutions approach and the ambition to invest in software and Artificial Intelligence, we can increase efficiency, which in turn could help save costs for our clients. We have also recently launched a Key Client Programme which focuses on building client relationship teams with the aim to better service these top clients, thereby increasing revenues.

In the meantime, we continue to focus on managing our clients’ expectations; delivering exceptional client service and adding value where we can. Our people are good at what they do, they understand our clients’ needs and moreover, they are approachable and friendly. We continue to stay in touch with all of our clients and update them on anything happening in the legal world that may affect their business; we can do this because of our deep understanding of our clients’ business.

“We have continued to deliver solid top line growth across the Group and remain focussed on delivering the key performance metrics that underpin the value of our business model.”

The Group presents two Alternative Performance Measures ("APMs"). These APMs include adjustments for specific items in order to provide a balanced view of the underlying performance of the Group's operations.

***Adjusted profit before tax** is calculated as profit before tax after:

- adding back non-recurring items of £1.6 million in 2020 (2019: £14.3 million). In 2020, these primarily relate to costs for the final phase of the Ince acquisition when new network arrangements were established with certain Ince overseas offices; and
- deducting partners' profit shares and other non-controlling interests of £16.4 million in 2020 (2019: £9.3 million). Partners' profit share and other non-controlling interests represent the costs of rewarding and motivating the relevant business generators. It is one of the largest outgoings and variable costs of the business and is reported in the statutory accounts as part of the non-controlling interests. The reported profit metrics therefore do not provide a true reflection of the underlying profits generated by the operations and available to equity holders. The adjusted disclosure essentially treats all forms of remuneration as operating costs of the business (just as employees' costs).

****Adjusted earnings per share** is calculated by adjusting for taxation and dividing by the weighted average number of shares in issue for the period, on a diluted basis where a materially different result is produced.

The Group's consolidated results for the year ended 31 March 2020 show total revenue of £98.5 million (2019: £52.6 million), operating profits of £25.9 million (2019: £15.2 million) and adjusted profit before tax of £7.7 million (2019: £5.9 million).

For the year ended 31 March (£m)	2020	2019	% Growth
Revenue	98.5	52.6	+87%
Operating profit	26.2	15.2	+72%
% margin	*26.6%*	*28.9%*	*(280)bps*
Adjusted* profit before tax	8.0	5.9	+36%
Adjusted** diluted earnings per share (p)	14.9p	18.8p	(21)%
Dividend per share (p)	–	6.0p	n/a
Net (debt)/cash	(9.0)	(2.9)	

The result is adjusted profit before tax and adjusted earnings per share (both for continuing operations) as shown below.

For the year ended 31 March (£m)	2020	2019
Profit before tax from statement of comprehensive income	23.20	0.97
Deduct: Non-controlling interests including partners' profit shares	(16.85)	(9.31)
Add: Non-recurring costs – acquisition costs and material related costs	1.66	14.26
Adjusted profit before tax	8.01	5.92
Deduct: Taxation	(1.54)	(0.21)
Adjusted profit after tax for adjusted earnings per share	6.47	5.71

Key Performance Indicators (KPIs)

To achieve profits for shareholders, we focus the business on a small number of KPIs which we consider essential business drivers of profit growth. In simple terms, if we grow revenues, maintain or increase gross margin, constrain overheads and convert work done into cash, the profits for shareholders (as measured by adjusted profit before tax) will grow.

We therefore monitor the progress of the business through four essential KPIs:

- Revenue (measured net of disbursements and VAT)
- Gross margin percentage
- Overheads as a percentage of revenue
- Lockup

Revenue is discussed in the Chief Executive's Report on page 8.

Production costs are the profit shares of the equity partners and the employment costs of the other fee earners together with their direct costs (such as travel) and direct support costs (such as dedicated secretaries) and provision for doubtful and bad debts (where we provide for all unsecured debts over six months old). This also includes the amortisation of client portfolios.

Gross margin is the fees charged to clients less direct production costs and is expressed as a percentage of revenue. Gross margin is in the control of the heads of each department or business unit and these individuals are rewarded with a participation in gross margin achieved in excess of 45%. In the current year (and after including amortisation which will be replaced by a partners' profit share in due course) it was 44.6% (2019: 48.6%). The current year's gross margin reflects:

- The incorporation of the gross margin profiles of the Ince overseas offices (39% in the year), which were brought into the Group in the knowledge they required a certain level of investment in fee earners through lateral hires to improve their fee earning capacity:
  - This began in the year with the hiring into our Greater China practice in Q1 of a team of three partners supported by 20 fee earner colleagues into our Hong Kong office, which resulted in that region delivering gross margin of 48% for the year (£9.3m).
  - Management is now focusing on securing lateral hires into other regions, with the recent hires in Singapore, Dubai and Gibraltar mentioned earlier.

Overheads are all the other costs of running the business – premises, insurance, computing and telephones etc. – apart from the costs of acquisitions. In the year, overheads as a percentage of fees charged to clients were 36.4% (2019: 37.4%) while our target is 30%. The target becomes more achievable the more fees are generated, so the successful deployment of lateral hires into the overseas offices will be critical to delivering this metric. As noted below, we are also reviewing our overhead cost base in the light of the impact of COVID-19.

Lock up is defined for our KPI as the value of trade debtors and work in progress compared to fees charged to clients, in each case excluding disbursements and VAT. This measure is under the control of the Client Care Partner for each client and they are guided and assisted in this by our revenue management team. Our current target for this is 100 days for the Group, although within this we expect some degree of variance across the different jurisdictions in which we operate. In the last quarter of the financial year, lock up significantly increased as COVID-19 impacted the Group, first in our Asia operations and latterly in the UK. Lock up as at 31 March 2020 was therefore 96 days. This was despite a marked slowing of debtor collections in the period immediately preceding the lockdown in the UK and a significant build up in debtors in Greater China.

For management purposes we regard the profit and loss account as follows:

£m	2020	2019
Revenue	98.5	52.6
Production costs – employment costs	(31.6)	(12.0)
Production costs – non-controlling interests	(16.8)	(9.3)
Production costs – amortisation *	(2.0)	(1.5)
Production costs – other	(4.2)	(4.2)
Gross margin	43.9	25.6
Administrative salaries and non-productive profit shares	(13.6)	(6.3)
Other overheads	(22.3)	(13.4)
Adjusted profit before tax	8.0	5.9

* This represents amortisation of client portfolio intangibles of acquired businesses, recognised in line with relevant fee billings/cash collections

Management's focus remains on achieving the above lock up, gross margin and overheads targets in the medium term. There is an aspiration of a 15% net margin but management believes 10-12% is realistically achievable in a shorter term after non-recurring expenses. Management is also closely focused on optimising the productive capacity of fee earners and delivering organic growth through collaborative selling across our different disciplines and jurisdictions.

Funding and external facilities

In February 2020, the Group raised £14.0 million through a share issue of 31,214,182 new shares.

In the placing announcement for the issue of new shares, the Group indicated an intention to pay down its £6.5 million revolving credit facility (RCF) from Barclays Bank plc. This RCF is part of the external debt facilities put in place in December 2018 at the point of the first phase of the Ince acquisition. It was planned that the repayment would take place during the financial year ending 31 March 2021.

When COVID-19 began to impact the international markets in which the Group operates, the Directors decided to delay repayment of the RCF to mitigate the adverse cash flow impacts from COVID-19. As noted below, revised forecasts, including an estimate of COVID-19's impact, show the Group will be able to meet the Barclays Bank plc external debt facilities' covenants over the next 12 months.

Balance sheet and cash flow

The acquisition of Ince gave rise to intangible assets which have been recognised in three ways – as goodwill, as client portfolio and as trademark, associated to the value of the Ince brand. A third party valuation of the Ince brand at the date of acquisition has been commissioned and an initial valuation of £17 million has been received and included in the balance sheet as part of the intangible asset acquisition of Ince. We have also received initial guidance that the efforts we have invested in developing the brand have significantly increased this value since acquisition. Both goodwill and the value of the trademark will be reviewed annually for impairment. The client portfolio value is being amortised over the three years during which the deferred consideration is being paid to the former Ince partners (until December 2021), at an annual charge of some £2 million.

At the end of the year, the balance sheet had net borrowings of £9.0 million (2019: net borrowings of £2.9 million), comprising cash and cash equivalents of £5.2 million and borrowings of £14.2 million, predominantly comprising the Barclays facilities discussed above. As noted above, this net debt position is higher than anticipated at the time of the share issue, as we have continued to use the Group's £6.5 million RCF whilst COVID-19 has temporarily reduced business activity and slowed cash collections in some parts of the business.

The Consolidated Statement of Cash Flow shows that the Group had £14.7 million of cash flow generated by operating activities (2019: £5.9 million).

As was outlined in last year's statutory accounts, whilst some tax losses remain available for use, this year the rate of tax (at 6.7%) has moved closer to the standard UK rate of corporation tax. It remains our expectation that this trend will continue moving forward. As a result of the disallowance of the amortisation of client portfolios as an expense, the effective tax rate on Adjusted profit before tax is higher than the standard UK rate and this is expected to continue for the next financial year before returning towards that standard rate.

COVID-19

COVID-19 has had a rapid and significant impact on the global economy, affecting many of the markets and sectors in which we operate. As a result of this pandemic, the level of chargeable work being done in various practice areas has reduced in particular in transactional areas such as real estate and corporate.

Accordingly, the Group has taken proactive action across all of its locations and has activated business continuity plans minimising the risk of disruption to business operations, taking account of relevant local government advice and the need to safeguard the health of our workforce. Steps have been taken to reduce/delay costs, including:

- Discretionary expenditure across all our locations has been cancelled or deferred, unless an immediate, business critical requirement is identified, and key suppliers/stakeholders have been engaged with to temporarily defer or reduce expenditure
- The Group has taken advantage of the UK Government's furlough scheme in the case of colleagues who cannot for various reasons effectively work other than in the Group's offices and also where clients do not need servicing (for example in the residential conveyancing part of the UK business). Departmental management has been tasked with using the scheme to maintain a level of utilisation above 60%
- All Board and most UK colleagues' salaries have been reduced on a temporary basis and partners' drawings have been reduced and profit distributions deferred

We have been pleased with the level of engagement and support we have received from colleagues and partners as well as our supplier network. We will continue to follow the various national institutes' policies and advice and in parallel will look to continue our operations in the best and safest way possible without jeopardising anyone's health.

Furthermore, although the impact was first seen in our Asian offices in late January 2020, these offices have now seen activity levels return to levels included in the original forecast for the year ending 31 March 2021.

Going concern

In light of the impact of COVID-19, the Directors revised the original forecasts for the financial year ending 31 March 2021 to sensitise for the potential impact on profitability and cash flow over the next 12 months.

This revised model was prepared using the expected impact based on trading patterns in March and April 2020, which indicated a potential reduction in activity levels and therefore revenue of 20% to 30%. The actual adverse impact to date has not been as significant with revenues to 30 June only c.10% behind our budget prepared before COVID-19 and cash at 30 July 2020 approximately £6.4 million.

The cash flow forecast indicates a low point of cash across the Group in October 2020 of £2.7 million (with £8.3 of net debt), once the impact of the cash management actions described above is taken into account and after paying all debt repayments due on schedule. The Group's external debt facilities are not due for renewal until December 2021 and forecasts indicate the Group will meet its covenant requirements for the next 12 months.

Consequently, the Board of Directors expects that the Company and the Group have adequate resources to continue to trade for the next 12 months. Accordingly, these accounts have been prepared on a going concern basis.

S.R. Oakes

SIMON OAKES

31 July 2020

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

Meeting the challenge

By building industry leading bench strength

> **“The ability to offer both legal and consultancy services is a real advantage for our clients. They have access to a true one-stop-shop who can deal with all their business needs.”**

In conversation with Mark Tantam, Head of Consulting

Recent years have seen the emergence of the alternative business structure (“ABS”) which combines the skills of the lawyer and the implementation capabilities to provide legal solutions rather than simply legal advice. Mark Tantam, our head of global consulting, worked on the team developing the ABS strategy at one of the Big Four professional services firms before he left in 2019. Within the year, he joined Ince to lead a similar transformation here.

As he explains, “many General Counsel have said to me in the past, ‘we don’t need legal advice, we want solutions to our problems.’ If we are going to address their needs, we have to be focused on what they want as opposed to what we do, open to new ways of delivering our services (often involving new technologies) and staffed with people who are excited about a challenge. This does not sound much but, for many firms, it is not how they want to do business. I joined Ince because I feel that it is determined to move away from the traditional law firm type model and become truly multi-disciplinary – helping clients introduce behavioural change and automating legal process as much as effecting legal transactions or handling litigation.”

What do you feel your main responsibility is as Head of Consulting at Ince?

My main responsibility is to change the way that we view client service. There are many instances where a client will come to us for a specific legal service and the challenge is to deliver it to the best of our ability. My job is to provide a solution to one or more needs that brings together a number of our skills in both the legal and consulting space.

For example, we have various people helping clients manage their pensions, investments, insurance policies, tax, movement between countries, domestic arrangements as well as legal issues. As you would guess, many of the people involved are not lawyers but the clients do not necessarily want lawyers but rather a top class private wealth team.

Let’s take another example, Ince is well known for its shipping expertise, both contentious and non-contentious. But many of our shipping clients are also interested in non-legal services such as restructuring, equity raising, refinancing, tax, immigration etc. We have therefore recently established a consultancy practice based in Abu Dhabi purely focused on restructuring and equity funding in the shipping industry, a team that will work closely with our ship finance lawyers in London.

The ability to offer both legal and consultancy services is a real advantage for our clients. They have access to a true one-stop-shop who can deal with all their business needs. We can provide more value which will deepen our relationship with them and generate more fees. It is symbiotic.

What would you like to achieve during your time with Ince?

The response to this sort of question is usually more revenue, bigger projects, a great name. Of course, I would like all of these but I recognise that I cannot deliver any of them directly. They are all outcomes of great client service. So, what I would like to achieve is a business that can boast the best client advisers, possessing a unique set of skills which are able to work together to provide effective solutions to our client’s most intractable problems. (And, to be on the safe side, maybe I should add the word “legal” to problems.)

The Directors present their Strategic Report and the audited financial statements of The Ince Group plc and the Group it heads for the year ended 31 March 2020 in accordance with Section 414 of the Companies Act 2006.

Objectives and strategies

Our strategy is to grow income profitably through adding fee earning partners to a single efficient administration operation. Implementation of this strategy should increase the quality of the intellectual capital of the business and the quality of its client and matter base. The delivery of this strategy includes recruiting high quality personnel, developing new business streams, acquiring complementary businesses and forging strategic alliances where appropriate.

