Strategic
Resilient
Sustainable

Annual Report 2020

Contents

At a glance

NAHL Group plc is a leader in the consumer legal services and catastrophic injury markets, delivering products and services to consumers and businesses through two autonomously managed divisions, Consumer Legal Services and Critical Care.

2020 presented a unique set of challenges for our businesses. The impact of the COVID-19 pandemic on the Group was severe as the lockdown measures resulted in 27% fewer consumers having accidents in the year. This impacted revenues in both our Personal Injury and Critical Care businesses.

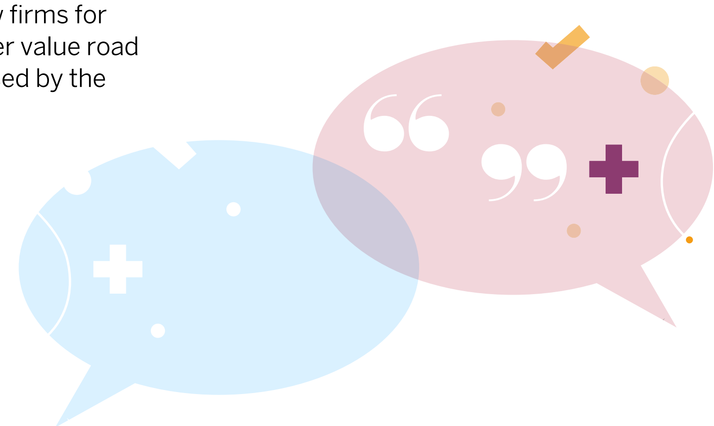
This was a significant setback in our plans, but we acted quickly to protect our staff and customers and our business models proved to be sufficiently resilient to weather this storm. Through focusing on the short term in 2020 we generated a significant increase in free cash flow (from an outflow of £1.7m in 2019 to an inflow of £6.1m in 2020), reduced net debt and de-risked the balance sheet.

Our Critical Care business, Bush & Co, holds a leading position in the catastrophic injury market. It is a long-cycle business and so the impact of fewer accidents resulting from COVID-19, and the delay in non-urgent medical procedures, is expected to suppress profits over several years. However, we do expect to see profit improvement in 2021 compared to 2020 and the management team has advanced initiatives that could, if successful, accelerate a return to levels of pre-COVID profits by 2023.

Within Consumer Legal Services, our Personal Injury business had historically been a simple, short cycle business, providing marketing and claim triage services to a panel of law firms for cash. The regulatory changes to lower value road traffic accident (RTA) claims, proposed by the Government in 2015, meant this model could not be sustained as demand from the panel would fall. This is what happened.

The reforms are finally going to be implemented on 31 May 2021 and are expected to remove £1.3bn of value from low value RTA claims as compensation tariffs are significantly reduced and claims worth £5,000 or less are settled through the small claims track with no awards for costs.

To prepare for these changes we have transformed our Personal Injury business from a claims management company (CMC) into a modern, technologically-enabled law firm, National Accident Law, regulated by the Solicitors Regulatory Authority. National Accident Law can process its own work thus retaining 100% of the profit and cash from it, or it can sell that work to a panel law firm.



This is a different business model but one that is sustainable in the new environment, where many CMCs and law firms are expected to exit the market as they cannot make sufficient money from low value RTA work which they have been reliant on. This may further affect demand from our panel, although we believe those firms will continue to want non-RTA work that is largely unaffected by the reforms.

Whilst a significant minority of our work is low value RTA, most of it is non-RTA work. By processing an increasing amount of non-RTA work, as well as all the RTA work, through National Accident Law from 2021 we should have a sustainable and profitable business, but with a longer profit and cash cycle. The challenge will be scaling National Accident Law to deal with an increasing volume of work, including more complex cases, and balancing the amount of work we place with the panel for in-year profit and cash with the amount we process ourselves for greater, but deferred, profit and cash.

We cannot be certain about the longer-term impact of the reforms on the Personal Injury market, but it seems likely that it will lead to consolidation and result in a small number of large Personal Injury firms dominating the market. We remain confident that we can successfully deal with these challenges and optimistic that in the future we can be one such firm.

Overall, we were pleased with the way that, each of our two divisions coped with the challenges faced from COVID-19 in 2020 and generated £6m of free cash enabling us to de-risk the balance sheet. Assuming the ongoing success of the UK vaccination programme and the relaxation of lockdown measures proceed according to the Government's plan, we expect to continue to generate cash in 2021 along with more profit than in 2020.

Managing through a pandemic

1 Reaction
Month 0–1

Addressed immediate challenges to our people, customers, business partners and liquidity

- Followed Government instructions and ensured staff were safeguarded
- Implemented business continuity plans, which enabled remote working and uninterrupted trading from Day 1
- Implemented immediate cost containment measures, including temporary voluntary pay reductions for the Board and senior management and cancelled planned pay increases

2 Resilience
Month 1–6

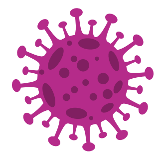
Addressed near-term cash management, liquidity and resilience challenges through lockdown

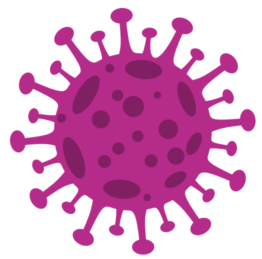
- Stress tested cash flows
- Agreed new banking covenants and extended revolving credit facility with bank
- Prioritised placement of personal injury enquiries into panel to drive cash flow
- Restructured to create our Consumer Legal Services division
- Identified over £1m annualised cost savings and closed London office
- Made use of Government Coronarvirus Job Retention Scheme, claiming £0.4m from April to December and furloughing up to a maximum of 82 staff during this period

3 Return
Month 6–18

Created a plan to return the business to growth, scaling quickly as lockdown eased and the longer-term impact became clearer

- Developed a flexible working proposition for staff with suitable office space to facilitate hot-desking and collaboration
- Conducted a review of divisional strategies and prioritisation of strategic projects in light of market conditions
- Progressed with planned investment in technology in Consumer Legal Services and Critical Care to support future growth from 2020 and create further operational efficiencies
- Continued to flex our personal injury enquiry placement model as volume recovered, retaining flexibility to respond to future COVID-19 challenges and growing levels of self-processing in National Accident Law





maximum of
82
staff placed on furlough during this period

Strategic Report

Our Business

NAHL Group plc

NAHL suffered a significant setback as a result of the COVID-19 pandemic, as the volume of new non-fault accidents fell causing a reduction in our revenues and profits. But, throughout this period our businesses performed with resilience and were cash generative. Each has an attractive investment proposition in their own right and are well placed to recover as lockdown measures ease.

James Saralis,
Chief Financial Officer

NAHL Group plc operates in the consumer legal services and catastrophic injury markets, delivering products and services to consumers and businesses through two independently managed divisions – Consumer Legal Services and Critical Care – supported by a centralised Shared Services function.

Our two business models share common features:

- the operation of leading brands in our sectors;
- highly effective and efficient marketing activity;
- deep and long-standing relationships with customers and partners, and ongoing business development;
- leveraging the use of technology to improve customer experience and increase efficiency;
- underpinned by our people – a committed, agile, proactive and highly engaged workforce, united in our values;
- strong, experienced and collaborative leadership teams; and
- predictable and highly visible cash-flows, supported by a mix of near- and long-term cash realisation opportunities.

The Group aims to create value for its shareholders by delivering growth within its two divisions. Despite the challenges presented by COVID-19 in the year, the Board has maintained a sharp focus on its long-term goals and made progress in developing its strategies to grow these businesses, which are explained in more detail on the following pages.

Strong
leadership

Consumer Legal Services

Our Consumer Legal Services division is a leading provider of legal services to the UK consumer with over 25 years' experience in the personal injury sector.

Simon Trott,
Chief Operating Officer

Our market

The Consumer Legal Services division focuses on the Personal Injury and Residential Conveyancing[1] sectors of the legal services market.

The market for Personal Injury legal services is estimated at £4bn, with more than 800,000 individual claims registered in a typical year. Within that market, we calculate that the share represented by the fees earned by claimant-side law firms comprises £1.6bn of the total. While claim volumes have been in gradual decline over the past five years, an increase in the value of damages awarded, costs inflation and changes in the type of claims made have largely offset any reduction in the value of the market. The market for legal services in the Residential Property sector is estimated at £2.4bn, with more than 1 million property transactions taking place each year despite subdued activity levels in the market since the 2015 changes to Stamp Duty and the 2016 Brexit vote.

Demand for the services offered by the Personal Injury business ultimately stems from people who suffer injury in an accident that was not their fault. Consumers have the right to claim compensation for the pain and loss of earnings associated with such injuries, and seek legal representation to ensure the best outcome from such a claim.

The COVID-19 pandemic led to a reduction in personal injury claim volumes in 2020: social restrictions and multiple lockdowns impacted mobility from early spring, and with fewer people attending workplaces, visiting hospitality, retail or entertainment venues, and lower public transport use, the number of accidents and subsequent claims reduced significantly. Data secured by the Association of Consumer Services Organisations (ACSO) indicates that claim volumes fell by nearly 27% in 2020[2]. We believe that the reduction in non-RTA claims, which are the focus of our business, is a temporary feature of the market that will reverse once lockdown measures are relaxed. The number of RTA claims are likely to be adversely affected by the industry reforms due to be implemented on 31 May 2021 because the lower levels of compensation available in low value whiplash claims will reduce the propensity for victims of this type of accident to make a claim. We are forecasting a 10% reduction in volume due to this. However, we expect this will result in some competitors exiting this segment of the market, providing an opportunity for firms such as National Accident Law to increase market share. We are forecasting a <1% increase in market share for National Accident Law to offset the reduction in market volumes.

1 The division operates a residential conveyancing business, branded as Homeward Legal, which follows a similar business model to personal injury by placing conveyancing instructions into a panel of third-party firms for processing. This business also provides consumers and third-party firms with property searches through Searches UK.

2 Source: claims registered with the Claims Recovery Unit

Our investment case and business model

The Group's personal injury business model is built on three pillars:

1. a highly productive marketing engine, powered by the sector's most trusted brand, National Accident Helpline;
2. an efficient, technology-enabled and purpose-built law firm, National Accident Law, which is focused on the consumer; and
3. an agile and scalable placement model designed to balance the work we place with our panel for in-year profit and cash with the work we process ourselves for greater, but deferred, profit and cash.

The combined strengths of these pillars uniquely position Consumer Legal Services to profitably service high-volume segments of its market, whilst enabling the division to optimise its returns from higher-value segments of the claims market.

The division completed its three-year investment programme in 2020, which laid the foundations for the growth of our own law firm, National Accident Law, and prepared the business for the market reforms being implemented in May 2021. Over the last year, this work has included: transitioning the business from a claims management company to a law firm regulated by the Solicitors Regulatory Authority; upgrading its call centre technology and implementing a 'One-Call' process that provides a seamless customer journey and improved lead conversion; and introducing a new digital tool to enable standard RTA claims to be completed entirely online.

The strong market awareness of our National Accident Helpline brand and its highly optimised website generates a high volume of leads which we triage through our customer contact centre to identify enquiries with the greatest potential of success. Our investments in digital customer journeys means that an increasing number of enquiries are generated entirely online at a reduced cost.