Business review

Acquisitions

During the year ended 31 March 2019, the Group acquired the members' interests in Ince & Co LLP and then the files and matters of that firm from its administrators. It also entered into arrangements for the provision of services to the overseas firms operating as Ince & Co, but did not acquire any interest in or control over any of those businesses. In April 2019, the Group entered into new arrangements with the international firms of the former Ince network and has consolidated their results through the year.

On 31 March 2019, the Group acquired the share capital of Ramparts Corporate Advisers Limited, a Gibraltar-based legal services business with a specialism in e-gaming, financial services and fintech, distributed ledger technology and cryptocurrency matters. In June 2019, the Group acquired a connected financial services business, Ramparts Corporate Services Limited, when regulatory approval was received.

Results and dividends

The results of the business are covered in the other statements accompanying this report, as is a summary of the activities in the year. As discussed in the Chairman's statement, in the light of the COVID-19 pandemic, the Directors are not recommending the payment of a dividend in respect of the year ended 31 March 2020.

Key Performance Indicators

The Group regularly refines the KPIs on which it focuses and these are described and quantified in the Chief Financial Officer's Report.

Section 172 statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making.

The Directors believe, as they always have, that the long-term success of the business depends on their having regard to the interests of its stakeholders in all decisions, as the business will be poorer if those interests are ignored. The Directors consider that the Group's key stakeholders are its clients, its employees and its partners – without the support and respect of those groups, the results of the Group will progress less well.

The Directors therefore continue to have regard to the interests of the Group's employees and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct when making decisions and recognise that to ignore one group of stakeholders will inevitably over time damage the Group. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Group for its members in the long term. Set out in this annual report, and below, is how the Board engages with stakeholders:

- The Board puts in place processes to ensure that clients are communicated with on a regular basis with general information and through partner contact which is specific to the client.
- The Board regularly reviews the Group's principal shareholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with shareholders themselves.
- The Board ensures it engages with staff through regular communications from the CEO and other Directors, through personal contact to the extent practicable and through Group messages.
- During the financial year ended 31 March 2020, the Directors established an Executive Committee comprising senior management, senior fee earners and senior administrative staff to represent all the key business units/locations of the Group. Included within the remit of this body are the following activities: enhancing the lines of communication to the workforce in respect of the day-to-day management of the Group; implementing the Board's strategy within the business; and delivering on change management programmes designed to improve the efficiency and profitability of the Group.
- The Group engages regularly with its major suppliers (including landlords) and has been grateful for this, particularly during the difficult environment over the last four months.
- The Group's policies in respect of risk management in areas such as anti-corruption and whistleblowing are under constant review from its dedicated internal risk function and are designed to drive high standards of behaviours both internally and with all external stakeholders, from clients through suppliers to regulators.

Principal risks and uncertainties

COVID-19 risk

This was a new and unpredicted risk for the business which resulted in the shutting for significant periods of all the Group's offices internationally and the offices of many clients of the Group and the consequent global decrease in economic activity. The Group had robust disaster recovery plans in place and these proved effective and have enabled remote working to be effective throughout the Group. There is a significant risk that a second wave will sweep any of the economies in which the Group is active and the result of that is uncertain. The Group has demonstrated that it can react rapidly and effectively to such changes and believes that it would be able to react effectively to any future threat but this cannot be guaranteed.

Cyber risk

In common with all businesses, the Group is dependent on records stored electronically and instructions and communications transmitted electronically. Such storage and transmission can be subject to malicious interception. Such interception has the potential to lead to funds being sent to a wrong destination (which funds would have to be immediately replaced from the Group's own funds). Data theft is also a significant potential risk which would expose the Group to serious reputational damage and substantial fines. The Group believes it has robust defences against these which are regularly reviewed and refined but there can be no absolute guarantee of their effectiveness.

Reputational risk

The Group strives to maintain a reputation for delivering high quality service to its clients on a timely and cost effective basis. Failure to achieve this to a significant extent might damage the reputation of the businesses and lead to a loss of client confidence. The Group seeks to maintain those high standards by regular training, communication and internal review processes.

In addition and creating the potential for reputational risk, there is a continuous risk that a mistake will be made or bad advice given. The Group has substantial insurance protection against such eventualities but there can be no certainty that this will be adequate for a particular claim. Any such claim will also give rise to reputational damage.

Partners and employees

The business of the Group is dependent on the continuing efforts of the partners and employees and the loss of a number of colleagues could have a significant impact on the Group's ability to maintain client confidence and also to grow. The Directors believe that the Group's remuneration model, which continues to be refined, encourages key revenue generators to remain with the Group and rewards them for doing so.

The Group is dependent on a number of key management colleagues and business generators and the loss of one or more of them could be damaging to the business. In addition to the Group's remuneration structure, the Directors strive to have succession plans in place for key individuals.

Acquisition and lateral hire pipeline

The Group's strategy is built around increasing the number of fee earning partners by lateral hire or by acquisition. The Directors believe that there is a substantial pool of people and businesses to whom the Group's remuneration and operating model is attractive and that therefore there will be a continuing pipeline of individuals and businesses which can be added both in the UK and overseas which will improve the Group's intellectual capital and financial results. There is however a risk that the market will change or that other well-capitalised acquirers will compete with the Group.

Execution risk

Lateral hires and acquisitions made may not produce the results anticipated for a number of reasons. The Group seeks to mitigate this risk by linking the remuneration of lateral hires to their performance and the consideration for an acquisition to future performance.

Regulatory risk

The Group is highly regulated with entities regulated by the Solicitors Regulatory Authority (SRA) and overseas equivalent regulators, a business regulated by the Financial Conduct Authority (FCA) and certain activities regulated by the Institute of Chartered Accountants in England and Wales. The Group seeks to maintain an open relationship with those regulators and to abide by the rules and regulations they publish as failure to do so has the potential to force the closure of a relevant business.

It should be noted by all shareholders and potential shareholders that, under the Rules of the SRA, if a non-solicitor comes to hold more than 10% of the voting share capital of the Company without prior approval, the SRA is entitled to withdraw the Group's authorisation to practice as solicitors. In addition, under law and the rules of the FCA, it is an offence by an investor to acquire 10% or more of the Company without prior approval. The Directors monitor shareholder concentration closely and seek to ensure that no breach of these limits occurs.

Market risk

In common with all businesses, an economic downturn or a different pandemic could have a detrimental impact on the Group and its results. The Group does, however, benefit from having a widely spread client list and a wide spread of business sectors and these will react at different times to market conditions which should limit any damage to the Group's performance. It also has the now proven ability to operate without a central property base.

By order of the Board

SIMON OAKES
Director

Aldgate Tower, 2 Leman Street,
London E1 8QN

31 July 2020

Leveraging the strength of our brand

> I truly believe that Ince is a trailblazer and I am very proud to be part of that. The internationally recognised brand means we will remain a leader in shipping, energy, aviation and global trade, but we can now aim to be a market leader across the full range of our sectors and specialisations.

In conversation with Julian Clark, Senior Partner at Ince

Throughout your career you have worked at some of the biggest firms in the legal sector, how did it feel when you were approached by Ince to join the firm?

Being asked to become the Senior Partner of this firm is an incredible honour. I have been involved in shipping and international trade for over 30 years and see this role as an amazing opportunity. During the entirety of my career, Ince has always played in the Premier League, placing in amongst the three best players in the market, usually in the number one position.

The firm has a leading brand in the shipping industry and is regarded as such by its competition, but it is now so much more than just a leader in shipping. I am very excited about the "new Ince" and the plans we have for the future.

When you say the "new Ince", are you referring to the merger with Gordon Dadds and the IPO? What in your view is the significance of this?

The combined firms allow us to provide a full range of services and an ability to respond to the full scope of our clients' needs. I truly believe that Ince is a trailblazer and I am very proud to be part of that. The internationally recognised brand means we will remain a leader in shipping, energy, aviation and global trade, but we can now aim to be a market leader across the full range of our sectors and specialisations.

One of the advantages of being part of this new and innovative business model is the far broader scope of activities that are open to us. For someone that has always felt restricted by the range of services that a traditional law firm is able to provide to its clients, the "new Ince" creates greater opportunity to be entrepreneurial and provide strategic and thought leading services. This suits me well. Having run my own businesses (both legal and non-legal) I have always encouraged my team members to develop as true innovators and thought leaders. It is now my goal to encourage our people to develop entrepreneurial skills which will be of tremendous benefit to clients who now require a far broader service from their legal and business solution providers.

The first thing that I did when I started in my role as Senior Partner was to schedule meetings with all our people across all our offices. I wanted to listen to their views about the firm and learn from them. When I asked, "what is so good about Ince?" everyone, literally everyone, told me, "the people". I strongly believe that culture is essential to building a world-leading team. I am extremely excited about our future.

What do you see as your main goal or target at Ince?

My aim during my tenure is to build on and develop the brand so it becomes synonymous with excellent quality, a pricing structure which is competitive and reflects our people who are innovative, hardworking, true leaders in their field, team players and also fun to have as a member of the team.

We strive for world-beating first class client service and to be a firm which our people are happy, excited and proud to be a part of.

Making an impact

As a firm with a global reach, Ince recognises that the impact of our economic, social and environmental activities can be felt well beyond our core business activities.

Through our Corporate Social Responsibility (CSR) policy and programme of CSR activities we aim to ensure that our impact is a positive one. Ince's CSR programme is overseen and coordinated by the Ince Impact Committee.

Our people

The Group encourages improving the well-being of our colleagues by supporting their collective charitable endeavours.

Everyone has the opportunity to get involved in activities through CSR Leave, an additional day of annual leave for participation in CSR projects.

Whilst The Ince Group Charitable Foundation operates independently of The Ince Group plc the Foundation primarily supports general charitable causes which are chosen by members and employees of The Ince Group. This includes a focus on funding charitable initiatives to tackle specific community issues which are especially important to members and employees of The Ince Group.

The Foundation cooperates with The Ince Group's CSR programme, which also provides pro bono and voluntary assistance across a range of initiatives, including pro bono legal advice, non-legal skills training and youth mentoring schemes, projects to improve community well-being and team charitable endeavours.

Our industry sectors

We support a variety of charitable events and causes, which are often tied into the industries in which our clients operate. On the shipping side for example we have supported Mission to Seafarers, The University of Southampton's Institute of Maritime Law, RNLI Lifeboats and more. We also award an annual prize to a student of Swansea University's LLM programme on International Maritime, Trade and Commercial law.

Our local community

We support community groups and academic institutions within our geographic areas. We run a variety of projects through a delivery programme with the East London Business Alliance (ELBA), a charity that builds connections between business and local communities in East London, whose boroughs are amongst the most deprived in England.

We are also involved in a number of mentoring schemes with both schools and universities. School schemes are focused on increasing self-confidence, broadening horizons and raising aspirations.

In Bristol our clinical negligence colleagues volunteer for the Brain Injury Café, an informal support group for those who have suffered brain injury.

In Gibraltar the team participated in the Med-Step Challenge in aid of cancer relief in 2019 and, in 2020, the 'Stay Home' fundraising initiative organised by local TV to support the Gibraltar Health Authority during the COVID-19 crisis.

Our environment

We are committed to ensuring that our operations are run sustainably for the future of our planet. As a result, Ince is a proud advocate of "paperlite" and agile working and has in the past run sessions on Global Recycling Day to educate and encourage employees about sustainability at work and at home. Ince is committed to reducing our environmental impact and to continually improving our environmental performance as an integral part of the way we conduct business.

See also the energy and emissions report on page 30.

The Ince Impact

Recent examples of our CSR projects include:

Tower Hamlets Law Centre Pro Bono clinic

Every fortnight a group of lawyers from our Aldgate Tower office offer immigration law assistance to those who would otherwise have no access to legal advice. The team from Ince is a mixture of trainees, paralegals, associates and partners. Despite the lockdown restrictions, our colleagues have successfully been able to move the clinic online.

East London Business Alliance (ELBA)

Several colleagues took advantage of CSR leave to support ELBA's community initiatives throughout the year which included initiatives such as:

1. **Forget Me Not** – supporting elderly members of the community at higher risk of isolation and loneliness;
2. **Mentoring Works** – several colleagues became mentors to a group of Year 10 students. The goal of the programme is to raise the pupils' aspirations and to introduce them to the professional world;
3. **Leadership Workshop and University Insight Days** – aiming to raise the aspirations of young East Londoners; and
4. **Toy Appeal** – donating toys to vulnerable families in the community.

London Legal Walk

A group of colleagues completed the annual London Legal Walk, with funds raised to help organisations provide free legal advice to those who need it.

OSCAR Dragon Boat Race

A team from Ince London took part in the 6th Annual OSCAR Dragon Boat Race in order to raise vital funds for Great Ormond Street Hospital and its research partner, the Institute of Child Health.

Brain Injury Café

Every two weeks colleagues from our Bristol office use their experience of personal injury and clinical negligence work to offer pastoral support to attendees of the Ince-hosted Brain Injury Café, a social meeting for those who have suffered a brain injury.

Spitalfields City Farm

Colleagues rolled up their sleeves at Spitalfields City Farm. The free-to-visit farm provides a green space in London's most deprived borough, offering educational programmes for kids, community outreach for the elderly and disabled, and a welcome oasis for anyone looking to escape the Square Mile's hustle and bustle.

Christmas Toy Appeal

Our Hong Kong office ran a toy appeal to collect Christmas presents for children from disadvantaged backgrounds. The toys were donated to the Hong Kong Society for the Protection of Children (HKSPC).

Dress for Success and Suited and Booted

Ince London collected a huge amount of clothes for these two charities which help vulnerable and disadvantaged men and women re-enter the workplace by providing them with professional outfits for job interviews and work.

Career Insight Day

Volunteers welcomed students from a girls' academy in East London for a day of career stories from individual members of staff, and took part in an industry challenge to practise their public speaking and presenting skills.

The Tower Project

Colleagues hosted a skills workshop, which aimed to improve the interview skills of community members with a range of learning disabilities and difficulties looking to either enter or re-enter employment.

By strengthening our leadership

I truly believe that with the leadership we now have in place, we have a promising future ahead of us. We will take on any challenge that will come our way with confidence and will ensure that we are always sailing the proper course.

In conversation with Adrian Biles, CEO

The most valuable asset of our firm is its people. A lot of companies say this but we truly believe it and act on it. Our people deserve leadership which will help them with their personal development and which will, in turn, help to grow the business. We have grown into an organisation with some 800 employees which means that having the right management in place is crucial to the success of our Group.

Investing in talent is a large part of Ince's strategy, has this had a big impact on your role?

I am delighted that we continue to attract the best people and I believe it is a great testament to our business that these people decided to join to help lead the firm to new heights. This also means that my role as a CEO has changed, allowing me to focus on the relationships with our investors and ensuring that the business remains in a financially healthy position. Senior management is in frequent contact about the day-to-day of our business but we also discuss strategy to ensure that we continue to steer this ship in the right direction.