We monetise qualified enquiries through our flexible placement model. Enquiries either proceed directly to our in-house processing law firm, National Accident Law, or are dealt with by one of the specialists on our panel of law firms. We no longer place large volumes with our joint venture[1] firms now that we have our own in-house firm, as National Accident Law offers us a better return and a simpler journey for the customer.

In general, enquiries processed through National Accident Law generate the highest return on investment, whilst enquiries passed to the panel have the benefit of providing immediate cash flow.

National Accident Law represents consumers under a 'No Win, No Fee' agreement, using our customised technology platform to progress claims to settlement efficiently and effectively. We recognise revenue at the point at which liability is admitted by the defendant and receive payment of our fees at the point of settlement. We have, therefore, high visibility of future cash flows which, in turn, helps to inform ongoing placement decisions.

National Accident Law will process all our RTA claims, including RTA small claims which will have lower margins after the small claim reforms are implemented by the Government, from 31 May 2021, and an increasing number of non-RTA claims from the second half of 2021.

We constantly assess market conditions, financial performance and our own processing capacity to guide our decisions on placement, investments into brand-building and marketing activities, and further investment in our claim processing capabilities. This flexibility allows us to respond with agility to market conditions and opportunities.

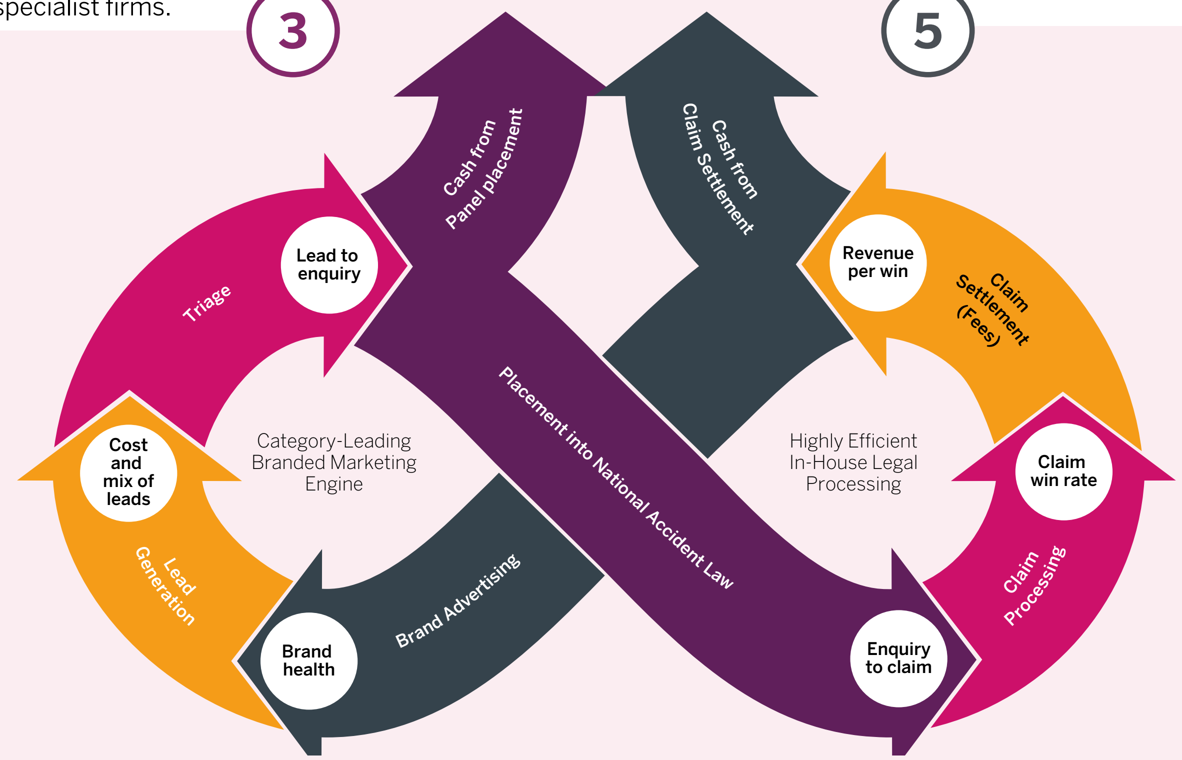
1. References to 'joint venture' law firm relate to our law firms Your Law LLP and Law Together LLP which we operate in partnership with a minority member. The term 'joint venture' does not relate to the IFRS definition. These law firms are accounted for as subsidiary undertakings, see note 1 to the financial statements for further details.

Short-Term Profit and Cash

Long-Term Profit and Cash

3 Our flexible business model supports high returns by processing claims ourselves and also allows for options to maximise cash flows through partnership with specialist firms.

5 We have a predictable, cash generative model, with a mix of historical and near-term contracts providing ongoing cash flow.



2 Our deep consumer understanding and highly developed marketing engine helps us generate sector-leading numbers of leads across a wide range of injury types.

1 Having invested over £50m since inception, National Accident Helpline is the sector's most trusted brand with high consumer awareness.

4 Our technology-enabled, digital solution is based around highly customised software and bespoke processes designed to deliver high efficiency.

Critical Care

Bush & Co is a leading player in the £107m Catastrophic Injury market and has been providing case management and expert witness services to solicitors and insurers across the UK for 35 years.

Helen Jackson,
Managing Director, Bush & Co

Our market

Our Critical Care business, Bush & Co (Bush), holds a leading position providing legal support services in the Catastrophic Injury market, itself a subset of the Medical Reporting & Rehabilitation market. The Catastrophic Injury market is defined as those cases involving the most severe and life-changing injuries, with settlement values of £500,000 and above.

We calculate that prior to the COVID-19 pandemic, our target market was worth £107m, with around 6,500 catastrophic personal injury claims made in a typical year. Whilst not all of these claims are subject to the full suite of services provided by the sector, most require the services of an Expert Witness and around half will use a Case Management service as part of their rehabilitation. The market had grown steadily over the previous five years, with a compound annual growth rate of 2%. Case numbers had remained broadly flat, with a slight decline in the number of serious road traffic accidents offset by modest growth in medical negligence and workplace injuries.

COVID-19 saw the number of serious accidents contract due to a reduction in vehicles on the road, people in work and a delay in non-urgent medical procedures. We believe this reduction to be temporary and forecast that the number of serious accidents will return to pre-COVID trends once the Government's lockdown measures end.

The complexity of catastrophic injuries results in long case lifecycles, which makes the market more resilient and predictable. Within Case Management, instructions for Initial Needs Assessments are typically made 3–4 months after an injury. Ongoing case management support for rehabilitation has an average lifecycle of over two years, meaning that in any given year more than half of the cases under management relate to accidents suffered in previous years. Expert Witness instructions are typically received once a case is well under way, which is often more than three years from the dates of the accident.

We believe that the 27% fall in the number of personal injury claims overall will translate to a similar reduction in catastrophic injury claims in 2020. Therefore, whilst the pandemic naturally led to a reduction in Case Management instructions in-year with a recovery following several months after accident volumes return, the impact and corresponding recovery in Expert Witness instructions will be less pronounced and spread over multiple years. The business has factored these market features into its long-term planning.

Our investment case and business model

Bush's business model is built on three pillars:

1. strong and diverse customer relationships with over 400 clients across the legal, insurance, clinical and charity sectors;
2. a wide range of competencies and specialisms creating revenue realisation opportunities throughout the multi-year rehabilitation process;
3. focused investment in technological innovation and expansion into adjacent segments of the market, steered by our Innovate – Optimise – Grow strategic framework

Consequently, Bush delivers robust and predictable financial performance with a mix of new and recurring revenues providing high visibility on cash flow over the multi-year life of a case.

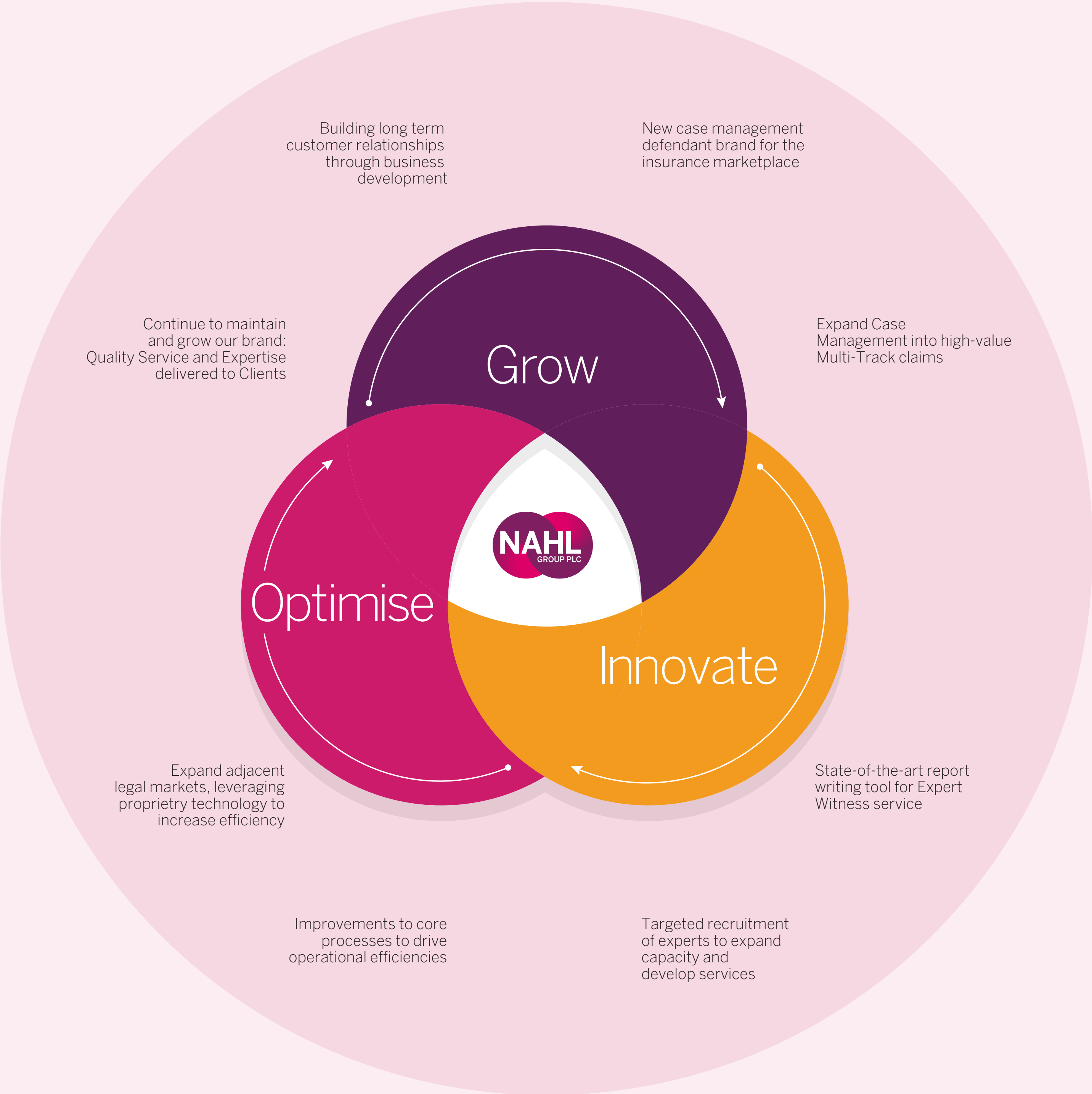
Bush provides vital services to support individuals who have suffered severe and life-changing injuries whilst they pursue a compensation claim. Typically appointed early in the case lifecycle by a claimant's representative (e.g. a law firm, or insurer), we manage catastrophic injury cases for claimants from injury to rehabilitation with an average lifecycle of 26 months through our network of Case Manager and Expert Witness Associates, who are exclusive to Bush in this sector. We are also engaged later in a case lifecycle (an average of 36 months post-injury) by lawyers on either the claimant or defendant side to provide expert assessments and reports used by the court to determine both liability and claim size. Through the deep and long-term relationships that we have built with our clients we command a prominent and market-leading position in case management and have grown to become one of three leading players in the expert witness sector.

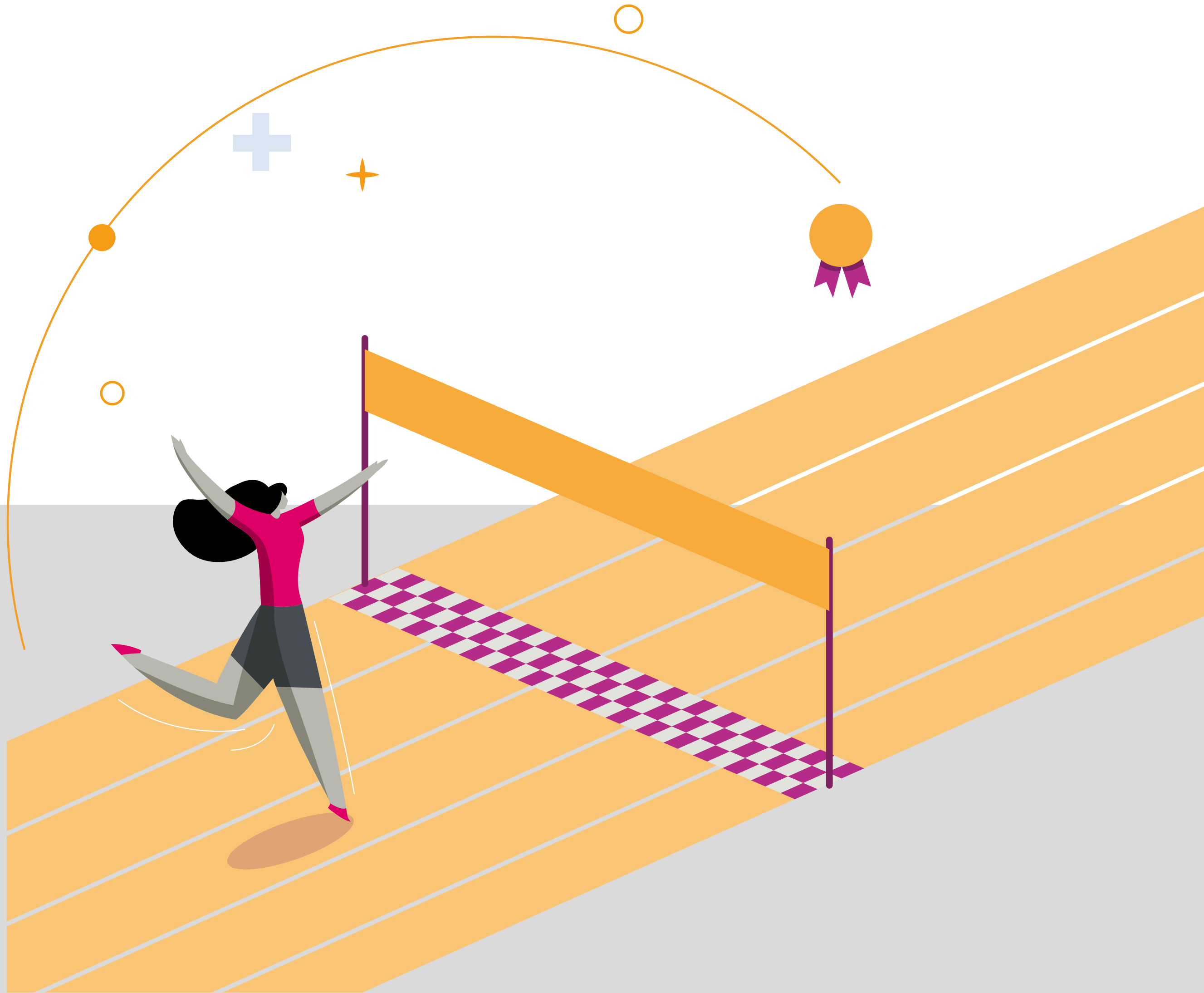
Through the combination of our core competencies in case management and expert witness, and the coverage this affords of the case lifecycle, our business model provides a mix of immediate and recurring revenue which in turn provides predictable, highly visible cash flows. Investments in marketing, technology and capability through the Innovate – Optimise – Grow framework have given the business a track record of strong top line growth, consistent market share gains, and operating margin expansion.

We have also identified significant growth opportunities in expert witness and are seeking to develop our capabilities in key specialisms.

400
clients across the legal, insurance, clinical and charity sectors

The Innovate – Optimise – Grow Strategic Framework





Key Performance Indicators

Key Performance Indicators

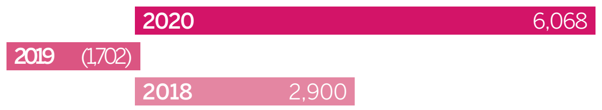
The Board monitors a number of Key Performance Indicators (KPIs) to assess the Group's performance against its strategic objectives. These KPIs include alternative performance measures where they provide additional insight into performance from the perspective of shareholders and other stakeholders.

In addition to the Group's financial KPIs, the Board has identified several non-financial KPIs that help it track progress in areas that are critical for the long-term success of the Group. These are not directly reflected in the Group's financial statements but are assessed on a regular basis and managed by divisional management.

1 Cash generation – free cash flow

Free cash flow comprises the cash that the Group has generated from operations less amounts invested in capital items, lease payments and payments to and from non-controlling interests. The lockdown measures associated with the COVID-19 pandemic caused fewer consumers to have accidents in 2020, which resulted in fewer enquiries being generated in our Personal Injury business (KPI 3). To increase our liquidity, we responded by flexing our placement model to place fewer enquiries than planned into National Accident Law and maximise enquiries placed in the panel, thereby driving increased in-year cash flow. The Group also benefitted from growth in settlements relating to historical claims. These decisions contributed to the Group generating £6.1m of free cash flow but result in lower profits and cash flow in National Accident Law in future years. (Please see Operating Review on Page 28 for more details and note 2 for a reconciliation of this figure to statutory measures).

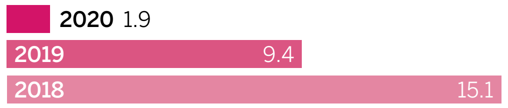
● Free cash flow in the year (£'000)



2 Profitability – underlying earnings per share (underlying EPS)

Underlying EPS excludes exceptional items to derive a profit metric on a per share basis that reflects the underlying performance of the business. Underlying EPS has decreased in 2020 due to the impact of COVID-19 on enquiry volumes in Consumer Legal Services and instruction levels in Critical Care. (Please see Operating Review on page 28 for more details and note 2 for a reconciliation of this figure to statutory measures.)

● Underlying EPS in the year (p)

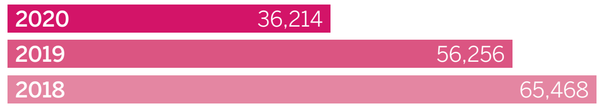


Underlying EPS for 2019 and 2018 has been restated to take into account the changes in presentation of non-underlying items. See note 30 for further details.

3 Marketing services – personal injury enquiries generated

Our ability to generate personal injury enquiries and balance these against market demand and available working capital, are a core element of our business model and a leading indicator of revenue. The lockdown measures resulted in fewer accidents which, in turn, resulted in a significant decline in enquiry volumes generated through the National Accident Helpline brand. (Please see Operating Review on page 28 for more details).

● Personal injury enquiries generated in the year (No.)



4 Personal injury enquiry placement – percentage of enquiries placed in each processing channel

The decisions taken on where we choose to place the personal injury enquiries that we generate will influence both the levels of profit and cash flow in the current year, as well as in future years. This is because an enquiry processed by National Accident Law generates higher levels of profit compared to those processed by our joint-venture law firms or the panel; but placement into either National Accident Law or the joint-venture law firms requires us to wait until case settlement for the cash derived from a successful claim. Also, the volume of new claims placed in National Accident Law is limited by levels of operational capacity and available working capital.

● Panel and other

● Joint venture law firms

● National Accident Law

Monthly placement levels are planned in our annual budgetary process but can be flexed throughout the year depending on the volume of enquiries generated, the levels of capital available to allocate to self-processing, panel demand and operational capacity in National Accident Law.

In 2020, in response to the impact of the COVID-19 pandemic on the business, the Board made the decision to flex its placement plans and allocate a higher proportion of enquiries to the panel in order to generate increased free cash flow in the year (KPI 1). As a result, the proportion of enquiries placed into the joint-venture law firms was reduced as well as a modest reduction in enquiries placed in National Accident Law compared to the start of the year. Consequently, the Group ended the year with a lower number of ongoing claims in its joint-venture law firms and in National Accident Law than originally planned (KPI 5), to develop into profit and cash flow in future years.

5 Service provision – ongoing claims / open case management cases

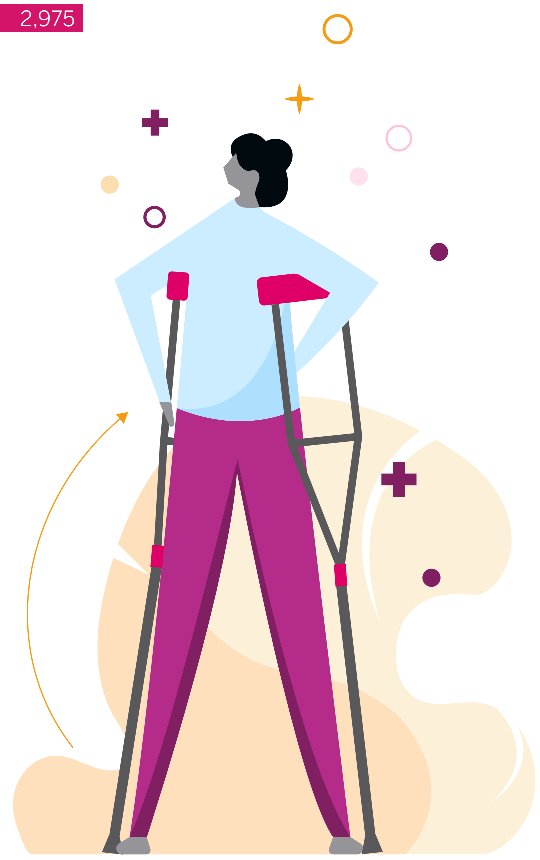
Our ability to generate revenue on processing personal injury claims is dependent on successfully settling claims. Our ongoing claims represent a store of value that will convert to revenue and cash in future years as the claims progress through the legal process and, ultimately, settle. This year, we have rebased this KPI to reflect only ongoing claims in National Accident Law, as our strategy is to focus on these claims where we retain 100% of the profits.

In Critical Care, we invoice on a monthly basis for ongoing case management support provided to clients. This year, the number of open case management cases has not grown as much as we would have anticipated, due to the impact of COVID-19. This caused a decline in the number of new cases, while the number of existing cases coming to the end of their lifecycle continued unaffected. (Please see Operating Review on page 28 for more details).