One of our main areas of focus is our shipping practice. We have attracted the best talent from the market in the last couple of years and I am proud that Julian Clark has now joined us as Senior Partner. He has what it takes to ensure we maintain pole position in the legal shipping market.

Another area for growth is our consultancy business which we have been expanding and are planning to expand even further over the next couple of years. Having Mark Tantam join us is a huge asset to the Group. He was a past Vice Chairman of one of the Big Four professional services firms and responsible for its Forensics business. Our strategic goal is to be a global solutions provider as selling solutions is a model that is not only financially very appealing but also offers great benefits to our clients.

Ince is an expanding global network, has expansion proved challenging when you are working from the London HQ?

While we describe London as the "mother ship", we are a truly international business and are taking steps, including key hires, to ensure we have maximum leverage from our presence in eight different countries.

Alexander Janes, former European Managing Partner and Global Managing Partner at an AMLAW firm, joined us last November to manage the financial positions and business development opportunities for our offices in Europe and the Middle East. With his background in running EMEA offices, we are confident that Alex is the right person for this job and can properly align the opportunities arising from our presence in EMEA.

COVID-19 has impacted our business like it has any other business, but I truly believe that with the leadership we now have in place, we have a promising future ahead of us. We will take on any challenge that will come our way with confidence and will ensure that we are always sailing the proper course.

Board of Directors

DAVID FURST
Chairman

David Furst is a chartered accountant and acted as Gordon Dadds' external accountant and financial adviser for 10 years before joining Gordon Dadds LLP's Advisory Board in 2013. Previously, David was a partner in Crowe Clark Whitehill LLP for 30 years and was managing partner and chairman for part of that time. David was President of the Institute of Chartered Accountants in England and Wales in 2008-09 and served on its Council for nine years.

ADRIAN BILES
Chief Executive Officer

Adrian Biles qualified as a solicitor at a large City law firm in the early 1990s. He left to go into business in 1994, since when he has been involved in private equity transactions across a number of business sectors, including insurance broking and underwriting, retail motor distribution and property development. Adrian has a record over 25 years of creating significant value for shareholders. He founded ACR Solicitors LLP in 2007 and was responsible for merging the original legal practice of Gordon Dadds into Gordon Dadds LLP in 2013 when he became managing partner and has since overseen the expansion of the Group by a combination of acquisitions and organic growth from a £2.7 million turnover business in 2013 to the present position.

SIMON OAKES
Chief Financial Officer

Simon Oakes is a chartered accountant. He trained as an auditor with EY before moving to their corporate finance team. In 2013 he joined Deloitte as a director in corporate finance, specialising in financial diligence across a number of sectors and acquisition types (including listed transactions and private equity backed transactions). He has worked as Group Financial Controller since joining the Group in October 2018 and was appointed as Chief Financial Officer at the beginning of April 2020 and became a Director in May 2020.

SIMON HOWARD
Non-Executive Director

Simon Howard was a founder of Work Group Plc and after the reverse takeover in August 2017 was invited to become a Non-Executive Director of the Company. He worked in the UK recruitment industry for over 30 years, 20 of which were in senior executive roles. In 1988 he was appointed Managing Director, then Chief Executive of Barkers Human Resources. He left that business in 1994 to lead the buy-out of Park Human Resources which was then sold to SHL Group plc in 1997 with Simon becoming an executive director on the main board. He resigned in 1999 and co-founded Work Group Plc in 2000. He wrote the weekly 'Jobfile' column on employment issues in The Sunday Times for over 12 years and has been a regular contributor to magazines and speaker on recruitment and HR issues.

PETER ROGAN

Non-Executive Director

Peter Rogan was a leading insurance and reinsurance lawyer at Ince & Co and widely recognised as an authority in these areas. Peter was the Senior Partner of Ince between 2000 and 2008. Since his retirement from the Ince partnership, Peter has continued to advise Ince on a consultancy basis and, immediately prior to the acquisition of Ince UK, acted as Interim Chairman of Ince's Board. He now acts as an arbitrator and mediator and is on the panel for JAMS Inc. in London and New York.

The Directors present their report and audited financial statements for the year ended 31 March 2020.

Principal activities

The Ince Group plc is the holding company of a group of entities providing legal and professional services and financial advice.

Going concern

The Group has revised and sensitised its budgets and cash flows in the light of the impact of COVID-19 as described in the Chief Financial Officer's Report. As described there, the Directors expect that the Group has, or is able to obtain, adequate resources to continue to trade for the foreseeable future.

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

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

Each of the persons who is a Director at the date hereof has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company is aware of that information.

Directors and directors' interests

The Company's Articles of Association contain provisions for the appointment and replacement of Directors. In summary, the Board has the power to appoint Directors to the Board at any time whether to fill a vacancy or to increase the number of Directors. In accordance with the statute, any Director can be removed at any time by an ordinary resolution of the Company and there are provisions which disqualify a Director from continuing to hold office, such as bankruptcy or insanity.

The Directors who held office during the period from 1 April 2019 were:

- AJ Edwards (resigned on 1 April 2020)
- AJ Biles
- SR Oakes (appointed 26 May 2020)
- CJ Yates (resigned on 1 April 2020)
- DA Furst
- SJ Howard
- PJ Rogan

Corporate governance
The Company has decided to adopt the QCA's Corporate Governance Code and the Group's Statement of Compliance may be accessed from the Group's website at: http://www.theincegroup.com/investors/corporate-governance/

Donations
During the period the Group made no charitable donations (2019: £Nil) and no political contributions (2019: £Nil).

Employees
The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The Group's policy includes, where applicable, the continued employment of those who may become disabled during their employment. Equal training facilities are provided for disabled and other employees. The Group has continued its policy of employee involvement by systematically making information available to employees on a regular basis and encouraging their participation in schemes which are related to the Group's progress and profitability.

Policy on payments to creditors
It is the Group's policy to agree terms and conditions under which business is to be transacted and to make the supplier aware of these before business is contracted. It is the Group's policy to ensure payments are made when they fall due in accordance with the terms and conditions agreed, except where the supplier fails to comply with those terms and conditions. The average number of days purchases included in trade payables at the date of the statement of financial position for the Group was 113 (2019: 161).

Financial instruments
The Company's financial risk management objectives and risk exposure are disclosed in the notes to the financial statements.

Liquidity
The Group's policy is always to ensure continuity of funding for both the long and short term. Short-term flexibility has to be managed within the Group's own cash resources. Longer-term funding may be used to finance assets over their appropriate life and in appropriate circumstances.

Acquisitions are usually funded by a partial deferment of consideration which is related to the future performance of the acquired business. The development of new ventures within the Group is funded initially from existing resources. Where the Directors identify major opportunities which are outside existing resources, shareholders in the Company would normally be invited to participate.

Energy and emissions report
Our head office in London is a BREEAM class building with construction completed in 2014 with an excellent rating to ensure high levels of energy efficiency including modular lighting fitted with DALI control gear and all other lighting is LED, all computer equipment and photocopiers go into sleep mode upon a period of non-use, and air conditioning is a comfort cooling system consisting of fan coils monitored and adjusted by an in-house BMS system.

UK energy use covers all legal and professional services and other activities across entities based in the UK. Energy used has been calculated based on gas and electricity meter readings extrapolated where readings were not available. Total mileage for petrol reimbursed has been taken from employee expense claims and extrapolated where data was not available. The 2020 Government emission conversion factors for greenhouse gas company reporting have been used.

Energy and Emmisions

	2020
UK energy use (kWh)	1,330,382
Associated greenhouse gas emissions (tonnes CO^2 equivalent)	291,201
Intensity ratio (emissions per £'000 revenue)	4.56

Interest rates
Finance would be obtained when needed through bank borrowing, medium-term loans and lease and hire purchase contracts. Generally borrowings and medium-term loans are obtained at variable rates of interest and lease and hire purchase contracts are on fixed interest terms.

It is the Group's policy when borrowing to minimise the effects of its exposure to interest rate fluctuations by borrowing at fixed rates for the long term and variable rates for the short term where possible.

Articles of association
The Company's Articles of Association may be varied in any way permitted by law if approved by a special resolution of the members of the Company.

By order of the Board

S R OAKES
Director

Aldgate Tower, 2 Leman Street,
London E1 8QN

31 July 2020

The committee

The Remuneration Committee is responsible for implementing the Board's policy relating to the remuneration and emoluments of the Executive Directors and also reviews the remuneration of the senior management. The remuneration of the Non-Executive Directors is determined by the Board.

The Remuneration Committee is chaired by Simon Howard and David Furst is a member.

The Board considers the composition of the Remuneration Committee to be appropriate for the size of the Group given the size of the Board. This will be reviewed with the appointment of any further Director.

General policy

The Group's policy is to provide remuneration packages to attract, retain and motivate Directors and senior managers with a view to encouraging commitment to the development of the Group for the long-term enhancement of value to shareholders.

The remuneration of partners in the business is generally through the sharing of revenues on a basis which should ensure a contribution to the Group's overheads. Remuneration packages for employees comprise competitive basic salaries and benefits and may include performance related bonuses. The Board has the facility to provide long-term incentives in the form of share options to align personal reward with enhanced shareholder value. Salaries are reviewed annually with effect from 1 April although the review due at 1 April 2020 has been postponed. Performance targets, upon which bonuses are based, are established annually as part of the planning process and are linked to the annual budget approved by the Board, again aligning personal reward with enhanced shareholder value.

COVID-19

With effect from 1 April 2020, as part of the prudence measures taken as the lockdown started, all the salaries of Directors were reduced by 30% while senior managers within the Group took a 20% reduction (these reductions are applied to the contractual salaries listed below). These measures will remain the subject of regular review.

Pensions

The Group contributes to group personal pension plans. Pension contributions payable by the Group are based upon basic salaries.

Service contracts

It is the Group's policy that Directors' contracts should normally be for a period of not more than 12 months and not entitle the Director to any payment on termination to which he would not have been entitled at that time had he remained with the Group. AJ Biles and SR Oakes each have a service contract with the Company which became effective on 4 August 2017 and 1 April 2020 respectively. AJ Biles receives a salary of £70,000 per annum and through a performance-related arrangement is entitled to participate in the profits of the major part of the business. His contract is terminable on 12 months' notice by either party. SR Oakes receives a salary of £160,000 per annum and his contract is terminable on six months' notice by either party. DA Furst and SJ Howard each received a letter of appointment from the Company which took effect on 4 August 2017 and have current salaries of £80,000 and £50,000 respectively. P Rogan received a letter of appointment which took effect on 2 January 2019 at a salary of £50,000. Each of the three Non-Executive appointments are terminable on three months' notice by either party.

Directors' remuneration

All the Directors are remunerated by the Group. The Directors' fees and salaries disclosed above were paid in the period. Benefits in kind include private medical insurance and a contribution to a pension plan.

The Group was charged rent for office accommodation of £62,000 (2019: £98,000) by Juratone Limited, a company of which AJ Biles is a director.

During the period, apart from the above, no Director has had any material interest in any contract with the Company or its subsidiaries requiring disclosure under the provisions of the Companies Act 2006.

On behalf of the Board

S R OAKES
Director

Aldgate Tower, 2 Leman Street,
London E1 8QN

31 July 2020

DIRECTORS' REMUNERATION

The remuneration of the Directors by members of the Group during the year to 31 March was:

	Basic salary and/or Directors' fees 2020 £'000	Profit share and fees 2020 £'000	Benefits 2020 £'000	Total 2020 £'000	Total 2019 £'000
AJ Edwards	80	–	–	80	50
AJ Biles	61	458	2	521	322
CJ Yates	135	–	3	138	137
SJ Howard	50	–	–	50	35
DA Furst	50	–	–	50	30
P Rogan	63	98	–	161	37
	439	556	5	1,000	611

By driving success through results

> The PRC remains a challenging market, but it is an enormous market and there are plenty of opportunities to continue to try and grow.

In conversation with Paul Ho, Head of Greater China

How has the Coronavirus outbreak affected the firm's business in Asia?
COVID-19 has impacted people and businesses globally. Working in Hong Kong, Shanghai and Beijing, I was unfortunately a front row spectator to the impact of COVID-19 in the PRC.

Up to the last quarter of FY 2019/20, it was pretty much business as usual for us. However, as soon as people started working from home, COVID-19 really started to have an impact on our industry. Although everyone was well equipped to work from home, social distancing guidelines/rules made it very challenging – if not impossible – to meet with clients and discuss new opportunities. This is so well embedded in our culture, that going without these physical activities unsurprisingly really affected doing business in the PRC. As a result, whilst there was a reduction in commercial activities, we have seen a clear increase in disputes which means that we continue to have a steady pipeline of work.

Since lockdown ended, it has very much been business as usual in the PRC. We have come out pretty well and business activity levels are now increasing again. This is mainly due to the fact that it was possible to be more proactive in generating new business by meeting clients face-to-face again. Further, we have also been able to travel around the PRC (whether by car, train or air travel) to generate business. We are very much a people business and in my view it is essential to be able to meet with clients and contacts if we are to continue to grow our business in this part of the world.

What can Ince learn from previous crises to ensure the firm continues to deliver results during 2020?
During the SARS outbreak in 2003 and the financial crisis in 2008, we learnt that our litigation practice is always very busy during times like these but transactional workflow decreases, as a result of deals being put on hold due to the uncertainty in the market. It is therefore important that we continue to have a strong and diversified offering in Greater China (being the Hong Kong, Shanghai and Beijing offices).

To achieve this, at the beginning of the 2019/20 financial year, we took on a lateral hire of three partners and their teams, which added newly diversified capabilities for us in areas such as capital markets, corporate finance, corporate secretarial services and construction sectors, as well as added capability in commercial litigation. It is never easy integrating large teams of people but it is pleasing to see that the integration has been successful, resulting in significant year-on-year growth in Greater China during the 2019/20 financial year.

What does the future hold for Ince's work in China and beyond?
With the effect of COVID-19 on the economy, we are playing catch-up to make up for the time we have lost.

The PRC remains a challenging market, but it is an enormous market and there are plenty of opportunities to continue to try and grow. Borders remain closed and so for the foreseeable future we will be focusing on domestic travel as we go on business trips to see clients within the PRC. Further, we continue to look for opportunities to attract quality lateral hires to grow our business. Despite the COVID-19 situation, I remain confident that we have a promising future ahead of us, with further scope for growth.

Opinion

We have audited the financial statements of The Ince Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, statement of changes in equity 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March and the group's profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements 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 are independent of the 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 SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Emphasis of matter in respect of COVID-19 impact on going concern

We draw attention to note 2 in the financial statements, which describes the directors' assessment of going concern in light of the impact of adverse changes resulting from COVID-19. Our opinion is not modified in respect of this matter.