● Ongoing claims in NAL 31 December (No.)

● Ongoing case management cases at 31 December (No.)

2020	2,975
2019	1,641
2018	–
2020	1,208
2019	1,294
2018	1,110



6 Expert reports – critical care reports issued

We charge fees for issuing expert witness reports and initial needs assessments in Critical Care. We have issued fewer reports this year due to less demand from our law firm customers as a result of productivity challenges caused by the COVID-19 pandemic and also because of patient access challenges arising from the lockdown measures.

● Reports issued in the year (No.)

2020	1,148
2019	1,325
2018	1,292

Our culture, our business

Our culture, our business

2020 presented a unique set of challenges for our business.

The national lockdowns resulted in 27% fewer consumers having accidents in the year, reducing demand for our services, and the 'Stay at home' order issued by the Government in March 2020 required a significant adjustment to our ways of working. Our overriding priority was the continued health, safety and wellbeing of our people and supporting our customers and business partners through those unprecedented times.

Initially we focused on the short-term challenges, including transitioning over 250 staff members from a predominantly office-based environment to working from home. We swiftly implemented our business continuity plans and our well supported systems enabled staff to work remotely with full support, ensuring uninterrupted service and support to our customers.

Due to the reduced demand, and in order to manage our costs, we chose to furlough 82 members of staff throughout the year and utilised the Government's Coronavirus Job Retention Scheme (CJRS) on a flexible basis. This action protected jobs and helped us to prepare for a recovery in the business once COVID-19 levels permitted.

Members of the Board and leadership team voluntarily took temporary salary cuts and the Group cancelled its annual salary review. We also permanently closed our London office and merged our Personal Injury and Residential Property businesses to create a new division, Consumer Legal Services.

Throughout all of these changes, our people demonstrated great resilience, drive and positivity. Their actions, underpinned by our strong company culture and Values, have proved to be a significant asset of the Group.

Our Values

The adaptability of our staff is testament to our policy of recruiting, appraising, rewarding and recognising against our company Values; resulting in a committed and flexible team that consistently performs to the highest standards.

This is exemplified through our company Values, by staff who are:

Passionate
about the business and their role in it;

Driven
to maintain operational performance;

Unified
to do the best job possible; and

Curious
about how efficiency and efficacy can deliver excellent performance

Strong, decisive leadership and clear communications

Strong leadership was more important than ever in the first quarter of 2020, when scale of the COVID-19 pandemic became clear. In March, our leaders created 4 principles to help guide their decision making:

1. the safeguarding of the health and security of our people is paramount
2. the need to be able to support our people by ensuring we continue to have a strong and sustainable business
3. our commitment to following Government/Public Health England (PHE) advice, while seeking to minimise any negative impact on our business or people
4. our commitment to transparency and openness throughout any period of disruption

Transparent and open communications were a theme throughout the year and our leaders sought to replicate the presence they had enjoyed when office-based by utilising numerous online communication tools. This included two new regular activities, each designed to improve staff engagement and as a means to deliver important messages. First, our monthly Biscuit Briefings were held online, where all staff received updates on the business from our leadership team and engaged in Q&A sessions. Secondly, our Weekly Welcomes were a Monday morning introduction to the week, delivered by a member of the wider management teams, providing detailed information on business activities, advice and a challenge to inspire and encourage our staff.

> This is the best culture I've worked in.

Keeping furloughed colleagues engaged

For our colleagues on the CJRS, it was vital that they continued to feel engaged with the Group whilst furloughed. They were invited to attend the Biscuit Briefings on an optional basis and received a twice weekly Furlough News e-newsletter. We also provided an opportunity for them to tell their own stories through The Furlough Files – a series of vlog episodes. These activities, alongside regular contact from their managers ensured their seamless reintegration into the business when demand returned to our markets.

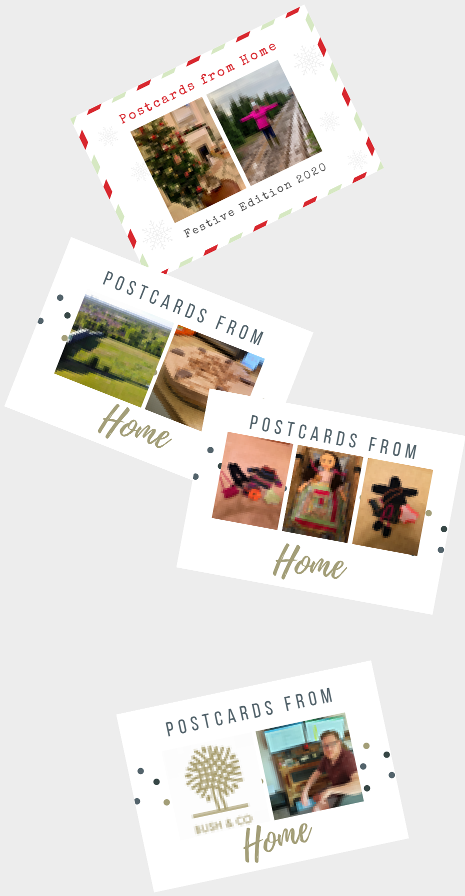
Staff wellbeing

As reflected in our first principle for operation, the wellbeing of our colleagues is paramount and staff were encouraged to share their status through weekly check-in meetings with their managers and colleagues. Regular reminders of the support available from the Group, including access to an Employee Assistance Programme, Mental Health First Aiders and Wellness Action Plans were delivered via a number of vlogs signposting staff to any support they might need.

Online yoga and wellbeing sessions were also introduced to support our staff's physical and mental wellbeing while ensuring that they had regular opportunities to take breaks away from work.

> Seeing how our company has coped with COVID-19 has demonstrated that we are a business with a great culture of trust and care.

Bush & Co supported their staff's immediate transition from office-based to remote working by keeping colleagues in contact with each other through its Postcards From Home activity – staff would submit photographs and updates about their remote working experience and these were shared across the business.



NAHL Group Plc Annual Report and Accounts 2020

Training and development

We regularly surveyed our staff throughout the year and identified that many were not used to remote work or managing remote teams and some found this change challenging. In response, we developed two training courses to support staff – one focused on mental health and wellbeing and the second, which we called Pokerface, to help colleagues become more effective at working remotely. It became clear over the ensuing months that these courses had a significant impact on team performance and wellbeing.

Recognition from Investors in People

During the year the Group received recognition for the leadership, support and development of its people from Investors in People. We were extremely proud that our Residential Property business maintained its Silver status in the year and our Critical Care business, Bush & Co, was rewarded for its consistent improvement with Gold status. This is in addition to the Gold status for our Personal Injury business, awarded in 2018.

We were extremely proud to be awarded these accolades that demonstrate we are an employer of choice, and they are testament to the expertise and dedication of our people.

> We've gone through tough times recently with COVID-19, but the company has really shown that it truly lives its values. Communication has been transparent, frequent and honest.

Our resilient and engaged workforce

As a group of businesses, we strive to maintain an engaged workforce, underpinned by a strong culture. This makes us resilient, capable of adapting to change and more likely to achieve our corporate objectives.

Despite the challenges of 2020, we were very pleased with the results of our annual staff survey, which showed that engagement levels remained high at 77.2%[1] for the year against a UK Gallup average of 17%. This is the third consecutive year we have scored over 75%, putting our people amongst the most engaged in the UK.

> I think the way that the Group has handled the pandemic and the way employees have been treated throughout this difficult time is really excellent and won't be forgotten.

1. NAHL Group plc OwnIt! staff engagement survey results, June 2020.

Chair's Review

Chair's Review

£4.7m
reduction in net debt

This is my first report as Chair of the Board of NAHL Group plc, having served as Non-Executive Director since 2016.

2020 was a year dominated by the challenges presented by the COVID-19 global pandemic. Our businesses faced lower demand in their markets and had to quickly adapt their operations to protect staff and customers. However, by flexing our personal injury business model, carefully managing costs and with a resilient performance by our Critical Care division, the Group remained profitable at the underlying operating profit level in the year and was able to reduce its net debt by nearly £5m.

2020 results

Group revenues decreased to £40.9m (2019: £51.3m) in the year, largely due to reduced volumes in our Personal Injury and Critical Care businesses. Underlying operating profit declined to £5.7m (2019: £10.4m). This reflects the reduction in revenues but was partially mitigated by a reduction in underlying costs of £5.7m from £40.9m to £35.2m, including the in-year benefit of annualised cost savings of £1.2m which were generated by restructuring the Group in the first half of 2020.

The loss before tax decreased to £0.2m (2019: £2.3m), largely as a result of the absence of last year's one-off impairment charge recognised in respect of our Residential Property business. This has not been repeated and a review of our goodwill and intangible balances this year supports their carrying value.

Underlying earnings per share decreased to 1.9p (2019: 9.4p) and basic earnings per share increased to (0.5)p (2019: (6.4)p).

The Group delivered significantly improved levels of cash generation in the year, in line with its near-term strategic focus of reducing net debt, which stood at £16.3m on 31 December 2020, down from £21.0m the year before.

Strategic development

Despite the challenges presented by COVID-19 in the year, and the extensive due diligence process undertaken as a result of the aborted takeover bid in Q4 (see further details below), the Board has remained focused on its long-term goals and made good progress in developing its strategies for the Consumer Legal Services and Critical Care divisions.

Consumer Legal Services

In Consumer Legal Services, we aim to be the UK's leading technologically-enabled law firm, focusing on high-volume personal injury claims. We have made excellent progress with our personal injury transformation, following the successful launch of National Accident Law in April 2019.

During the year, we successfully transitioned from being a claims management company into a modern, technologically-enabled law firm, with a market leading brand that can process its own enquiries. This transformation is essential to our future.

By the end of 2020 we had reduced the number of claims being sent to our joint ventures, as we can now make higher (although deferred) profits processing claims in National Accident Law. Alternatively, we can generate cash quicker by sending claims to the panel.

The long-awaited regulatory reforms are due to be implemented on 31 May 2021. This will significantly reduce the processing and sales value of most RTA claims, and is a key reason why we have developed our wholly-owned law firm National Accident Law. Fortunately, the majority of our enquires are non-RTA, which will be largely unaffected by the reforms, but the changes will significantly impact the revenue and profit we make from RTA enquiries.

The Group has worked extremely hard over several years to ensure we are ready to embrace these changes and deliver value post the reforms by continuing to increase the proportion and number of claims being processed through National Accident Law. This should increase the average profit per claim made by us, on a blended basis, across our entire book. Our strategy, therefore, is to:

1. process all RTA claims in National Accident Law, including all RTA small claims. Since January 2021, over 80% of new RTA claims have been placed into National Accident Law and that proportion will increase to 100% before 31 May.
2. process an increasing volume of non-RTA claims in National Accident Law, generating a higher return from these claims. To date only a small number of non-RTA claims are being allocated to National Accident Law but from the second half of 2021 these numbers will grow ensuring that all the profit from them is retained in the business, rather than being shared. Panel firms will continue to receive a substantial number of non-RTA claims as these generate cash and profit in-year, whereas these are deferred when claims are sent to National Accident Law.
3. leverage investments in operations, people and technology to improve both efficiency and customer experience for all claim types.