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) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key audit matter

Key audit matter	How our audit addressed the key audit matter
Risk of material misstatement arising from revenue recognition Revenue is the most significant item in the accounts and is made up of a large volume of matters earned across different geographical locations. It therefore presents an increased risk of material misstatement. Given the volume, there is a risk that not all matters have been recorded in the financial statements. In addition, unbilled matters are recognised as accrued income which is valued at a percentage of its billable time. There is a risk that this could either not be recoverable or that it is valued inappropriately. Given its significance in the financial statements and the judgements involved in its recognition, we have therefore considered this to be a key audit matter.	**How our audit addressed the key audit matter** We have: Reviewed and tested systems and controls to identify any material weaknesses; Performed substantive testing across all revenue lines to obtain evidence of the completeness of revenue; Reviewed movements across the group to understand reasons for changes; Performed substantive testing on accrued income to obtain evidence that it represents genuine time and is appropriately valued; Reconciled the total value of time posted in the main trading subsidiary to revenue recognised in the financial statements. Based on our procedures performed we concluded that revenue is not materially misstated.
Risk of material misstatement arising from business combinations The acquisition of the Ince business is a major feature of the consolidated financial statements comprising two transactions. On 31 December 2018, the group acquired the members' interests in Ince & Co LLP and then the files and matters of that firm and its service company Ince & Co Services Limited from those entities' administrators. This was originally recognised in the year ended 31 March 2019 financial statements but management have reassessed the provisional values initially recognised. This has resulted in an overall increase to goodwill of £21.245 million. On 1 April 2019 the group entered into a Network Agreement with the overseas entities that were previously part of Ince & Co International LLP which gave the group control over those entities for the purposes of IFRS 10. Consideration for this was £6.946 million and resulting goodwill was £3.710 million. Various aspects of the transaction were material for the purpose of our audit, however our key audit matter focuses on the following areas in light of the significant level of judgement involved: Revision of combination on 31 December 2018: – Revision of the provisions values recognised from the first business combination during the measurement period as permitted under IFRS 3 *Business Combinations*. Combination on 1 April 2019 – Valuation of the assets acquired by the group; – Completeness of the liabilities associated with the acquisition; – Accounting treatment of the consideration payable, including consideration payable and its valuation. Given the complexity of the arrangements and the significant level of judgement involved, we identified this to be a key audit matter.	**How our audit addressed the key audit matter** We have: Reviewed the accounting treatment of business combinations and for each acquisition in the year, verifying the accounting back to the acquisition documents, assessing the recognition and measurement of consideration, assets and liabilities in light of IFRS 3 *Business Combinations*. In particular, we have sought evidence that the revisions to the combination on 31 December 2018 were based on information available during the measurement period; Sought evidence to confirm management's assessment that control or significant influence had been obtained on the acquisition date; Reviewed the consideration calculations and assessed whether the discount rates applied are appropriate; Performed substantive testing on the assets and liabilities recognised on acquisition to obtain evidence of their valuation; Checked that disclosures agree to the supporting workings, and are in accordance with IFRS 3 *Business Combinations*. Based on our procedures performed we concluded that business combinations have been accounted for appropriately and are not materially misstated.

Key audit matter	
Risk of material misstatement arising from goodwill impairment The group has goodwill totalling £55.0m (2019: £51.0m) across six cash generating units (CGUs) at 31 March 2020. The largest balance relates to the Ince CGU at £26.3m. Please refer to note 15 (Intangible assets) to the consolidated financial statements. Under IFRS, goodwill is subjected to an annual impairment review. There is a risk that material overstatement of goodwill could arise should any of the acquisitions suffer from poor performance and no impairment is consequently recognised. The group's assessment of impairment in accordance with IAS 36 *Impairment of Assets* is a judgemental process which requires estimating future cash flows based on management's view of future business prospects. Our key audit matter focuses on reasonableness of the assumptions made by management, the robustness of forecasting procedures undertaken for the purposes of the goodwill impairment review and adequacy of disclosure.	**How our audit addressed the key audit matter** We have: Reviewed the financial statements of the CGUs for any indicators of impairment of goodwill; Examined management's goodwill impairment reviews. In particular, we have considered whether CGUs were identified in accordance with IAS 36 and whether key assumptions, including growth and discount rates, were reasonable and could be supported by data; Performed sensitivity analysis to assess the risk of material misstatement arising from any potential changes in the underlying assumptions. Based on our procedures performed we are satisfied that the assumptions made by management are reasonable. We have not identified any material misstatement arising from the insufficient recognition of impairment of the group's goodwill.
Risk of material misstatement arising from an inappropriate approach to assessing going concern The group has made significant debt financed acquisitions in recent years. This creates a risk of over trading and means that the group now has to service debt and meet its covenants. In addition, the recent COVID-19 pandemic, which has affected all locations in which the Group operate, could cause cash flow issues arising from either a reduction of certain revenue lines or customers requesting delayed payment. Our key audit matter focuses on the following areas in light of the significant level of judgement involved: – Review of the cashflow forecasts and the assumptions underpinning them; Given the significant level of judgement involved, we identified this key audit matter.	**How our audit addressed the key audit matter** We have: Examined the forecasts and the assumptions underpinning the forecasts from management and assessed them in light of actual post year end results; Reviewed the disclosures in the accounts and confirmed that they appear to be sufficient and properly presented; Performed sensitivity analysis on the forecasts to review the headroom available. Based on our procedures we are satisfied that the assumptions underpinning the forecasts are reasonable.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

We have determined a materiality of £567,000. This is based on a blend of 2% of turnover and 5% of profit attributable to the equity holders for the year ended 31 March 2020.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group consists of two components, the UK and the overseas entities. All UK registered entities are provided with an audit opinion by Saffery Champness LLP. Testing was performed on all overseas components to a component materiality with the exception of Ince Monaco, Ramparts Corporate Services Limited and Ramparts Corporate Advisors Limited which were subjected to specific audit procedures on material account balances. Work carried out at overseas components included detailed audit procedures carried out locally by component auditors based upon our group auditor instructions to those components.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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 Directors' Responsibilities Statement set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

MICHAEL STRONG (SENIOR STATUTORY AUDITOR)

Saffery Champness LLP

for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE
31 July 2020

Consolidated Statement of Comprehensive Income

	Note	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000
Continuing operations			
Fees and commissions	5	98,478	52,576
Staff costs	6	(45,153)	(18,296)
Depreciation and amortisation		(8,279)	(1,665)
Other operating expenses		(19,182)	(17,406)
Other operating income		354	38
Operating profit	7	26,218	15,247
Finance income	8	352	218
Finance expense	8	(1,571)	(251)
Non-recurring costs	9	(1,657)	(14,267)
Share of (loss)/profit of associates		(140)	19
Profit before income tax		23,202	966
Income tax expense	10	(1,543)	(206)
Profit from continuing operations		21,659	760
Profit from discontinued operations		137	–
Profit for the period		21,796	760
Attributable to:-			
Equity holders of the Company		4,952	(8,552)
Non-controlling interests		16,844	9,312
Profit for the period		21,796	760
Earnings per share			
Basic earnings per share (pence)	11	11.78	(28.66)
Adjusted basic earnings per share (pence)	11	15.39	19.15
Diluted earnings per share			
Diluted earnings per share (pence)	11	11.42	(28.10)
Adjusted diluted earnings per share (pence)	11	14.92	18.77
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations		35	–
Other comprehensive income for the period		35	–
Total comprehensive income for the period		21,831	760

As disclosed in note 11 adjusted profit before tax for the year is £8,015,000 (2019: £5,921,000).

There is no tax on any component of other comprehensive income or expense.

The attached notes are an integral part of these consolidated financial statements.

Statements of Financial Position

The Ince Group plc (Registered number: 03744673)

	Note	Group 31-Mar-20 £'000	Restated Group 31-Mar-19 £'000	Company 31-Mar-20 £'000	Company 31-Mar-19 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	3,761	1,182	90	–
Right-of-use assets	14	17,441	–	696	–
Intangible assets	15	80,825	74,443	–	–
Investments	16	470	379	47,607	47,191
		102,497	76,004	48,393	47,191
Current assets					
Trade and other receivables	17	44,412	31,960	38,886	30,223
Corporation tax		–	–	–	168
Cash and cash equivalents	18	5,250	4,759	3	987
		49,662	36,719	38,889	31,378
Total assets		152,159	112,723	87,282	78,569
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	19	686	370	686	370
Share premium	20	24,126	11,192	24,126	11,192
Reverse acquisition reserve	20	(24,724)	(24,724)	–	–
Foreign exchange translation reserve	20	35	–	–	–
Other reserves	20	634	48	3,460	2,874
Distributable reserves	20	41,527	38,787	18,894	30,543
		42,284	25,673	47,166	44,979
Non-controlling interest		9,064	5,807	–	–
Total equity		51,348	31,480	47,166	44,979
LIABILITIES					
Non-current liabilities					
Trade and other payables	21	22,453	35,431	–	–
Borrowings	22	10,400	5,240	10,400	5,100
Provisions	23	2,189	2,050	–	–
Lease liabilities	14	13,284	–	370	–
		48,326	42,721	10,770	5,100
Current liabilities					
Trade and other payables	21	39,325	27,822	27,756	27,590
Corporation tax		1,372	245	–	–
Borrowings	22	3,829	2,370	1,200	900
Provisions	23	2,407	8,085	–	–
Lease liabilities	14	5,552	–	390	–
		52,485	38,522	29,346	28,490
Total liabilities		100,811	81,243	40,116	33,590
Total equity and liabilities		152,159	112,723	87,282	78,569

The Company has taken advantage of the exemption contained in S408 Companies Act 2006 and has not presented a separate income statement for the Company. The Company recorded a loss of £9,437,000 for the 12 month period ending 31 March 2020.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 31 July 2020 by S. Oakes – Director.

S.R. Oakes

The attached notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Group 12 months to 31-Mar-20 £'000	Group 12 months to 31-Mar-19 £'000	Company 12 months to 31-Mar-20 £'000	Company 12 months to 31-Mar-19 £'000
Cash flows from operating activities				
Profit before tax from continuing operations	23,202	966	(9,269)	(886)
Profit before tax from discontinued operations	137	–	–	–
Adjustments for:				
Finance income	(352)	(218)	–	–
Finance expense	1,571	251	–	50
Non-recurring costs	1,657	14,267	391	–
Depreciation, amortisation and impairment	8,279	1,665	294	48
Share options expense	172	–	172	–
Gain on sale of discontinued operations	(51)	–	–	–
Share of loss of associates	140	(19)	–	–
Net exchange differences	(323)	–	–	–
Changes in operating assets and liabilities (net of acquisitions):				
Decrease/(increase) in trade and other receivables	(9,616)	(15,589)	(731)	(63)
(Decrease)/increase in trade and other payables	(1,787)	(1,388)	292	99
(Decrease)/increase in provisions	(6,380)	6,571	–	–
Cash generated by operations	16,649	6,506	(8,851)	(752)
Interest and other financial costs paid	(1,054)	(92)	(370)	(50)
Tax paid	(896)	(554)	–	–
Net cash generated by operating activities	14,699	5,860	(9,221)	(802)
Cash flows from investing activities				
Cash paid on acquisitions (net of cash acquired)	2,078	(6,388)	–	–
Payment of contingent and deferred consideration	(10,126)	(4,762)	–	–
Payment of acquisition related costs	(1,657)	(7,525)	–	–
Purchase of PPE	(1,436)	–	(116)	–
Proceeds from disposal of PPE	2	–	–	–
Purchase of intangible assets	(1,627)	(795)	–	–
Disposal of subsidiary, net of cash disposed of	(191)	–	–	–
Interest received	352	218	–	–
Net cash absorbed by investing activities	(12,605)	(19,252)	(116)	–
Cash flows from financing activities				
Movement in borrowings (including finance leases)	6,133	6,969	5,600	6,000
(Advances to)/repayments by subsidiaries	–	–	(8,073)	(14,157)
Proceeds from issues of shares	14,046	11,504	14,048	11,504
Transaction costs relating to issue of shares	(800)	(460)	(800)	(460)
Dividends paid	(2,197)	(1,150)	(2,197)	(1,150)
Transactions with non-controlling interests	(15,513)	(7,699)	–	–
Direct cost of leases	(24)	–	(17)	–
Payment of lease liability	(3,268)	–	(208)	–
Net cash absorbed from financing activities	(1,623)	9,164	8,353	1,737
Net (decrease)/increase in cash and cash equivalents	471	(4,228)	(984)	935
Cash and cash equivalents at beginning of period	4,720	8,948	987	52
Effects of exchange rate changes on cash	–	–	–	–
Cash and cash equivalents at end of period	5,191	4,720	3	987

The attached notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Foreign exchange translation reserve £'000	Other reserves £'000	Distributable reserves £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 April 2018	288	230	(24,724)	–	–	48,489	4,512	28,795
Profit/(loss) and total comprehensive income/(expense) for the period	–	–	–	–	–	(8,552)	9,313	761
Dividend paid	–	–	–	–	–	(1,150)	–	(1,150)
Shares issued in period	82	11,422	–	–	–	–	–	11,504
Share options acquired	–	–	–	–	48	–	–	48
Share issue transaction costs	–	(460)	–	–	–	–	–	(460)
Transferred to members	–	–	–	–	–	–	(8,018)	(8,018)
Balance at 31 March 2019	370	11,192	(24,724)	–	48	38,787	5,807	31,480
Balance at 1 April 2019	370	11,192	(24,724)	–	48	38,787	5,807	31,480
Profit for the period	–	–	–	–	–	4,952	16,844	21,796
Other comprehensive income	–	–	–	35	–	–	–	35
Dividend paid	–	–	–	–	–	(2,212)	–	(2,212)
Shares issued in period	316	13,734	–	–	414	–	–	14,464
Share options acquired	–	–	–	–	172	–	–	172
Share issue transaction costs	–	(800)	–	–	–	–	–	(800)
Transferred to members	–	–	–	–	–	–	(13,587)	(13,587)
Balance at 31 March 2020	686	24,126	(24,724)	35	634	41,527	9,064	51,348

As both the capital redemption reserve and retained earnings are by nature distributable these items have been presented on a combined basis in the above.

The attached notes are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Other reserves £'000	Distributable reserves £'000	Total equity £'000
Balance at 1 April 2018	288	230	2,826	32,411	35,755
Profit/(loss) and total comprehensive income/(expense) for the period	–	–	–	(718)	(718)
Dividend paid	–	–	–	(1,150)	(1,150)
Shares issued in period	82	11,422		–	11,504
Share options acquired	–	–	48	–	48
Share issue transaction costs		(460)	–	–	(460)
Balance at 31 March 2019	370	11,192	2,874	30,543	44,979
Balance at 1 April 2019	370	11,192	2,874	30,543	44,979
Profit/(loss) and total comprehensive income/(expense) for the period	–	–	–	(9,437)	(9,437)
Dividend paid	–	–		(2,212)	(2,212)
Shares issued in period	316	13,734	414	–	14,464
Share options acquired	–	–	172	–	172
Share issue transaction costs	–	(800)	–	–	(800)
Balance at 31 March 2020	686	24,126	3,460	18,894	47,166

The attached notes are an integral part of these consolidated financial statements.

STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Ince Group plc (the Company) and its subsidiaries (together "The Ince Group" or "the Group") provide legal & professional services and independent financial advisory services to businesses and high net worth individuals.

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Aldgate Tower, 2 Leman Street, London E1 8QN.

These consolidated financial statements have been approved for issue by the Board of Directors on 31 July 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements of The Ince Group plc are for the 12 month period to 31 March 2020. The financial statements have been prepared in accordance with IFRS as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis. In deciding this, the Directors have considered the detailed budgets for the current financial year and high level budgets for the succeeding year including in both cases cash flows.

They have also considered the impact of adverse changes resulting from the major risks and uncertainties they consider apply to the Group. At the date of this report, the Group is taking the COVID-19 threat to its clients, vendors, staff and overall business very seriously. The Group is taking proactive action and has activated business continuity plans, where required across the jurisdictions in which the Group operates, to minimise the risk of disruption to business operations. In doing this, the Group has taken account of government advice in the jurisdictions in which it operates and the need to safeguard the health of our clients. At this stage, the impact on our business and results is limited. We will continue to follow the various locations' national policies and advice and in parallel will do our upmost to continue our operations in the best and safest way possible without jeopardising anyone's health.

As a result of COVID-19, the Directors revised the original forecasts for the financial year ending 31 March 2021 to sensitise for the potential impact on profitability and cash flow over the next 12 months. This revised forecast indicates the Group has sufficient cash to trade for at least the next 12 months and will meet its covenant requirements under its external debt facilities in this period.

Consequently, the Board of Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the next 12 months.

The financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements. The policies set out below have been consistently applied to all the periods presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and are currently effective. A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 *Leases*. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 34. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

2.2 EU adopted IFRS not yet applied

The Group has not adopted any standards or interpretations in advance of the required implementation dates.

2.3 Consolidation

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the period. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's accounting period date 31 March is in line with its subsidiaries, except in the instance of the subsidiary Herring Parry Khan Law Office (Ince & Co Greece). This entity's results as at 31 December are consolidated, as it is considered impractical to consolidate the results at 31 March. The impact of this is not considered material and any transactions in this entity, which are considered to be material and have occurred in the period between January and March, are included in the consolidated accounts.

2.4 Investments in subsidiaries

Investments in subsidiaries are included at cost less provision for impairment in value.

2.5 Investments in associates

Associates are those entities over which the Group has significant influence, but neither control nor joint control over the financial and operating policies. Associates are accounted for using the equity method and are initially recognised at cost. The financial statements include the Group's share of total comprehensive income and equity movements of associates from the date when significant influence commences to the date the significant influence ceases.

2.6 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group's two business segments are described in the Strategic Report, being legal & professional services and independent financial advisory services. No segment reporting disclosures are required for these due to the fact that the smaller segment, financial services advisory, falls beneath the quantitative thresholds set out by IFRS 8 paragraph 13.

The Group provides a segmental analysis to enhance the understanding of the financial statements.

2.7 Business combinations

The Group applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3 (R), '*Business Combinations*'. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. All transaction related costs are expensed in the period they are incurred. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IFRS 9 in the income statement.

2.8 Intangible assets

Intangible assets include the cost of acquiring client portfolios and the Ince brand.

Client portfolios are carried at cost less accumulated amortisation losses and impairment losses. Amortisation of the cost is being provided for in line with the fees billed and cash collections being generated by the client portfolio acquired.

The Ince brand is carried based on an independent external valuation which applied a discounted cash flow model under the relief from royalty method. The brand has existed for 150 years and it has been confirmed as part of the independent valuation that it has an indefinite useful economic life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES/Continued

Intangible assets also include internally generated software and intellectual property, which are held at cost less subsequent amortisation and impairment. These intangible assets are amortised at rates in order to write off the assets on a straight-line basis over their estimated useful lives of between 3 and 10 years. Internally generated software are amortised at the point from which the software is considered fully functional.

The remaining amortisation period of these assets varies from 1 year – 6.5 years.

2.9 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

The Company tests annually whether goodwill has suffered any impairment. The carrying value of the goodwill is dependent on the future income stream from that asset.

Goodwill recognised in a business combination does not generate cash flows independently of other assets or groups of assets. As a result, the recoverable amount, being the value in use, is determined at a cash-generating unit (CGU) level.

The determination of a CGU is judgemental. The identification of CGUs involves an assessment of whether the asset or group of assets generate independent cash flows.

For impairment purposes goodwill is tested annually at the CGU level. This was carried out at 31 March 2020. The carrying value of goodwill and the key assumptions used in performing the annual impairment assessment are disclosed in note 15.

2.10 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised where the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Critical estimates and assumptions made

In assessing the value in use of each CGU, our calculations required estimates in relation to uncertain items, including management's expectations of future growth, operating costs, profit margins, operating cash flow and the discount rate for each CGU.

Future cash flows used in the value in use calculations are based on the latest approved financial plans extrapolated for future periods expected to benefit from the goodwill for each CGU. The future cash flows are discounted using a post-tax discount that reflects current market assessments of the time value of money.

2.11 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on trade date when the Group is no longer a party to the contractual provisions of the instrument.

Financial assets are included on the statement of financial position as trade and other receivables and cash and cash equivalents.

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

(a) Trade receivables

Trade receivables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

(b) Trade payables

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

(c) Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

2.12 Foreign currency translation

(a) Functional and presentation currency

The consolidated financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Subsidiary accounts denominated in foreign currency

On consolidation, assets and liabilities of non-sterling entities are translated to sterling at year-end rates of exchange, while their statements of income, other comprehensive income and cash flows are translated at monthly average rates. The resulting translation differences are recognised as currency translation differences within other comprehensive income.

2.13 Property, plant and equipment

Property, plant and equipment ("PPE") is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life, as follows:

Computers, plant and machinery	3-10 years
Equipment	3-5 years
Leasehold improvements	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. Write downs and gains and losses on disposals are included in the statement of comprehensive income.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES/Continued

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

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 statement of financial position date.

2.16 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and company financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit/loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future employee benefits.

2.17 Pension obligations

The Group operates a pension scheme which is a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.18 Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to that part of the Group for which the employee is profit responsible. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 Provisions

Provisions for clawback of indemnity commission, pensions review, unpaid salaries and other claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the statement of financial position date.

2.20 Revenue recognition

Revenue comprises the fair value of the sale of services, net of value-added tax, rebates and discounts and after eliminating sales within the Group.

Revenue from the sale of professional services is recognised as follows:

(a) Legal and professional services

Revenue from the provision of legal and professional services is recognised over time in the accounting period in which services are rendered. Contracts for the provision of legal and professional services may include fixed fee arrangements, variable fee arrangements based on time and materials or contingent fee arrangements. For fixed fee arrangements, revenue is recognised based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided. For variable fee contracts based on time and materials, revenue is recognised at the amount of fees that the Group has a right to invoice for services provided, based on the fee rates agreed with the client. For conditional fee arrangements, fees are billed on completion depending on the outcome of the matter (e.g. Personal Injury or Clinical Negligence cases on a 'no win, no fee' basis). Revenue in respect of contingent fee assignments, over and above any agreed minimum fee, is included in revenue only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved. This is generally when the matter is resolved and the outcome is known.

A receivable is recognised when a bill has been invoiced as this is the point in time that the consideration is considered unconditional because only the passage of time is required before payment is due. Where income has not been billed at the reporting date, it is included in accrued income.

No element of financing is deemed to exist as payment is typically due within one year of the service being performed.

(b) Employee benefits and financial advisory

Revenue relating to the employee benefits and financial advisory business represents fees and life and pension commission and is recognised at a point in time. Fees are recognised when invoiced and commissions are recognised when confirmation is received from the underwriters that payment is being made to the Group. A provision is made for clawback of commission which is deducted from turnover.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.21 Leases

As explained in note 34, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described in note 34.2 and the impact of the change in note 34.1.

Until 31 March 2019, leases of property, plant and equipment where the Group had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, were included in other borrowings. The interest element of the finance cost was charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases were depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES/Continued

2.23 Share-based payments

The fair value at the date of grant of the equity instrument is recognised as an expense, spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards, excluding the impact of any non-market vesting conditions. At each statement of financial position date, the Group revises its estimate of the number of equity instruments which are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income and a corresponding adjustment is made to equity. On vesting or exercise, the difference between the expense charged to the statement of comprehensive income and the actual cost to the Group is transferred to retained earnings. Where new shares are issued, the proceeds received are credited to share capital and share premium.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Further details are set out in note 31.

Risk management is carried out by the Board of Directors. The Board identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of convertible loan stock and non-convertible loan stock, and investing excess liquidity.

(a) Credit risk

Because the Group has a wide range of clients, in different market sectors, it has no significant concentrations of credit risk. It has policies in place to ensure that if customers do not settle their accounts within the agreed terms then the transaction is cancelled, minimising the credit exposure.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

(c) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates of finance leases to which the Group is lessee are fixed at inception of the lease. These leases expose the Group to fair value interest rate risk.

The Group's cash flow interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 33 per cent of its borrowings in fixed rate instruments. At March 2020, 100 per cent of borrowings were at fixed rates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that 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.

(a) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate.

(b) Other receivables

Other receivables represent unbilled amounts for client work and are measured initially at fair value and held at amortised cost less provisions for foreseeable losses based upon current observable data and historical trend.

(c) Impairment of receivables

Receivables are held at cost less provisions for impairment. Provisions for impairment represent an allowance for doubtful debts that is estimated, based upon current observable data and historical trend.

(d) Valuation of intangible assets

Business combinations are accounted for at fair value. The valuation of goodwill and acquired intangibles is calculated separately on each individual acquisition. In attributing value to intangible assets arising on acquisition, management has made certain assumptions in relation to expected growth rates, profitability, length of key customer relationships and the appropriate discount rate. The value of intangible assets at 31 March 2020 was £80,825,000 (2019: £74,443,000 restated).

(e) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discontinued to present value where the effect is material. The value of provisions at 31 March 2020 was £4,596,000 (2019: £10,135,000 restated).

(f) Amortisation of intangible assets other than goodwill

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset.

5. SEGMENT INFORMATION

Group

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major service offering:

	Legal & professional services £'000	Other £'000	Total £'000
Year ended 31 March 2020			
UK	61,740	2,120	63,860
Europe, Middle East & Africa	13,328	–	13,328
Asia	21,290	–	21,290
Total revenue	96,358	2,120	98,478
Year ended 31 March 2019			
UK	49,835	1,944	51,779
Asia	797	–	797
Total revenue	50,632	1,944	52,576

Non-current assets other than financial instruments and deferred tax assets by geographical areas are not presented, as this information is not provided to the chief operating decision maker of the Group.

6. STAFF COSTS

Group

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

	No. of employees	
	2020	2019
Fee earners	342	194
Direct support staff	134	69
Support staff	258	133
Total	734	396

The aggregate employment costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages and salaries	38,304	15,473
Social security costs	3,495	1,740
Employee benefits costs	2,088	569
Pension costs	1,266	514
Total staff costs	45,153	18,296

Company

The Company has no employees (excluding Directors) (2019: none); all personnel are employed by subsidiary entities.

Details of the remuneration of and transactions with Directors are included in the Directors' Remuneration Report accompanying these financial statements. The Directors are considered to be key management personnel.

7. OPERATING PROFIT

Operating profit is stated after charging/ (crediting):

	Group 2020 £'000	Group 2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	70	54
Fees payable to the Company's auditor and its associates for other services:		
• audit of the accounts of subsidiaries	241	190
• audit-related assurance services	47	69
• other assurance services	33	73
• corporate finance services	–	141
Depreciation of tangible fixed assets		
• owned assets	1,487	81
• hire purchase	–	17
Depreciation of right-of-use assets	4,663	–
Amortisation/impairment of intangible assets:		
• turnover related	2,046	362
• other	83	1,205
Bad debt expense	2,041	1,764
Hire of plant and equipment	94	336
Share-based payment expense	172	48

8. FINANCE INCOME AND EXPENSE

	Group 2020 £'000	Group 2019 £'000
Finance income		
Bank interest receivable	347	213
Other income	5	5
	352	218
Finance expense		
Bank interest payable	(11)	(95)
Hire purchase	(3)	(5)
Finance charge on leases	(514)	–
Other loans	(519)	(84)
Other interest	(8)	(3)
Financial assets at fair value through profit or loss	(516)	(64)
	(1,571)	(251)
Net finance income/(expense)	(1,219)	(33)

9. NON-RECURRING COSTS

Non-recurring costs include acquisition related costs of £588,000 (2019: £5,823,000) and other material items related to the acquisition which will not recur of £1,069,000 (2019: £8,444,000).

Acquisition related costs represent professional fees and other costs incurred in acquisitions completed or under negotiation during the year.

Other material items represent costs incurred specifically as a result of the integration activities associated with the Ince & Co acquisition. These costs include restructuring and merging of administrative functions (such as redundancy costs, the necessary hardware and software costs to enable the merging of systems and re-branding costs) and the equity fund raising. In addition, the Group had certain onerous contractual costs including the costs of premises no longer being used and had to make a number of non-contractual payments to former suppliers of the Ince entities in respect of the liabilities of those entities to ensure access to continuing services.

Non-recurring costs include non-audit fees payable to the Company's auditors of £54,000 (2019: £336,000).

10. TAXATION

i. Analysis of charge in the period

	Group 2020 £'000	Group 2019 £'000
The charge for taxation comprises:		
Taxation charge for the current period	1,375	206
Adjustment in respect of prior periods	168	–
	1,543	206

ii. Factors affecting the tax charge for the period:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.0 per cent (2019:19.0 per cent). The differences are explained below:

	Group 2020 £'000	Group 2019 £'000
Profit on ordinary activities before taxation	23,202	966
Less profit arising in partnerships, on which tax is payable by the members personally	(15,148)	(1,009)
Profit on ordinary activities of corporate entities before taxation	8,054	(43)
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2019: 19%)	1,530	(8)
Effects of:		
Impact of tax exempt items	(279)	237
Losses (utilised)/carried forward	–	(23)
Difference in overseas tax rates	124	–
Total taxation charge for the current period	1,375	206

11. EARNINGS PER SHARE

Earnings per share are based on the weighted average number of shares of the Company in issue or issued as consideration for the entities whose results are reported in the period. The number of shares and periods are as follows:

1 April 2017	12,509,623	
15 June 2017	13,417,143	Being the shares issued by the Company as consideration for the acquisition of all of the shares in issue by Culver Holdings Limited at the date of the reverse acquisition
4 August 2017	28,597,310	Being the Company's issued shares on re-admission to the AIM market of the London Stock Exchange
19 January 2018	28,759,711	Being the Company's issued shares following new shares issued to Culver Ventures Limited loan stock holders
12 February 2019	36,976,730	Being the Company's issued shares following new shares issued as part of an equity placing exercise
27 November 2019	37,326,730	Being the Company's issued shares following new shares issued as consideration on acquisition of Ince Compliance Solutions Limited
3 February 2020	68,540,912	Being the Company's issued shares following new shares issued as part of an equity placing exercise

Basic earnings per share, shown on the statement of comprehensive income, is based on profit after tax £4,952,000 divided by 42,043,732 being the weighted average total number of ordinary shares in issue during the period.