To this end, key upgrades to the call centre technology, digital journey and customer triage processes were successfully implemented in December 2020. These improvements should increase conversion metrics and also facilitate the efficient processing of RTA small claims by National Accident Law after 31 May.

Critical Care

In Critical Care, Bush & Co are a leading player in the catastrophic injury market, defined by personal injury claims of over £500,000 in value and with clients requiring extensive care. Bush provides vital services to support individuals who have suffered severe and life-changing injuries whilst they pursue a compensation claim. It does this through its three strategic pillars:

1. strong and diverse customer relationships with over 400 clients across the legal, insurance, clinical and charity sectors;
2. a wide range of competencies and specialisms across our case management and expert witness businesses, creating revenue realisation opportunities throughout the multi-year rehabilitation process;
3. underpinned by our Innovate – Optimise – Grow strategic framework, focusing on technological innovation and expansion into adjacent markets.

Good progress has been made over the last year in developing the strategy for growth in Critical Care. Our strategic choices follow our Innovate – Optimise – Grow model, bringing innovative services to market; optimising our operations; and growing our footprint by expanding into adjacent sectors and building market share.

Over the last year, we have made improvements to our base technology platform, with further enhancements planned for 2021 and 2022 to drive efficiencies in our case management processes. We also made excellent progress in the development of a proprietary digital medico-legal report writing tool for Expert Witness. This will enable us to improve the efficiency of our report writing and allow our existing consultants to process more reports each month. This is currently being trialled and we plan a wider roll out later this year.

We are expanding our very successful case management business within its current market through a differentiated proposition, designed to expand our share with insurers and defendant customers. This proposition should also provide a launch-pad into the lower value, but higher volume segment of the market, for claims with a value of between £100,000 and £500,000.

We have also identified significant growth opportunities in Expert Witness and are seeking to develop our capabilities in key specialisms.

Aborted takeover bid

During the year, the Group was the target of a reverse takeover bid by another AIM company, Frenkel Topping Group plc (Frenkel Topping). Despite the Board engaging in extensive discussions aimed at concluding a deal that was in the best interests of our shareholders, Frenkel Topping eventually decided not to make an offer for the Group.

Engagement with shareholders

The Company is committed to maintaining good communication with investors and since taking the role of Chair in October 2020, I have sought to engage with our major shareholders. These discussions have been valuable in helping me understand shareholders' views and I look forward to further engagement throughout 2021. I would like to extend an invitation to all shareholders to our Annual General Meeting, which is being held on 29 June 2021. Further details will be posted on our website and a formal invitation sent to shareholders.

Governance and Board changes

NAHL Group plc places great importance on ensuring we have a strong and effective governance and compliance culture and framework.

The Company saw several changes to the composition of the Board last year. In June 2020, we welcomed Brian Phillips to the Board as Non-Executive Director. Brian has extensive experience which has already proven valuable to us (see page 57). In September, Russell Atkinson stepped down as Group CEO, having made a considerable impact on the development of the Group over the eight years that he served. This included taking the business through the IPO, three acquisitions and the transformation of the personal injury business into a law firm. In October, Caroline Brown stepped down from the role of Chair. I would like to thank them for their contributions to the business and I wish Russell and Caroline well for the future.

Since October, the Board has consisted of four Non-Executive Directors and one Executive Director, with clear separation between the roles of Non-Executive and Executive Directors. As Chair, I am responsible for the running of the Board and have been working closely with James Saralis (Group CFO), who has responsibility for implementing the strategy agreed by the Board and managing the day-to-day operations of the Group. He is ably supported in this role by our Executive Management Team (see page 58) and I consider this structure appropriate to the Group's current circumstances, size and complexity.

Summary

The COVID-19 pandemic has had a significant impact on our business. I am pleased with the fast and effective response our divisions made to this dislocation whilst continuing work on their longer-term strategies.

Both divisions have developed a good understanding of their respective paths to recovery from the impact of COVD-19. Our Personal Injury business has completed its transformation into a law firm capable of processing its own enquiries in good time to deal with the challenges presented by the regulatory reforms. Critical Care has some exciting plans to develop its market share and improve efficiencies. The Board continues to work with our advisers to examine each of our businesses and how they can contribute to the Group's long-term performance. These discussions have identified the potential to create near-term value for shareholders through the sale of our Residential Property business, which we will be progressing in the months to come. We remain optimistic about the future and, unless there are any further setbacks with COVID-19, expect to see profits in 2021 exceed those in 2020.

Finally, I would like to thank our people for their unwavering focus on supporting our customers during this unprecedented year, and our shareholders for their continued support.

Tim Aspinall
Chair of the Board

4 June 2021

Operating Review

Operating Review

2020 was an extraordinary year, in which the business – indeed the whole country – had to adapt and respond to the rapidly evolving threat of COVID-19.

Overview

For us, COVID-19 posed a risk to our employees and customers, many of whom are vulnerable. The lockdown measures imposed by the Government caused a 27% reduction in consumer accidents in the year, which had a significant impact on our revenues. This had the potential to cause irreversible damage to our businesses.

I am pleased with our response to these threats, which was swift and decisive. We implemented our business continuity plans and transitioned our staff to working from home using our recently upgraded technology solutions. We continued to provide uninterrupted support for our customers and developed new ways of working with the restrictions put in place. We restructured the Group to cut costs and re-focusing on short-term tactics to increase our liquidity. We adapted our business models, generated over £6m in free cash flow, reduced net debt and de-risked the balance sheet.

Whilst managing these challenges, the Group continued to make progress with its long-term objectives. The Consumer Legal Services division completed much of its transformation into a modern, technologically-enabled law firm and our Critical Care division advanced initiatives that will contribute to its recovery.

Despite the challenges that we faced, we have continued to support our customers and in this period we have helped over 36,000 customers with new personal injury claims (2019: 56,000); issued 1,148 expert witness reports and initial needs assessments (2019: 1,325); and provided over 1,200 clients with case management to support their rehabilitation (2019: 1,294).

Response to COVID-19

The various lockdown measures introduced by the Government had a dramatic effect on our business. Throughout the pandemic, our priority has been ensuring the wellbeing of our staff and supporting our customers and business partners through these unprecedented times. To that end, in March, our IT and Operations teams implemented continuity plans which enabled colleagues to work safely from home and to provide remote access to clients. Recent investments in technology enhanced our ability to maintain high levels of service under difficult conditions.

After the initial reaction to the pandemic, we took a number of actions designed to increase our resilience and liquidity, summarised below and on page 3.

i. We leveraged the flexibility in our Personal Injury business model to prioritise placement of enquiries into the panel to maximise cash flow.

ii. We implemented measures to reduce our costs, including reducing property and lease costs, introduced temporary voluntary pay reductions for the Board and senior management, and cancelled the planned pay increase across the workforce.

iii. We restructured the Group, merging our Personal Injury and Residential Property businesses into the Consumer Legal Services division and created a Shared Services function. We identified and secured £1.2m of annualised savings, including the closure of our London office.

iv. We made use of Government support in the form of the Coronavirus Job Retention Scheme (CJRS) and the deferral of VAT payments. At the peak of its usage in May, the Group furloughed 82 staff (30% of total) and by the end of the year this had reduced to two staff members. In total we expect £0.4m will have been claimed under the CJRS, which helped to keep redundancies to a minimum.

CASE STUDY

Keeping clients at the heart of business

Within our Critical Care division, because of the lockdown restrictions our Case Management and Expert Witness associates were unable to make in-person consultations. Our teams quickly developed new working practices to allow our associates to provide consultations to our catastrophically injured clients online. Where clients lacked the required technology devices, Bush & Co distributed tablet computers to where they were most needed, providing continuity of care and further cementing the clients' place at the centre of its business.

Financial performance

Review of the income statement

	2020 £m	2019 £m	Change £m	Change %
Consumer Legal Services	**29.6**	37.7	(8.1)	-21.8
Critical Care	**11.3**	13.6	(2.3)	-16.4
Revenue	**40.9**	51.3	(10.4)	-20.3
Consumer Legal Services	**5.4**	8.8	(3.4)	-38.5
Critical Care	**3.6**	5.0	(1.4)	-28.3
Shared Services	**(1.9)**	(1.6)	(0.3)	-17.2
Other items	**(1.4)**	(1.8)	0.4	+18.3
Underlying operating profit	**5.7**	10.4	(4.7)	-45.7

The 2019 results have been restated to better reflect the structure of the Group as well as a revision to the presentation of the income statement as explained below. Total revenue and underlying operating profit are unchanged. See note 30 to the financial statements for further details.

Revenue across the Group decreased in the year by 20.3% from £51.3m to £40.9m, largely as a result of reduced demand for our services caused by fewer accidents. As a result, underlying operating profit also decreased, by 45.7% from £10.4m to £5.7m at an underlying margin of 13.8% (2019: 20.3%).

£40.9m

revenue for the year

Changes to financial reporting disclosures

During the year, the Directors, in conjunction with the Group's new external auditors, undertook a review of NAHL's financial reporting disclosures. As a result of this assessment, the Directors have simplified the presentation of the income statement and amended the classification of certain costs along with the definition of certain alterative performance measures (APMs). In addition, the Directors have determined that the presentation of the non-controlling members' interests in the profits of the Group's ABS law firms should be amended in the financial statements and, as required by IAS 8, the Group has restated the 2019 comparatives to be consistent with this new presentation. Further details are presented in note 30 and below.

The impact of these changes on the 2019 results is as follows:

	2019 as previously reported £000	Adjustment 1 £000	Adjustment 2 £000	Adjustment 3 £000	2019 as restated £000
Impact on consolidated statement of comprehensive income					
Revenue	51,314	–	–	–	51,314
Cost of sales	(24,990)	(2,043)	–	–	(27,033)
Gross profit	26,324	(2,043)	–	–	24,281
Administrative expenses	(23,761)	2,043	–	–	(21,718)
Underlying operating profit	**12,192**	**–**	**(1,771)**	**–**	**10,421**
Share-based payments	(811)	–	811	–	–
Amortisation of intangible assets acquired on business combinations	(960)	–	960	–	–
Exceptional items	(7,858)	–	–	–	(7,858)
Operating profit	**2,563**	**–**	**–**	**–**	**2,563**
Profit attributable to non-controlling interest members in LLPs	–	–	–	(4,474)	(4,474)
Financial income	202	–	–	–	**202**
Financial expense	(615)	–	–	–	**(615)**
Profit/(loss) before tax	**2,150**	**–**	**–**	**(4,474)**	**(2,324)**
Taxation	(635)	–	–	–	**(635)**
Profit/(loss) and total comprehensive income for the year	**1,515**	**–**	**–**	**(4,474)**	**(2,959)**
Profit and total comprehensive income is attributable to:					
Owners of the company	(2,959)	–	–	–	**(2,959)**
Non-controlling interests	4,474	–	–	(4,474)	–
	1,515	**–**	**–**	**(4,474)**	**(2,959)**
Impact on statement of financial position					
Member capital and current accounts (financial liability)	–	–	–	(3,315)	**(3,315)**
Total current liabilities	(17,766)	–	–	(3,315)	**(21,081)**
Total liabilities	(42,488)	–	–	(3,315)	**(45,803)**
Net assets	**59,079**	**–**	**–**	**(3,315)**	**55,764**
Capital and reserves attributable to non-controlling interests	**3,315**	**–**	**–**	**(3,315)**	**–**

Adjustment 1 – Following the restructure of the Group during the year, costs relating to the Group's call centre and lead triage operations have been reclassified from administrative expenses to cost of sales. This ensures consistency between the Group's Personal Injury and Residential Property businesses. There is no change to the underlying operating profit of Consumer Legal Services as a result of this change.