Adjusted basic earnings per share, shown on the statement of comprehensive income, is based on adjusted profit before tax £8,015,000 after deducting tax of £1,543,000 divided by 42,043,732, being the weighted average total number of ordinary shares in issue during the period.

If the 2,178,562 share options issued on 31 December 2018 (described in note 12) were included the weighted average total number of shares for the period would be 43,379,204, which is applied in the calculation of diluted earnings per share, also shown on the consolidated income statement.

Adjusted profit before tax is calculated as follows:

	Group 2020 £'000	Group 2019 £'000
Profit before tax from statement of comprehensive income	23,202	966
Deduct: Partners' profit shares shown as non-controlling interests	(16,844)	(9,312)
Add: Non-recurring expenses:		
• Acquisition related expenditure	588	5,823
• Material related costs	1,069	8,444
Adjusted profit before tax	8,015	5,921
Deduct: Income tax	(1,543)	(206)
Adjusted profit after tax	6,472	5,715

12. SHARE-BASED PAYMENT ARRANGEMENTS

The Group has established the Ince Group Share Option Plan 2017 ("Plan") for the grant of share options to certain eligible employees to acquire shares in the capital of the Company in order to reward such eligible employees for their contribution to the Company's success and to provide an incentive going forward.

As part of the consideration for the acquisition of the members' interests of Ince & Co LLP, the members of Ince & Co LLP were collectively granted 2,392,846 ordinary shares of 1p each in the Group as part of the Plan on 31 December 2018. The options have a vesting period of three years from issue and a contractual life of 10 years.

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market conditions attached to the arrangements were not taken into account measuring fair value.

12. SHARE-BASED PAYMENT ARRANGEMENTS/Continued

At 1 April 2019 the brought forward number of ordinary shares of 1p at an exercise price of 140p was 2,392,846.

During the year, 214,284 ordinary shares of 1p at an exercise price of 140p were forfeited by resigning members of Ince & Co LLP.

At 31 March 2020 the carried forward number of ordinary shares of 1p at an exercise price of 140p was 2,178,562.

The inputs used in measurement of the fair values at grant date of the shares were as follows:

Fair value	0.24
Share price	1.79
Exercise price	1.40
Risk-free interest rate (based on government bonds)	0.59%
Expected volatility (weighted average)	1.14%
Dividend yield	3.35%
Expected life (weighted average)	3 years

13. PROPERTY, PLANT AND EQUIPMENT ("PPE")

Group

	Land and buildings £'000	Furniture, fittings and equipment £'000	Leasehold Improvements £'000	Total £'000
Cost				
Balance at 1 April 2019	230	1,137	–	1,367
Acquisition of subsidiary (note 16.1)	–	2,960	2,488	5,448
Additions	–	572	864	1,436
Disposals	–	(57)	–	(57)
Exchange differences	–	159	87	246
Balance at 31 March 2020	230	4,771	3,439	8,440
Depreciation				
Balance at 1 April 2019	–	185	–	185
Acquisition of subsidiary (note 16.1)	–	2,007	947	2,954
Disposals	–	(55)	–	(55)
Exchange differences	–	64	44	108
Charge for the period	–	933	554	1,487
Balance at 31 March 2020	–	3,134	1,545	4,679
Carrying value				
At 31 March 2019	230	952	–	1,182
At 31 March 2020	230	1,637	1,894	3,761

Included in the carrying value of PPE is £Nil (2019: £Nil) of assets held by the Group under hire purchase or finance leases. The depreciation charge for the period for these assets was £Nil (2019: £17,000).

The figures for the previous period are as follows:

	Land and buildings £'000	Furniture, fittings and equipment £'000	Total £'000
Cost			
Balance at 1 April 2018	230	223	453
Acquisition of subsidiary (note 15)	–	914	914
Additions	–	–	–
Balance at 31 March 2019	230	1,137	1,367
Depreciation			
Balance at 1 April 2018	–	86	86
Charge for the period	–	99	99
Balance at 31 March 2019	–	185	185
Carrying value			
At 31 March 2018	230	137	367
At 31 March 2019	230	952	1,182

Company

	Furniture, fittings and equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
Balance at 1 April 2019	–	–	–
Additions	2	114	116
Balance at 31 March 2020	2	114	116
Depreciation			
Balance at 1 April 2019	–	–	–
Charge for the period	1	25	26
Balance at 31 March 2020	1	25	26
Carrying value			
At 31 March 2019	–	–	–
At 31 March 2020	1	89	90

14. LEASES

14.1 Right-of-use assets

Group

	Land and buildings £'000	Furniture, fittings and equipment £'000	Total £'000
Balance at 1 April 2019	9,958	283	10,241
Additions	5,734	292	6,026
Acquisition of subsidiaries	5,945	–	5,945
Disposals	(297)	–	(297)
Exchange differences	189	–	189
Depreciation charge for the year	(4,563)	(100)	(4,663)
Balance at 31 March 2020	16,966	475	17,441

Company

	Land and buildings £'000	Furniture, fittings and equipment £'000	Total £'000
Balance at 1 April 2019	–	–	–
Additions	964	–	964
Depreciation charge for the year	(268)	–	(268)
Balance at 31 March 2020	696	–	696

14.2 Lease liabilities

	2020 £'000
Maturity analysis – contractual undiscounted cash flows	
Less than one year	5,968
One to five years	9,918
More than five years	2,050
Total undiscounted lease liabilities at 31 March	17,936

Lease liabilities included in the statement of financial position

Current	5,552
Non-current	13,284
	18,836

14.3 Amounts recognised in profit or loss

	2020 £'000
Interest on lease liabilities	514
Expenses relating to short-term leases	336
Expenses relating to leases of low-value assets	94

Total cash outflow for leases in the year was £3,292,000.

Termination options are included in a number of property leases across the Group. As at 31 March 2020, potential future cash outflows of £24,072,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the lease will not be terminated.

15. INTANGIBLE ASSETS

Group

	Goodwill £'000	Client portfolio £'000	Brand & trademarks £'000	Internally generated software £'000	Intellectual property £'000	Total £'000
Cost						
At 1 April 2019 (as restated)	50,820	12,219	17,000	1,248	189	81,476
Acquisition of subsidiary	4,227	3,248	–	–	–	7,475
Additions	–	–	–	1,036	–	1,036
At 31 March 2020	55,047	15,467	17,000	2,284	189	89,987
Amortisation and impairment						
At 1 April 2019	–	6,818	–	168	47	7,033
Charge for period	–	2,046	–	64	19	2,129
At 31 March 2020	–	8,864	–	232	66	9,162
Carrying value						
At 31 March 2019	50,820	5,401	17,000	1,080	142	74,443
At 31 March 2020	55,047	6,603	17,000	2,052	123	80,825

Client portfolio represents the acquisition of the business and certain assets from other professional services firms. The client portfolio intangible asset is carried at cost less accumulated amortisation. Amortisation is provided for in line with the fees billed and cash collections generated by the client portfolio acquired.

Brands and trademarks £17,000,000 (2019: £17,000,000) relates to the value attributed to the Ince brand that the Group acquired on 1 January 2019. This has been determined based on an external valuation report, as detailed in note 2.8.

Internally generated software includes £2,284,000 (2019: £1,248,000) of development costs relating to development of software applications. The Directors have considered the carrying value of internally generated software of £2,052,000 (2019: £1,080,000) as appropriate as it is expected to create future economic benefit.

Intellectual property carrying amount includes £123,000 (2019: £142,000) of intellectual property acquired on the acquisition of certain assets and liabilities of Prolegal Limited from its administrator.

Details of the restatement of balances at 31 March 2019 are set out in note 35.

15. INTANGIBLE ASSETS/Continued

The intangible assets of the Group for the prior year (restated) were as follows:-

	Goodwill £'000	Client portfolio £'000	Brand & trademarks £'000	Internally generated software £'000	Intellectual property £'000	Total £'000
Cost						
Balance at 1 April 2018	24,150	7,719	–	453	189	32,511
Acquisition of subsidiary	26,387	4,500	17,000	–	–	47,887
Additions	279	–	–	795	–	1,074
Reassessment of fair value	4	–	–	–	–	4
Eliminated on disposal	–	–	–	–	–	–
Balance at 31 March 2019	50,820	12,219	17,000	1,248	189	81,476
Amortisation and impairment						
Balance at 1 April 2018	–	5,336	–	103	28	5,467
Charge for the period	–	1,482	–	65	19	1,566
Eliminated on disposal	–	–	–	–	–	–
Balance at 31 March 2019	–	6,818	–	168	47	7,033
Carrying value						
At 31 March 2018	24,150	2,383	–	350	161	27,044
At 31 March 2019	50,820	5,401	17,000	1,080	142	74,443

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) or group of units that are expected to benefit from that business combination and is analysed below.

	Investments £'000	Culver Financial Services £'000	White & Black £'000	Regions £'000
Cost				
At 1 April 2019 (restated)	8,494	4,185	2,005	8,722
Acquisition of subsidiary	417	–	–	–
Balance at 31 March 2020	8,911	4,185	2,005	8,722
Impairment				
At 1 April 2019 and 31 March 2020	–	–	–	–
Carrying value				
At 31 March 2019	8,494	4,185	2,005	8,722
At 31 March 2020	8,911	4,185	2,005	8,722

	Platt, PLI & Ince £'000	Overseas £'000	Total goodwill £'000
Cost			
At 1 April 2019 (restated)	26,316	1,098	50,820
Acquisition of subsidiary	–	3,810	4,227
Balance at 31 March 2020	26,316	4,908	55,047
Impairment			
At 1 April 2019 and 31 March 2020	–	–	–
Carrying value			
At 31 March 2019	26,316	1,098	50,820
At 31 March 2020	26,316	4,908	55,047

An annual goodwill impairment review was performed. The CGUs represent the smallest identifiable groups of assets that generate cash flows, and to which goodwill is allocated.

The value in use of each CGU is determined using cash flow projections derived from financial plans. This reflects management's expectations of future revenue growth, operating costs and cost reductions due to synergies, profit margins, operating cash flows based on past performance and future expectations of business performance. The cash flows have then been extended for a minimum of five years. Estimated taxation has been deducted calculated at the estimated applicable corporation tax rate, of 19% for the next two years and 17% for the years thereafter, in line with current HMRC guidance.

In respect of the above, income budgets are based on historic results adjusted for experience and capacity level of fee earning staff and known changes in circumstances. These are reviewed with the heads of department for each fee earning area. Average annual growth rate of 6.06% is based on past performance and management expectations.

Costs are largely fixed staff and establishment costs and are forecast based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.

The future cash flows have been discounted using a post-tax discount rate of 7.9%.

The two-year financial plans include growth rates for each CGU based on the individual market assessment for each CGU.

Company

There are no intangible assets held by the Company (2019: None).

16. INVESTMENTS

The carrying value of investments held by the Group and Company were as follows:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Investments in Group undertakings	–	–	47,607	47,191
Interests in associates	470	379	–	–
	470	379	47,607	47,191

16.1 Investments in Group undertakings

Company

	Investments in Group undertakings £'000
Cost	
Balance at 1 April 2019	50,709
Additions	416
Balance at 31 March 2020	51,125
Impairment and provisions	
Balance at 1 April 2019	3,518
Impairment	–
Balance at 31 March 2020	3,518
Carrying value	
At 31 March 2019	47,191
At 31 March 2020	47,607

On 31 March 2020, The Ince Group plc had control for the purposes of IFRS 10 of the following subsidiary undertakings which are included in the consolidated financial statements.

UK companies	Principal activity	Interest held	Registered office
Culver Holdings Limited	Intermediate holding company	Note 1	(b)
Ince Gordon Dadds Corporate Finance Limited	Intermediate holding company	Note 1	(b)
Culver Financial Management Limited	Independent financial advisor	Note 1	(b)
Hanover Financial Management Limited	Independent financial advisor	Note 1	(b)
Hanover Employee Benefits Limited	Independent financial advisor	Note 1	(b)
Ince Gordon Dadds Services Limited	Management services	Note 1	(b)
Hanover Pensions Limited	Professional services	Note 1	(b)
Ince Gordon Dadds MAP Limited	Legal services	Note 1	(b)
GDGS (Alen-Buckley) Limited	Legal services	Note 1	(b)
GDGS (Metcalfes) Limited	Legal services	Note 1	(b)
White & Black Limited	Legal services	Note 1	(c)
e.Legal Technology Solutions Limited	IT services	Note 2	(b)
Ince Gordon Dadds Professional Services Limited	Professional services	Note 1	(b)
Ince GD Corporate Services Limited	Corporate services	Note 1	(a)
Ince Gordon Dadds Talent Services Limited	Professional services	Note 1	(b)
Ince Process Agents Limited	Legal services	Note 1	(a)
Culver Finance Limited	Intermediate holding company	Note 1	(b)
IGD (Cardiff) Limited	Legal services	Note 1	(b)
Gordon Dadds Private Office Limited	Legal services	Note 1	(d)
Ince Compliance Solutions Limited	Professional services	Note 1	(b)

UK Limited Liability Partnerships	Principal activity	Interest held	Registered office
Ince Gordon Dadds Holdings LLP	Intermediate holding LLP	Note 3	(b)
Ince Gordon Dadds LLP	Legal services	Note 3	(a)
White & Black Legal LLP	Legal services	Note 3	(c)
Ince Gordon Dadds AP LLP	Professional services	Note 5	(b)
Ince Gordon Dadds CP LLP	Professional services	Note 5	(b)
CW Energy LLP	Professional services	Note 3	(b)
IGD International LLP	Professional services	Note 3	(b)
Ince Consultancy LLP	Professional services	Note 5	(b)

Overseas companies	Location	Principal activity	Interest held	Registered office
Ramparts Corporate Advisors Limited	Gibraltar	Legal services	Note 1	(e)
Penlee Legal Investments Limited	Guernsey	Professional services	Note 1	(f)
Ramparts Corporate Services Limited	Gibraltar	Professional services	Note 1	(e)
Ince Consulting Hong Kong Limited	Hong Kong	Professional services	Note 1	(g)
Incisive Limited	Hong Kong	Management services	Note 1	(g)

UK Limited Liability Partnerships operating overseas	Location	Principal activity	Interest held	Registered office
Ince & Co Middle East LLP	Dubai	Legal services	Note 4	(a)
Ince & Co Germany LLP	Germany	Legal services	Note 4	(a)

16. INVESTMENTS/Continued

Overseas LLPs and partnerships	Location	Principal activity	Interest held	Registered office
Ince & Co Singapore LLP	Singapore	Legal services	Note 4	(h)
Ince & Co (Hong Kong)	Hong Kong	Legal services	Note 4	(g)
Herring Parry Khan Law Office	Greece	Legal services	Note 4	(i)
Ince & Co Monaco SARL (Monaco)	Monaco	Legal services	Note 4	(j)

Note 1. The Group holds 100% of ordinary share capital.