Adjustment 2 – In line with best practice, the Group has presented the costs of share-based payments and amortisation of intangible assets arising on business combinations within underlying operating profit rather than as non-underlying items. The Directors consider that this change will result in greater comparability of the Group results with other listed entities.

Adjustment 3 – Following a detailed review of the LLP agreements in respect of the Group's joint-venture law firms, and in consultation with the Group's new auditors, the Directors have determined that the non-controlling member capital and current accounts previously accounted for as equity in the consolidated statement of financial position, meets the definition of a financial liability under IAS32 and should be presented as such. There is no change to the capital and reserves attributable to the owners of the Company.

As a result, the profit attributable to non-controlling interests has now been reclassified as an expense in the statement of comprehensive income rather than shown as an allocation of profits to a non-controlling interest. This is in line with treatment of income and returns on financial liabilities under IAS 32. There is no change to the profit and total comprehensive income attributable to the owners of the Company.

The Directors believe that these changes to presentation better reflect the nature of the costs and the operations of the respective businesses.

Consumer Legal Services performance

In the Consumer Legal Services division, revenue contracted by 21.8% from £37.7m to £29.6m, and underlying operating profit fell by 38.5% from £8.8m to £5.4m.

At the start of 2020, the division was operating as two distinct businesses and the Personal Injury business had a solid start to the year. Lead volumes were showing a positive trend, we were airing a new TV campaign and our flexible placement strategy was operating well and growing claim volumes in National Accident Law. Our Residential Property business also had an encouraging start to the year as the first two months of 2020 saw clear signs of growing optimism in the housing market with the clarity provided by the outcome of the December 2019 General Election. We witnessed a sharp increase in market activity and this, combined with the market share wins delivered in 2019, resulted in strong top line growth through the first quarter.

However, as it became clear in March that the country was heading for the first national lockdown, lead volumes and consumers' propensity to convert dropped dramatically. At its worst, in April, personal injury enquiry volumes dropped to 30% of 2019 levels and Q2, in total, delivered 45% of 2019 volumes. As underlying demand dropped away, our flexible business model allowed us to respond quickly, eliminating any marketing spend rendered inefficient by changes in consumer behaviour and prioritising the placement of personal injury enquiries into the panel to maximise cash flow.

Although we temporarily slowed placement of enquiries into our law firms in 2020 to maximise the cash opportunity from our panel, our law firms continued to convert enquiries into ongoing claims ahead of our target of 67%. Our wholly owned law firm NAL and the Group's joint venture law firms, Your Law and Law Together, saw a 15% increase in claims won in the year to 31 December 2021 and our estimate of the unrecognised profits attributable to ongoing claims at 31 December 2020 increased by 85% to £6.1m from the prior year (profit after deduction of processing costs and minority interests), representing a store of value to drive future growth.

Recognising the significance of the pandemic and associated lockdown measures, we moved early and quickly to execute a significant organisational change programme designed to deliver over £1m in annualised cost-savings, while supporting the recovery and future growth prospects of the Group. Our Personal Injury and Residential Property businesses were merged into a new division, Consumer Legal Services, combining marketing, IT, finance and operations to streamline activities and share expertise. The targeted £1m cost-savings were exceeded through optimising staffing levels under the new structure, closing our London office and rationalising management teams.

Our extensive experience in managing change and our culture of strong staff engagement ensured that our people embraced these changes, setting the division up for a recovery once lockdown measures were relaxed.

Within the newly combined Consumer Legal Services division, the Personal Injury business benefitted from a reassuring recovery in demand through the summer months and the number of no-fault accidents naturally increased to 65% of 2019 levels across Q3. The subsequent imposition of tiered restrictions and the eventual second national lockdown saw a corresponding decrease in activity, but at no point did lead volumes fall back to the lows of Q2, and Q4 delivered 55% of 2019 levels.

Our business model once again proved its flexibility during this period and, as volumes improved we cautiously increased the proportion of our enquiries into National Accident Law, helping to build experience in the team and increase the number of ongoing claims.

The Residential Property business also rallied strongly as some of the more onerous restrictions on the housing market were relaxed in late spring. Pent-up demand, coupled with the stimulus of the Stamp Duty Land Tax (SDLT) holiday on properties valued up to £500,000 and ongoing business development successes, led to consistently strong demand for our services throughout H2.

Despite the highly unusual circumstances, we continued to make progress with our strategic priorities during 2020. On 2 January 2020, the Group terminated its partnership in its joint-venture law firm, National Law Partners. In December, we completed our three-year Personal Injury investment programme to prepare us for the forthcoming industry reforms. Following the launch of National Accident Law in 2019, we had identified three key enhancements that were required to be ready for the implementation of reforms, now scheduled for 31 May 2021.

1. Firstly, in June 2020, the Personal Injury business merged its two distinct operating units – a law firm regulated by the Solicitor's Regulation Authority (SRA) and a claims management company (CMC) regulated by the Financial Conduct Authority. These combined to create a technologically-enabled law firm, solely regulated by the SRA, with a market leading brand and capable of processing its own work. The move to one regulator, and away from being a CMC, has brought benefits of simplification, greater flexibility in marketing and a significant cost-saving.
2. Secondly, in December, the National Accident Law team implemented their 'One Call' process to reduce the number of touchpoints required to convert a lead into a claim. One Call offers a seamless customer sign-up journey from initial contact through to commencing the claim process with National Accident Law and initial results from One Call are encouraging and suggest an increase in the Claim Underway rate of c.10%.
3. Thirdly, also in December, the business introduced a new digital customer journey for RTA claimants. Building on our digital-first infrastructure on top of our previously launched 'MyAccount' self-service claim management portal, the new digital tool provides customers with a simple and intuitive online sign-up journey, meaning that a standard RTA claim can now be completed entirely online. Along with One Call, these initiatives serve to improve the speed and efficiency of the sign-up process and reduce the time spent on a case, supporting our plans to profitably process small claims at scale.

In addition, the division continued the turnaround in the residential property business. With a robust marketing engine now delivering increasing numbers of leads, the team started work on improvements to our triage and processing capabilities, including a new customer proposition and CRM system that builds on the technology platform developed for National Accident Law. This was subsequently delivered in Spring 2021.

With these initiatives delivered, and an optimised team and organisational structure in place, National Accident Law is well prepared to process an increasing volume of self-generated work from 2021, including RTA small claims. The next objective will be scaling National Accident Law to deal with this increased volume and continuing to balance the working capital investment required to process our own work with cash generated from our panel.

Our Personal Injury transformation journey

2015
Proposed reforms to whiplash claims and the Small Claims limits announced in Autumn Statement

2016
The Group commenced planning for a 'new generation' of personal injury law firms.

2017
Establishment of our first joint-venture law firms, Your Law LLP and National Law Partners; National Accident Helpline brand relaunched

2018
Development of National Accident Law begins – a greenfield technology-enabled law firm

2019
Launch of National Accident Law in April 2019; launch of 'MyAccount' claim management portal; launch of third joint-venture law firm, Law Together LLP; re-platform of National Accident Helpline website

2020
Final preparations for RTA Reforms – One Regulator, One Call, Digital Sign-Up Journey. NAL winning cases and growing processing capability & volume

Critical Care performance

The performance in Critical Care was more resilient and revenue decreased by 16.4% from £13.6m to £11.3m. Underlying operating profit fell 28.3% from £5.0m to £3.6m at a margin of 31.7% (2019: 37.0%).

The year started strongly, building on a successful 2019, with promising numbers of new Case Management and Expert Witness instructions in Q1. Whilst not immediately impacted by the COVID-19 pandemic, Bush & Co's clients comprise of highly vulnerable individuals with complex clinical needs, and so it was inevitable that our business would be affected. Initially difficulties arose from challenges associated with providing rehabilitation services and access to clients, but later instruction levels reduced due to fewer accidents occurring.

As expected, Case Management services were first to be affected, given the typical four to six-week time lag between an individual suffering a catastrophic injury and the start of their rehabilitation. Our Expert Witness business proved more resilient in the year and the impact is likely to be felt over subsequent years, as the nature of these reports means that they are generally commissioned several years post-injury. There were nevertheless delays in producing reports through this period as many third-party providers, such as insurers, the NHS, and defendant law firms, faced their own challenges providing timely information whilst dealing with the impact of the pandemic on their own operations.

We demonstrated, once again, that Bush & Co is a leader in its field with an innovative and forward-looking response to the restrictions placed on the business. As elsewhere in the Group, the team seamlessly transitioned to remote working in the early days of lockdown, but also led industry thinking by quickly introducing online assessment and consultations. In an industry-first at this scale, we provided our clients with tablet devices to enable them to remain in close contact with their Case Manager throughout lockdown – and beyond, in the case of those needing to shield. Online assessments were introduced to allow Expert Witness and Initial Needs Assessments to continue throughout, helping to support new business enquiries.

We also continued our track record of innovation in B2B marketing, focusing our efforts on strengthening relationships with clients, law firms and associates. With the introduction of remote case conferences and court hearings, the team placed themselves at the forefront of innovation in this area and were recognised for a second consecutive year with the prestigious 'Supporting the Industry Award' at the Personal Injury Awards, highlighting their added value to the industry and their clients.

As lockdown restrictions eventually eased, we saw a gradual recovery in Case Management enquiries in H2 and Expert Witness rebounded strongly. Business development activity continued uninterrupted and we strengthened support for our charity partners, helping to raise money and build new client relationships.

In such a busy and challenging year, the team were honoured to be asked to produce a report to support the Thalidomide Trust in their successful bid to secure lifetime financial support for Thalidomide survivors. This is a great example of the value provided by our medico-legal reports and we were thrilled to hear the announcement by the Chancellor of the Exchequer in the March 2021 budget and to have been able to contribute to this important work.

The division continued to make progress with strategic initiatives that will support our recovery. We continued with our technology transformation and strengthened our management team with the appointment of an experienced Operations Director to lead this initiative. Project Svelte, our proprietary report writing tool designed to streamline the production of Expert Witness reports, progressed at pace throughout the year ahead of being rolled out in Q2 2021. Headway was also made with the company's insurer proposition, with the core IT infrastructure completed and two associate Case Managers deployed to work specifically in this area.

We also appointed a Head of Care Services to support our ambition to be accredited for Treatment, Disease, Disorder, Injury (TDDI) cases with the Care Quality Commission. This accreditation will allow the business to service the needs of those requiring nurse-led care. Progress was also made in implementing fixed-fee Initial Need Assessments to support new client acquisition and we expect this to lead to market share growth.

In 2020, Bush & Co created an innovative business development campaign, delivering regular mailings to their customers' homes. These packs included wellbeing items like sleep masks and the 'Cosy Night In With Bush' pack consisted of popcorn and other treats. These mailings were extremely well received, driving traffic to Bush's social media accounts and keeping the business front of mind with key audiences.

Between May and December it received 200 official compliments from customers and its Net Promotor Score (NPS – the likelihood of the business being recommended to others) ended the year at 67 against a legal sector average of 40.

Shared Services performance

The costs of the Group's Shared Services functions increased in the year by £0.3m to £1.9m (2019: £1.6m). The increase was due to one-off costs, primarily from management changes.