Note 2. The Group holds 60% of ordinary share capital.

Note 3. The Group has 100% interest as the sole economic member.

Note 4. Profit sharing and voting control of these entities is held by the local members. The entities are subject to regulation by the regulator in the jurisdictions in which they operate.

Note 5. The Group indirectly controls the entities by virtue of contractual agreements.

Registered offices of all subsidiaries:

(a) Aldgate Tower, 2 Leman Street, London, United Kingdom, E1 8QN

(b) Llanmaes, Michaelston Road, St Fagans, Cardiff, United Kingdom, CF5 6DU

(c) Home Park, Grove Road, Bladon, Oxfordshire, England, OX20 1FX

(d) Leconfield House, Curzon Street, London, United Kingdom, W1J 5JA

(e) 6.20 World Trade Center, 6 Bayside Road, Gibraltar

(f) P.O. Box 661, St. Peter Port, Guernsey, GY1 3PW

(g) Suites 4404-10, 44/F, One Island East, 18 Westlands Road, Taikoo Place, Hong Kong

(h) 5 Shenton Way #19-01, V on Shenton, Singapore (068808)

(i) The Livanos Building, 47-49 Akti Miaouli, Piraeus 18536, Greece

(j) Gildo Pastor Center, 7 Rue du Gabian, 98000 Monaco

16.2 Business combinations and acquisitions

The details set out below provide the information required under IFRS 3 '*Business Combinations*' for the acquisitions that occurred during the year ended 31 March 2020.

The total amount of revenue and associated profit derived from acquired entities in the year was £29,749,000 and £29,000. An estimate of the annualised revenue and associated profit/(loss) (based on pro-rated figures) had the acquisitions occurred at the start of the year is £29,885,000 and (£42,000).

Ince & Co overseas

With effect from 1 April 2019 the Group gained control for the purposes of IFRS 10 over the following Ince overseas network entities:

- Ince & Co (Hong Kong)
- Ince & Co Singapore LLP
- Ince & Co Middle East LLP
- Herring, Parry, Khan Law Office
- Ince & Co Germany LLP

Until 31 December 2018 these entities were subsidiaries of Ince & Co International LLP (now in administration and renamed). With effect from 1 April 2019, revised arrangements were agreed with these entities which gave the Group control for the purposes of IFRS 10 as shown above.

As part of the new arrangements concluded with effect from 1 April 2019, the Group has agreed to make payments to the partners of those entities depending on the levels of revenue achieved in the three-year period ending 31 December 2021. Based on revenue expectations, the Group currently estimates that these payments will amount in aggregate to £10 million over the three years of which £3,248,000 is regarded as the purchase of a client portfolio and will be amortised in line with the fees billed and cash collections being generated by the client portfolio acquired.

Initial consideration was £500,000 and contingent consideration of £6,446,000 and goodwill of £3,710,000 was recognised in accounting for the acquisition.

Ramparts Corporate Services Limited

On 10 June 2019, the Group acquired 100% of the issued share capital of Ramparts Corporate Services Limited, a Gibraltar-based practice providing corporate and administrative support for listed funds and listing market instruments.

Initial consideration was £258,000 and goodwill of £100,000 was recognised in accounting for the acquisition.

Ince & Co Monaco SARL

Ince Monaco was formally consolidated into the Group on 1 November 2019. Its acquisition represents a further expansion of the global network through which the Group now operates, with the associated future benefits that is expected to bring. Accordingly, negative goodwill of £591,000 was recognised in accounting for the acquisition.

Ince Compliance Solutions Limited

On 27 November 2019, the Group acquired 100% of the issued share capital of Ince Compliance Solutions Limited (formerly Mahtcorp1 Limited), a UK based company which has the benefit of a service contract with Mark Tantam who was appointed as the Group's Global Head of Consulting.

350,000 new ordinary shares in The Ince Group plc were issued as consideration and goodwill of £417,000 was recognised in accounting for the acquisition.

16. INVESTMENTS/Continued

16.2.1 Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities at the date of acquisition were as follows:

	Ince & Co Overseas £'000	Ramparts Corporate Services Limited £'000	Ince & Co Monaco £'000	Ince Compliance Solutions Limited £'000	Total acquisitions £'000
Property, plant and equipment	2,460	8	26	–	2,494
Right-of-use assets	5,823	–	122	–	5,945
Intangible asset	3,248	–	–	–	3,248
Investments	–	–	–	–	–
Trade and other receivables	10,048	132	1,128	–	11,308
Cash and cash equivalents	2,538	42	256	–	2,836
Trade and other payables	(12,846)	(24)	(759)	–	(13,629)
Borrowings	(494)	–	–	–	(494)
Provisions	(769)	–	(60)	–	(829)
Lease liabilities	(5,902)	–	(122)	–	(6,024)
Net identifiable assets and liabilities	4,106	158	591	–	4,855
Goodwill	3,710	100	–	417	4,227
Negative goodwill	–	–	(591)	–	(591)
Non-controlling interest in the recognised amounts of identifiable assets and liabilities	(870)	–	–	–	(870)
Total consideration	6,946	258	–	417	7,621
Satisfied by:					
Cash	500	258	–	–	758
Equity instruments	–	–	–	417	417
Contingent consideration	6,446	–	–	–	6,446
Total consideration transferred	6,946	258	–	417	7,621
Net cash outflow arising on acquisition:					
Cash consideration	500	258	–	–	758
Less: cash and cash equivalent balances acquired	(2,538)	(42)	(256)	–	(2,836)
Net cash outflow/(inflow)	(2,038)	216	(256)	–	(2,078)

16.3 Discontinued operations

On 25 June 2019, the Group sold 100% of its shareholding in Allium Law Limited (formerly Thomas Simon Limited) for consideration of £59,000.

On 30 January 2020, the Group disposed of its interest and retired as a member of GD Financial Markets LLP for consideration of £258,000.

Financial information relating to discontinued operations for the period to the date of disposal is set out below:

	Allium Law Limited £'000	GD Financial Markets LLP £'000	Total discontinued operations £'000
Results of discontinued operation:			
Revenue	–	1,366	1,366
Elimination of internal revenue	–	(314)	(314)
External revenue	–	1,052	1,052
External expenses	–	(966)	(966)
Profit before tax	–	86	86
Income tax expense	–	–	–
Profit after tax of discontinued operation	–	86	86
Gain/(loss) on disposal of the subsidiary after income tax	84	(33)	51
Profit/(loss) from discontinued operation	84	53	137
Consideration received or receivable:			
Cash	59	–	59
Deferred consideration	–	258	258
Total consideration	59	258	317
Less: carrying amount of net assets sold	25	(570)	(545)
Add back: non-controlling interest	–	279	279
Gain/(loss) on disposal of the subsidiary after income tax	84	(33)	51
Consideration received, satisfied in cash	59	–	59
Cash and cash equivalents disposed of	(1)	(249)	(250)
Net cash inflow/(outflow)	58	(249)	(191)

16.4 Interests in associates

Group

	2020 £'000	2019 £'000
Cost of investment in associate	621	390
Share of post-acquisition loss net of dividends received	(151)	(11)
Carrying value of interests in associates	470	379

The Group holds 100% of the New Series C Shares, representing 30% of the total share capital of James Stocks & Co (Holdings) Limited, a professional services firm who specialise in corporate finance and strategic advice. James Stocks & Co (Holdings) Limited was incorporated and operates in Gibraltar.

Summarised financial information in respect of James Stocks & Co (Holdings) Limited is set out below:

	2020 £'000	2019 £'000
Net profit/(loss)	(467)	77
Net assets	192	148

17. TRADE AND OTHER RECEIVABLES

	Group 2020 £'000	Restated Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade receivables	26,870	15,598	–	–
Accrued income	5,925	3,960	–	–
Other receivables	4,033	8,570	518	153
Amounts due from subsidiaries	–	–	37,977	30,045
Prepayments	7,584	3,832	391	25
	44,412	31,960	38,886	30,223

Trade receivables are stated including £3,481,000 of VAT and £3,412,000 of disbursements.

18. CASH AND CASH EQUIVALENTS

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Cash in hand and at bank	5,250	4,759	3	987
Total	5,250	4,759	3	987

Cash and cash equivalents include the following:

Cash as above	5,250	4,759	3	987
Bank overdrafts	(59)	(39)	–	–
Total	5,191	4,720	3	987

19. SHARE CAPITAL

	%	2020 Number	2020 £'000	2019 £'000
Authorised				
Ordinary shares of 1p each	100	68,540,912	686	370
			686	370

	%	2020 Number	2020 £'000	2019 £'000
Allotted, called up and fully paid				
Ordinary shares of 1p each	100	68,540,912	686	370
			686	370

Ordinary shares rank equally as regards to dividends, other distributions and return on capital. Each ordinary share carries the right to one vote.

On 27 November 2019, 350,000 ordinary shares were issued at 1p per share, with a nominal value of 1p per share.

On 3 February 2020, 31,214,182 ordinary shares were issued at 45p per share, with a nominal value of 1p per share.

	2020 Number	2020 £'000
Ordinary shares of 1p each		
At 1 April	36,976,730	370
Shares issued during the year	31,564,182	316
At 31 March	68,540,912	686

Details of share options issued in the year are set out in note 12.

20. RESERVES

Share premium represents the difference between the amount received and the par value of shares issued less transaction costs.

The reverse acquisition reserve has arisen under IFRS3 '*Business Combinations*' following the acquisition of The Ince Group.

Other reserves represents the impact of the valuation of share options issued in the year, details of which are set out in note 12, and the difference between fair value and nominal value of shares issued in share-for-share exchanges.

Foreign exchange translation reserve includes gains or losses in translating overseas operations into GBP sterling.

21. TRADE AND OTHER PAYABLES

	Group 2020 £'000	Restated Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Current:				
Trade payables	12,263	7,666	524	289
Amounts due to subsidiaries	–	–	27,046	27,187
Other taxes and social security	3,445	2,436	36	12
Other payables	3,133	6,008	–	1
Deferred consideration	14,608	7,436	–	–
Unpaid dividends	15	–	15	–
Accruals	5,861	4,276	135	101
	39,325	27,822	27,756	27,590
Non-current:				
Other payables	1,391	–	–	–
Deferred consideration	21,062	31,409	–	–
Accruals	–	4,022	–	–
	22,453	35,431	–	–
Total	61,778	63,253	27,756	27,590

Deferred consideration relates to business combinations and the purchase of client lists and relationships.

22. BORROWINGS

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Bank overdrafts	59	39	–	–
Bank loans	11,651	6,000	11,600	6,000
Other loans	2,519	1,542	–	–
Obligations under hire purchase and lease contracts	–	29	–	–
Total borrowings	14,229	7,610	11,600	6,000
Current	3,829	2,370	1,200	900
Non-current	10,400	5,240	10,400	5,100
Total	14,229	7,610	11,600	6,000

The Group has a secured bank loan with Barclays Bank Plc with a carrying value of £5,100,000 at 31 March 2020 (2019: £6,000,000). The loan was entered into on 31 December 2018, has a term of three years (to be repaid in quarterly instalments which commenced from September 2019) and carries interest at LIBOR + 2.25% per annum. A £6,500,000 revolving credit facility was also entered into with Barclays Bank Plc at 31 December 2018, and was drawn down during the year. The loan and the revolving credit facility are both secured against certain entities within the Group and are subject to covenants which are assessed each quarter (no current or forecast breaches have been identified).

The Group has a secured bank loan with Commerz Bank with a carrying value of £51,000 at 31 March 2020. The Group acquired the loan through the acquisition of Ince & Co Germany LLP during the year. The loan was entered into on 1 October 2016, has a term of four years (to be repaid in monthly instalments which commenced from June 2017) and carries interest at 3% per annum.

Other loans of £2,519,000 (2019: £1,542,000) are unsecured and carry interest at between 3.0 per cent and 10 per cent per annum. Other loans are repayable within 12 months, except non-current other loans of £Nil (2019: £126,000) which has a maturity of 1-3 years.

23. PROVISIONS

Group

	Onerous lease & employment contracts £'000	Other provisions £'000	Total £'000
Balance at 31 March 2019 (restated)	2,280	7,855	10,135
Provisions made	–	562	562
Subsidiaries joining the Group	–	829	829
Unwinding of discounting	12	–	12
Utilised during the year	(1,167)	(3,168)	(4,335)
Amounts released	–	(2,607)	(2,607)
Balance at 31 March 2020	1,125	3,471	4,596
Current	684	1,723	2,407
Non-current	441	1,748	2,189

Provisions categorised as current liabilities represent provisions for liabilities which have the possibility of being settled within one year.

Provisions for onerous property leases and employment contracts relate to rental costs for the Group's prior head office and agreed contractual employment arrangements for a former Ince & Co employee.

Other provisions include legacy liabilities inherited with the Ince & Co acquisition of £1,347,000 (2019: £5,731,000 restated), refurbishment costs for the Group's head office of £Nil (2019: £1,357,000), and uninsured excess on potential claims of £897,000 (2019: £723,000).

24. PENSIONS

The Group participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in a fund administered by Options Corporate Pensions UK. Contributions from employers and employees totalling £176,000 (2019: £226,000) were payable to the fund at the year end and are included in payables.

25. ULTIMATE CONTROLLING PARTY

The Ince Group plc is owned by its shareholders and there is no ultimate controlling party.

26. RELATED PARTY TRANSACTIONS

Group

In addition to the transactions disclosed in the Directors' Remuneration Report the Group has entered into the following transactions with related parties:

The Group occupies office accommodation at Llanmaes, St Fagans, Cardiff under arrangements with Juratone Limited, a company of which AJ Biles is a director. Rent and service charges of £207,000 (2019: £202,000) were charged during the year under these arrangements and the Group charged Juratone Limited amounts of £23,000 (2019: £13,000). At the balance sheet date an amount due to Juratone Limited of £Nil (2019: £Nil) is included in payables and an amount due from Juratone Limited of £104,000 (2019: £78,000) is included in receivables.

AJ Biles is a designated LLP member of ACR Professional Services LLP. Professional services of £240,000 (2019: £131,940) were charged from ACR Professional Services LLP to the Group during the year. Fees and reimbursed expenses of £20,000 (2019: £Nil) were charged from the Group to ACR Professional Services LLP during the year. At the balance sheet date the Group was owed £291,000 (2019: £163,000) from ACR Professional Services LLP.

The Group charged fees and reimbursed expenses of £322,000 (2019: £724,000) to e.Legal Technology Solutions Limited during the year. The Group was charged fees and reimbursed expenses of £907,000 (2019: £1,353,000) by e.Legal Technology Solutions Limited during the year. At the balance sheet date the Group owed £145,000 to e.Legal Technology Solutions Limited (2019: the Group was owed £27,000 from e.Legal Technology Solutions Limited). During the year, e.Legal Technology Solutions Limited transferred an intangible asset totalling £130,000 at nil gain/nil loss to the Group.

The Group charged Stann Marine Limited, a company in which a designated member of Ince Gordon Dadds AP LLP is a director, fees under a management agreement totalling £211,000 (2019: £127,000).

The Group charged fees to associate company James Stocks & Co Limited of £49,000 (2019: £37,000) and was charged fees of £Nil (2019: £Nil) during the year. At the balance sheet date the Group was owed £119,000 (2019: £Nil) from James Stocks & Co Limited.

The Group charged fees of £1,150,000 (2019: £Nil) to Incisive Law LLC during the year. The Group was charged fees of £6,696,000 (2019: £Nil) to Incisive Law LLC. At the balance sheet date the Group was owed £1,999,000 (2019: £Nil) from Incisive Law LLC. Incisive Law LLC is a Singapore-based formal law alliance ("FLA") with Ince & Co Singapore LLP.

Company

In addition to the transactions disclosed in the Directors' Remuneration Report the Company has entered into the following transactions with related parties:

The Company charged reimbursed expenses of £692,000 (2019: £177,000) to subsidiary undertakings during the year. At the balance sheet date an amount due from subsidiary undertakings of £Nil (2019: £Nil) is included in trade receivables.

The Company was charged fees and reimbursed expenses of £910,000 (2019: £76,000) by subsidiary undertakings during the year. At the balance sheet date an amount due to subsidiary undertakings of £Nil (2019: £Nil) is included in trade payables.

27. FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a number of financial risks. A risk management programme has been established to protect the Group and the Company against the potential adverse effects of these financial risks. There has been no significant change in these financial risks since the prior year.

Fair value of financial instruments

Financial instruments comprise cash and cash equivalents, trade and other receivables, including sums due from subsidiaries and loan stock, bank and other loans, obligations under hire purchase and lease contracts and trade and other payables. In the Directors' opinion, the carrying value of the financial instruments approximates their fair value.

	Note	Group 2020 £'000	Restated Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Loans and receivables:					
Trade receivables	17	26,870	15,598	–	–
Accrued income	17	5,925	3,960	–	–
Cash and cash equivalents	18	5,250	4,759	3	987
Other receivables	17	4,033	8,570	518	153
Amounts due from subsidiaries	17	–	–	37,552	30,045
Total financial assets		42,078	32,887	38,073	31,185
Financial liabilities measured at amortised cost:					
Borrowings	22	14,229	7,610	11,600	6,000
Lease liabilities	14	18,836	–	760	
Trade payables	21	12,263	7,666	524	289
Other payables	21	3,133	6,008	–	1
Deferred consideration	21	35,670	38,845	–	–
Amounts due to subsidiaries	21	–	–	26,621	27,187
Total financial liabilities		84,131	60,129	39,505	33,477
Total financial instruments		(42,053)	(27,242)	(1,432)	(2,292)

28. CREDIT RISK

Customers are assessed for creditworthiness and credit limits are also imposed on customers and reviewed regularly. The maximum exposure to credit risk is the carrying value of the Group's financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes.

The Group holds no collateral or other credit enhancements. The receivables' age analysis is also evaluated on a regular basis for potential doubtful debts. It is management's opinion that no further provision for doubtful debts is required.

Cash and cash equivalents are invested with banks with a credit rating of no less than A-1.4.

Analysis of trade receivables:

	30 days or less £'000	31-60 days £'000	61-90 days £'000	90-180 days £'000	>180 days £'000	Total gross £'000	Bad debt provision £'000	Total carrying amount £'000
2020	15,105	5,544	2,836	3,385	15,944	42,814	(15,944)	26,870
2019	10,435	2,889	1,606	668	5,351	20,949	(5,351)	15,598

The Group allows an average trade receivables payment period of 30 days after invoice date. It is the Group's policy to assess receivables for recoverability on an individual basis and to make provision where it is considered necessary. In assessing recoverability the Group takes into account any indicators of impairment up until the reporting date. The application of this policy generally results in debts between 31 and 180 days not being provided for unless individual circumstances indicate that a debt is impaired. Receivables over 180 days are provided for except in circumstances where the Group has security in respect of the debt or has other arrangements which satisfy the Group that the debtor is in a position to pay and is intending to pay but is stopped until an event occurs (such as the grant of probate).

The Directors have considered whether there is an overall change in the economic environment which changes the expected lifetime credit loss on its trade debtors and consider that the existing policy does not need varying at this year end.

Trade receivables that are neither impaired nor past due are made up of 2,832 receivables' balances (*2019: 1,429*). The largest individual debtor corresponds to 3.8% (*2019: 0.7%*) of the total balance. Historically these receivables have always paid balances when due. The average age of these receivables is 100 days (*2019: 121 days*). No receivables' balances have been renegotiated during the year or in the prior year.

The Group individually impaired no net balances (*2019: £Nil*). The Group does not hold any collateral over any balances.

29. INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Interest bearing assets including cash and cash equivalents are considered to be short-term liquid assets. Our interest rate liability risk arises primarily from borrowings issued at floating interest rates which exposes the Group to cash flow interest rate risk. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does therefore not incur interest on overdue balances. Borrowings are sourced from local financial markets, covering short and long-term funding. The Group manages interest rate risk on borrowings by ensuring access to diverse sources of funding and reducing risks of refinancing by establishing and managing borrowings in accordance with target maturity profiles.

Interest rate exposure and sensitivity analysis:

Given the short-term nature of the Group and Company's financial assets and liabilities no sensitivity analysis has been prepared as the impact on the financial statements would not be significant.

30. FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency.

The Group has overseas operations in Europe, Middle East and Asia and is therefore exposed to changes in the respective currencies in these territories. The Group maintains bank balances in each of the entities' local currency and in other currencies as required. Cash positions are monitored and are converted to local currency at appropriate times, minimising the exposure to exchange fluctuations.

30. FOREIGN CURRENCY RISK/Continued

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into GBP at the closing rate:

	Functional currency of individual entity					
	GBP 2020 £'000	2019 £'000	EUR 2020 £'000	2019 £'000	HKD 2020 £'000	2019 £'000
Net foreign currency financial assets/(liabilities)						
GBP	–	–	(44)	–	(76)	–
EUR	434	328	–	–	(2)	–
HKD	(115)	(12)	–	–	–	–
RMB	574	531	–	–	–	–
USD	1,901	1,088	129	–	3,254	–
Other	11	(324)	(1)	–	–	–
	2,805	1,611	84	–	3,176	–

	RMB 2020 £'000	2019 £'000	AED 2020 £'000	2019 £'000	SGD 2020 £'000	2019 £'000
Net foreign currency financial assets/(liabilities)						
GBP	(1)	(1)	(23)	–	187	–
EUR	18	–	(5)	–	–	–
HKD	399	–	–	–	–	–
RMB	–	–	–	–	–	–
USD	647	117	325	–	287	–
Other	18	–	(4)	–	(9)	–
	1,081	116	293	–	465	–

The following table illustrates the sensitivity of profit and equity in relating to the Group's financial assets and financial liabilities to a reasonably possible change in exchange rates, with all other variables held constant and no further foreign exchange risk management actions taken.

		Increase/(decrease) in income before taxation		Increase/(decrease) in net assets	
	Change in rate	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Appreciation against GBP of:					
EUR	6%	30	21	75	–
HKD	8%	(4)	(1)	137	–
RMB	7%	41	38	(92)	(20)
USD	8%	151	86	–	–

The above sensitivity information was calculated by reference to carrying amounts of assets and liabilities at 31 March only. The effect on income before taxation arises in connection with monetary balances denominated in currencies other than an entity's functional currency, and the effect on net assets arises principally from the translation of assets and liabilities that are not sterling functional.

The higher foreign currency exchange rate sensitivity in profit in 2020 compared to 2019 is attributable to an increase in foreign currency denominated balances following the acquisition of overseas entities into the Group.

31. LIQUIDITY RISK

The Group seeks to maintain sufficient cash balances.

Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 113 days (2019: 104 days restated).

Trade and other payables and amounts due to subsidiaries are due within 12 months; the maturity of financial liabilities is set out below.

The following table sets out the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Total contractual cash flows £'000
31 March 2020					
Variable interest bearing	300	951	1,200	9,200	11,651
Fixed interest rate instruments	1,061	1,458	–	–	2,519
Finance leases	1,381	4,140	5,508	7,807	18,836
	2,742	6,549	6,708	17,007	33,006
31 March 2019					
Variable interest bearing	–	900	1,200	3,900	6,000
Fixed interest rate instruments	516	901	63	63	1,543
Finance leases	4	13	12	–	29
	520	1,814	1,275	3,963	7,572

Interest bearing financial liabilities carry interest at between 3 per cent and 10 per cent per annum.

The Group has also access to financing facilities of £250,000 (2019: £6,750,000) as described below.

Unsecured bank overdraft facility (£250,000 of which £Nil was drawn down at 31 March 2020), reviewed annually and payable at call, and a revolving credit facility (£6,500,000 which was fully drawn down at 31 March 2020), described in note 22:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Amount used	–	38	–	–
Amount unused	250	6,712	–	6,500
	250	6,750	–	6,500

32. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

32. CAPITAL MANAGEMENT/Continued

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity.

Debt to adjusted capital ratios

The debt adjusted capital ratios at 31 March 2020 were as follows:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Total debt	14,229	7,610	11,600	6,000
Less: cash and cash equivalents	(5,250)	(4,759)	(3)	(987)
Net debt	8,979	2,851	11,597	5,013
Total equity	51,348	31,480	47,166	44,979
Add: subordinated debt instruments	–	–	–	–
Adjusted capital	51,348	31,480	47,166	44,979
Debt to adjusted capital	1:5.7	1:11.0	1:4.1	1:9.0

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Group 2019 £'000	Adoption of IFRS 16 £'000	Cash flows £'000	Non-cash changes Acquisitions £'000	Non-cash changes Other £'000	Group 2020 £'000
Borrowings	7,581	–	6,154	494	–	14,229
Lease liabilities	29	10,212	(3,268)	11,895	(32)	18,836
	7,610	10,212	2,886	12,389	(32)	33,065

34. CHANGES IN ACCOUNTING POLICIES

As the Group has applied IFRS 16 using the modified retrospective approach, comparative information has not been restated and continues to be reported under IAS 17. The table below summarises the impact of IFRS 16 on the Group's income statement for the year to 31 March 2020:

	IAS 17 Rental expense £'000	IFRS 16 Depreciation £'000	IFRS 16 Interest £'000
Property	3,705	4,563	503
Other equipment	103	100	11
Total	3,808	4,663	514

34.1 Adjustments recognised on adoption of IFRS 16

The Group adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for previous reporting periods, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

The Group has lease contracts for various offices and IT equipment. Before the adoption of IFRS 16, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019 of 3.16%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	2020 £'000
Operating lease commitments disclosed at 31 March 2019	7,402
Discounting using the lessee's incremental borrowing rate at the date of initial application	(972)
Add: finance lease liabilities recognised as at 31 March 2019	29
(Less): short-term leases recognised on a straight-line basis as expense	(344)
(Less): low-value leases recognised on a straight-line basis as expense	(16)
Add: adjustments as a result of a different treatment of extension and termination options	4,142
Lease liability recognised as at 1 April 2019	10,241
Of which are:	
Current lease liabilities	1,865
Non-current lease liabilities	8,376
	10,241

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019.

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

	£'000
Right-of-use assets	10,241
Sundry debtors	(101)
Lease liabilities	(10,212)
Accruals	72
Retained earnings	–

In applying IFRS 16 for the first time the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short term
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

34. CHANGES IN ACCOUNTING POLICIES/Continued

34.2 Summary of new accounting policies

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Lease liabilities are initially measured at the net present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Extension and termination options are included in a number of the property leases across the Group. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew or terminate a lease. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or terminate the contract. If a lease modification either increases the given lease's scope by adding the right of use of an asset then this modification is treated as a new lease.

Payments associated with short-term leases and leases of low-value assets (with a value of less than £10,000) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

35. RESTATEMENT OF PRIOR YEAR

During the year, additional pre-acquisition liabilities were identified resulting in restatement of the goodwill on acquisition of Ince & Co LLP. There was no impact on the 2018 results from these adjustments. In this financial year following the completion of the second stage of the Ince acquisition, a professional valuation of the branding and trademark was obtained and a detailed review of the contractual terms was undertaken which resulted in the reclassification of certain liabilities and the determination (as detailed in note 2.8) of a brand value attributable to Ince of £17,000,000. Data on recurring business suggested that the client portfolios were less valuable than the brand and deemed to be valued at £4,500,000.

The affected financial statement line items for the prior period have been restated as follows:

Statement of financial position extract	Group 2019 £'000	Change £'000	Restated Group 2019 £'000
Intangible assets	53,198	21,245	74,443
Trade and other receivables	35,222	(3,262)	31,960
Trade and other payables	(48,669)	(14,584)	(63,253)
Provisions	(6,736)	(3,399)	(10,135)
Total	33,015	–	33,015

The affected line items within the Notes to the Financial Statements for the prior period have been restated as follows:

Extracted from Notes to the Financial Statements	Group 2019 £'000	Change £'000	Restated Group 2019 £'000
Intangible assets – Goodwill	42,075	8,745	50,820
Intangible assets – Client portfolio	9,901	(4,500)	5,401
Intangible assets – Brand & trademarks	–	17,000	17,000
Trade receivables	17,229	(1,631)	15,598
Accrued income	5,591	(1,631)	3,960
Other payables (current)	(1,344)	(4,664)	(6,008)
Accruals (current)	(4,158)	(118)	(4,276)
Deferred consideration (non-current)	(21,607)	(9,802)	(31,409)
Provisions (current)	(5,523)	(2,562)	(8,085)
Provisions (non-current)	(1,213)	(837)	(2,050)
Total	40,951	–	40,951

DIRECTORS

DA FURST
Non-Executive Chairman

AJ BILES
Chief Executive Officer

SR OAKES
Chief Financial Officer
(appointed 26 May 2020)

SJ HOWARD
Non-Executive Director

PJ ROGAN
Non-Executive Director

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