Government support

The Group made use of £0.4m of Government support in the form of the CJRS. This income is shown in the financial statements in underlying operating profit as netted off administration expenses within the divisional results. We also deferred VAT payments of £0.4m from 2020 to 2021.

At peak, the Group furloughed 82 members of staff and this figure reduced to two staff by the end of the year. The majority of these staff were in the operations areas of our businesses, which were overstaffed following the reduction in enquiries due to the pandemic. Had the CJRS not been in place then the Group would have undoubtedly been forced to cut costs further and this is likely to have involved additional redundancies. The Board was pleased to have been able to utilise this scheme and are in no doubt that it has enabled us to retain a large proportion of our workforce.

Exceptional and non-underlying items

The Group's accounting policy, set out in note 1 to the financial statements, is to separately identify exceptional and non-underlying items and exclude them from underlying performance measures to provide readers of the financial statements with a consistent basis on which to track the core trading performance.

The Group incurred a number of exceptional items in the year which are set out in note 4 to the financial statements totalling £1.4m (2019: £7.9m). These include the following.

i. £0.6m of restructuring costs associated with the strategic transformation of the Group's personal injury business. These costs relate to the activities described above and as this transformation is now complete, 2020 is the final year of such costs.

ii. £0.4m in relation to the restructure of the Consumer Legal Services division in the first half of the year including closure of the London office.

iii. £0.3m of due diligence costs relating to the takeover bid for the Group by Frenkel Topping. This comprises all costs incurred by the Group in connection with this transaction.

Taxation

The Group's tax charge of £2,000 (2019: £635,000) represents an effective tax rate of (0.9)% (2019: (27.3)%). The effective tax rate is lower than the standard corporation tax rate of 19.0% for the reasons set out in note 9 to the financial statements. The deferred tax credit originates from temporary differences in intangible assets acquired on business combinations.

Earnings per share (EPS) and dividend

Underlying EPS for the year was 1.9p (2019: 9.4p). Underlying EPS provides a better comparison year-on-year as earnings have been adjusted to exclude certain exceptional items (net of the standard rate of corporation tax). This is explained in note 1 to the financial statements.

Basic EPS for the year was (0.5)p (2019: (6.4) p) and the diluted EPS was (0.5)p (2019: (6.4)p). In line with IAS 33, as the Group has a negative earnings per share, it is assumed that there are no dilutive shares.

The fall in EPS is due to a reduction in volume of enquiries in the personal injury business and Critical Care division as a result of the measures taken by the Government in response to the COVID-19 pandemic. The effects of these measures are explained in more detail above.

The Board does not believe it is appropriate to reinstate dividends at this time and the Directors have recommended that no final dividend be paid in respect of 2020.

Review of the statement of financial position

In reviewing the statement of financial position, I consider the significant items to be working capital, defined as trade and other receivables less trade and other payables, and net debt.

Working capital

Trade and other receivables less trade and other payables totalled £16.7m at year-end, which is £5.1m less than last year (2019: £21.8m after adjusting for the disposal of NLP). I am pleased with the reduction in working capital in the year, which has been achieved by placing an increased proportion of personal injury enquiries into the panel to drive in-year cash flow, and by realising growth in settlements relating to historical claims. This has helped to increase cash flows and reduce net debt.

Trade receivables and accrued income balances related to the processing of personal injury claims increased from £4.3m to £7.3m as the Consumer Legal Services division increased the number of new claims placed into its law firms. These claims are yet to reach the settlement stage but have all had liability admitted by the defendant, in line with the Group's accounting policy for legal services revenue in note 1 to the financial statements.

There is a significant element of uncertainty in estimating the work in progress recognised in our law firms, as discussed further in note 1 to the financial statements. The Directors believe that the assumptions adopted are appropriate and based on historical experience of claims processed in our law firms and by our panel. These assumptions are updated with actual results as claims settle.

Through the flexibility provided by our business model, we were able to offset this investment with a significant reduction in trade receivables and accrued income balances associated with our panel relationships in the year. This reduced from £19.2m at 31 December 2019 to £13.7m at 31 December 2020, largely through collecting cash on historical deals with our panel members. Included within this, is £2.9m (2019: £4.3m) of accrued income relating to non-contingent future settlements relating to the termination of the Group's partnership in National Law Partners. £1.4m of cash was received in 2020 in relation to this deal and the remaining amount is due to be settled by the end of April 2022.

Net debt and bank facilities

The Group carefully managed its cash resources during the year and took a number of actions to conserve cash. As a result, net debt at year-end reduced from £21.0m at 31 December 2019 to £16.3m at year-end. Net debt is defined in note 29 to the financial statements and is comprised of £3.6m of cash (2019: £2.6m) offset by borrowings of £19.9m (2019: £23.6m).

The borrowings represent a balance on the Group's revolving credit facility (RCF) with its lender, Yorkshire/Clydesdale Bank. In last year's Final Results, the Group highlighted that it may breach its banking covenants during 2020 and that it was in positive discussions with its lender to remedy this. On 23 July 2020, the Board announced that these discussions had concluded successfully and new covenants had been agreed. Importantly, the Group remained in full covenant compliance throughout the year and we expect this to continue through to the end of the facility term. As part of that agreement, Yorkshire/Clydesdale Bank also agreed to extend the facility term for a further 12 months, through to 31 December 2022.

Reduction in net debt from £21.0m to

£16.3m

Review of the cash flow statement

Free cash flow (FCF) is the Group's KPI with regards to cash flow (see page 14) and I am pleased to report that the Group increased FCF from £(1.7)m in 2019 to £6.1m in 2020. As noted above, this increase was achieved by maximising the placement of new personal injury claims into the panel and by realising an increasing level of settlements from historical claims, as well as £0.4m of VAT deferred into 2021. Cash on historical claims includes the £1.4m received in the period in relation to the termination of our partnership in National Law Partners.

The Group also monitors underlying cash conversion, which increased to 228.9% in the year (2019: 47.4%).

On a statutory basis, the Group increased cash and cash equivalents by £1.0m in the year (2019: £1.0m). This was primarily the result of an increase in net cash generated from operating activities, partially offset by a repayment of borrowings. Other significant items include payments made to our partners in the joint-venture ABS law firms and the acquisition of intangible assets. Net cash from operating activities increased from £1.5m in 2019 to £11.0m in 2020. A key factor influencing this was the strong positive working capital movements achieved in the year, which is discussed above. Also, the reduction in profits last year resulted in £1.0m less tax being paid in 2020 compared to the previous year.

£3.2m (2019: £2.2m) of drawings were paid to our partners in the joint-venture law firms during the year under the terms of our agreements. This increase year-on-year reflects the growth in claims won and settled during the year. The Group also acquired £0.8m of intangible assets in the year (2019: £0.5m). These were linked to upgrades in the call centre technology and digital journey in our Consumer Legal Services division, as well as technology improvements and the development of our proprietary Expert Witness report writing tool in Critical Care.

The Group repaid £3.8m of borrowings in the year (2019: draw down of £6.5m of borrowings) on its RCF.

Our people and values

Our people have always been a source of strength for the Group and in 2020 that strength translated into improved business resilience. Our Group Values have always been central to the way that we do business and last year having a team that is Driven, Unified, Passionate and Curious was more important than ever.

In response to the pandemic, management recognised the importance of visibility of leadership and regular communications with staff. A series of weekly briefings and monthly 'town hall' type events were all delivered remotely and were extremely well received. These allowed management to demonstrate their commitment to open, honest and transparent communications, even in the hardest of times, and was consistent with the Group's four principles of operation that guided our COVID-19 response (page 19).

Conscious that at times throughout the year a proportion of our staff was placed on furlough to support the business needs, we ensured this group were included in our communications and I was pleased with how engaged the business remained. I would like to thank everyone who spent some time on furlough over the past year for the important sacrifice they made for the success of the Group.

Staff wellbeing was a focus for our management teams in 2020. A range of activities were delivered such as ongoing training and yoga. These were designed to stimulate and support staff who were each going through their own personal challenges.

We were rewarded for our people culture with incredibly high engagement scores in our annual staff survey, far exceeding national benchmarks.

We were pleased to receive external validation when Investors in People awarded its Silver status to our Residential Property business as well as Gold standard for Critical Care, adding to the same award given to our personal injury business in 2019.

Brands

The Group's two divisions have a long history of brand-building investment in their respective markets (more than 25 years in the case of National Accident Helpline and 35 years for Bush & Co). Over the years this investment has created high levels of brand equity amongst our target customers, with National Accident Helpline commanding a position amongst the very best-known and most-trusted consumer brands in the personal injury sector, and Bush & Co maintaining a similarly strong position in the minds of client firms in the catastrophic injury sector.

In the case of National Accident Helpline, this underlying strength allowed us to make a tactical choice to flex our brand marketing spend through the year in line with anticipated return on investment: when the market was functioning normally at the start of the year, we aired new TV adverts building on our established 'when its wrong, make it right' campaign, but stopped advertising as the volume of accidents reduced. A decision to resume brand advertising will be made according to the potential for positive returns as the market opens up, the volume of potential customers increases, and post-pandemic media consumption patterns are established.

Bush & Co is predominantly a B2B brand, but the strength and innovative marketing approaches of the brand helped the business development team nevertheless maintain and build client relationships throughout lockdown.

Since the Group acquired Fitzalan Partners in 2015, our residential property business has developed a market leading organic search presence through the use of several established websites. A project was commenced in 2020 to streamline its brand proposition to provide greater focus on the brand that drives most of the volume and reduces the cost of supporting a broad brand portfolio. This culminated in the re-launch of our Homeward Legal brand in Q1 2021, which enjoys strong support from first-time buyers and is well placed to exploit the paid search market in the future.

Diversity in our people

Key to the success of our people agenda is maintaining a positive gender balance in our leadership, management and staff bodies. Our gender balance statistics at 31 December 2020 are as follows.

Board

male to female

60:40

(2019: 50:50)

All staff

male to female

34:66

(2019: 37:63)

In 2020, our Leadership Team concluded that it wanted to promote increased diversity across our workforce and it introduced a series of initiatives, including formal training, mentoring and an action group of influential colleagues from across the Group, to develop this objective and to enhance our culture. The Group strongly believes that having a more diverse workforce can help to attract and retain the best talent and make an important contribution to the success and sustainability of our business.

Potential sale of our Residential Property business

Over the last two years, the Group has completed significant strides to reposition and streamline the operations of its Residential Property business. The business has performed well through the pandemic and we believe is now positioned to grow profitably in the years to come due to its strong marketing and lead generation capabilities and full suite search business. However, the market for conveyancing and residential property services continues to consolidate with several large acquisitive platforms emerging. Having observed these trends and in light of several in-bound enquiries, the Board has decided to formally investigate a potential sale of the Residential Property business, and will be launching this process in the coming weeks.

Conclusion and outlook

2020 saw the Group demonstrate its trading resilience through a year of unprecedented market change. The impact of the pandemic on our businesses was severe but we remained profitable, reduced net debt and de-risked the balance sheet.

In doing so, we delayed scaling National Accident Law but we made progress with our personal injury transformation and have created a new, sustainable business model and we will be ready for the industry reforms being introduced on 31 May 2021.

Since the year-end, the third national lockdown in January 2021 caused another reduction in the number of accidents, which again impacted our business. The volume of personal injury enquiries in Q1 2021 fell to 46% of 2019 (pre-COVID) levels, albeit that this increased to 57% in April.

Revenue in the first four months of the year was in line with the Board's expectations at 19% below 2019, reflecting the impact of the third lockdown on volumes but importantly also reflecting the increased investment in processing enquiries in National Accident Law . In this period in 2021, over 1,600 enquiries were placed into National Accident Law , including over 80% of all of our self-generated RTA enquiries. In 2019 this figure was just over 100 new claims demonstrating how far the business has come in processing its own claims. This investment will generate profits and cash later in 2021 and beyond.

From 31 May 2021, we will process all RTA enquiries in National Accident Law and in the second half of 2021, if conditions allow, we plan to process an increasing number of non-RTA enquiries.

Looking further ahead, and assuming the continued success of the UK vaccination programme and the current timetable for bringing COVID-19 restrictions to an end, we anticipate a return to the pre-pandemic trends in our markets in 2022. We expect personal injury enquiry levels to increase sequentially each quarter this year and to deliver 80–90% of 2019 levels by December 2021. In Critical Care, we forecast the market will return to pre-pandemic levels of catastrophic injuries during 2022 with a similar delay between accident and instruction as before, although expert witness instruction will be subject to some longer-term softening in market volumes resulting from depressed volumes in the preceeding 14 months. If these forecasts are correct, we would expect to see growth in 2021 revenue and profit in both divisions compared to 2020.

Finally, NAHL is a group built around a strong values-based culture with talented and committed people at its heart. This year has highlighted their resilience and adaptability in the most extreme of circumstances. I would like to thank them all for their exceptional work during a challenging year.

James Saralis
Chief Financial Officer
4 June 2021

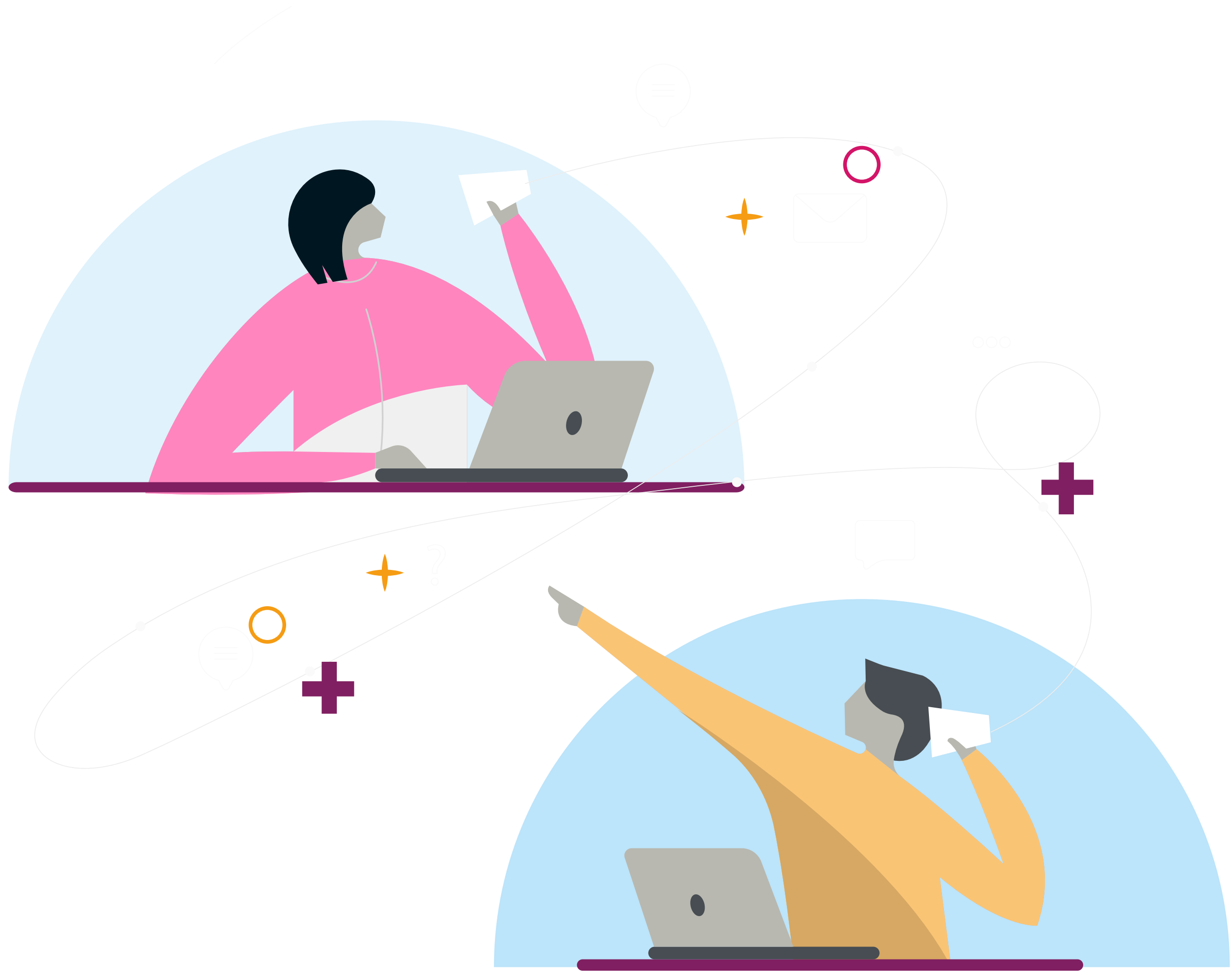
Strategic Priorities

To drive value through our business model the division's strategic priorities are:

Consumer Legal Services

Strategic Priority	Description	2020 Focus & Progress	2021 Focus
Leading trusted brands	We operate well-known brands that are trusted by consumers and partners	New TV campaign aired through Q1, paused for the balance of 2020 as market demand and Return on Investment (ROI) dropped. Transitioning from a claims management company to a law firm.	TV advertising investment is constantly under review, pending a recovery in market demand that supports positive ROI from Above-The-Line spend. Consolidation of multiple Residential Property websites into one core brand: Homeward Legal, a proven asset in this market with an established read Search Engine Optimisation (SEO) profile.
Optimal enquiry volume and cost	We invest in efficient marketing to attract consumers to our websites and convert visitors to leads	Ongoing focus on SEO that supported organic enquiry volumes, resulting in positive impact from Google algorithm updates. Continued Paid Search Optimisation to balance Cost per Enquiry with Return on Advertising Spend. Conversion Rate Optimisation (CRO) – increasing the % of website visitors opting to seek our support.	Continued focus in all three areas, including: • strengthening our in-house content development team to support organic search performance • further increase use of first-party data to improve search performance • ongoing CRO programme to maximise click-through rate, visitor-to-lead and lead-to-enquiry conversion
Optimising customer experience	We create industry-leading digital and offline customer journeys	Launch of improved customer journey via: • One Call – a seamless triage and sign-up call for customers of NAL, eliminating disruptive handovers • New digital sign-up journey for RTA claimants, simplifying and speeding up the process for straightforward cases	Further enhancements to include: • Updating the "MyAccount" digital self-service portal to facilitate seamless processing of RTA Small Claims • Extending the digital sign-up journey for claimants with non-RTA cases, bringing the speed and simplicity benefits to these higher-value cases • New CRM software for the Homeward Legal (Residential Property) business

Strategic Priority	Description	2020 Focus & Progress	2021 Focus
Efficient claim processing	Underpinned by our technology platform and investments in processing capability which will give us the option to profitably process a wide range of claim types	Further ramp-up of NAL processing capacity following launch in April 2019.	Development of NAL capability to process both RTA (including small claims) and non-RTA claims. This further increases our placement options, per our flexible business model.
Our People	An agile, proactive and highly engaged workforce united in our values	Focused on safeguarding our people, transitioning to remote working and maintaining engagement whilst delivering the right customer outcomes, solid trading results in context and progressing strategic priorities.	Delivering the transition to a post-pandemic operating model, with a lower-cost blend of remote and office-based working that supports our people and our customers, whilst maximising value creation for shareholders.



Critical Care

Strategic Priority	Description	2020 Focus & Progress	2021 Focus
A trusted, high-quality B2B brand	A leading B2B brand with 35 years service to the Catastrophic Injury market	Invested in CRM and, integrated marketing and business development,	Expansion of the brand into adjacent sectors and differentiated marketing across personal injury and clinical negligence.
Defendant proposition	Moving into lower value claims within the same market	Building relationships with insurers.	Developing client and customer portal and workflow.
Focus on business development	We build deep and long-standing relationships across a broad client base	Maintain relationships with law firms and other sources of instruction through innovative B2B marketing.	Utilising JVs to build brand, and host multi-customer events.
Leading Associate group	We exclusively work with experienced, highly regarded Associate Expert Witnesses and Case Managers covering a wide range of specialisms	Supported Associates to continue to deliver services throughout lockdown through innovative technology solutions, building the Bush & Co brand amongst Case Managers and Expert Witnesses.	Launch Care Quality Commission (CQC) accredited nurse-led care service to support catastrophically injured clients. Build customised service to Associates to further tailor to client's needs.
Developing Technology	We develop bespoke technology solutions to support quality and increase efficiency for clients and Associates	Online assessment and case conferences Technology projects continued as planned.	Launch our new proprietary digital medico-legal report writing tool for Expert Witness in Q2.
Our People	An agile, proactive and highly engaged team	Focused on safeguarding our people, transitioning to remote working and maintaining engagement whilst delivering the right outcomes for the people we support, solid trading results in context and progressing strategic priorities.	Delivering the transition to a post-pandemic operating model, with a lower-cost blend of remote and office-based working that supports our people and our customers, whilst maximising value creation for shareholders.

Principal risks and uncertainties

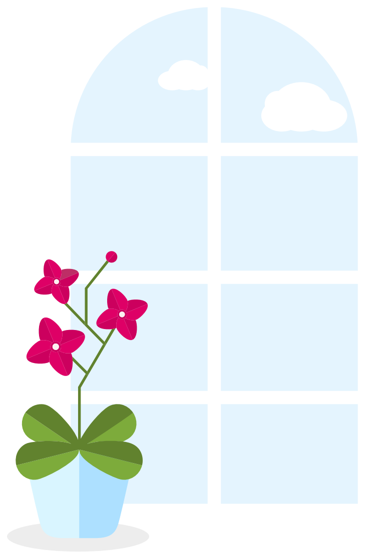
Principal risks and uncertainties

The Board is mindful of the detrimental impact that the Group's principal risks and uncertainties could have on its ability to deliver on its strategic priorities. It seeks to identify, assess and manage these risks through its risk management framework and regular reporting and review, combined with additional assurance work. Whilst the Board has ultimate responsibility for risk, it is supported by the Audit & Risk Committee, Executive Directors and management.

Our risk management framework

The Board maintains a risk management framework (figure 1, page 48) that combines a top-down strategic assessment of risk with a bottom-up operational identification and reporting process.

The regular review of existing risks and identification of emerging risks is managed through quarterly risk reviews between divisional management and Executive Directors. Once risks are identified and the Group's appetite for each risk determined, risks are prioritised, and mitigating actions implemented.



Risk appetite

Every year, the Board reviews and sets the Group's appetite for risk. This is done by attributing a score to each one of seven separate risk categories that the Board has identified. The categories are as follows.

1. Strategic
2. Transformation
3. Operational
4. Financial
5. People and culture
6. Regulatory
7. IT, systems and data security

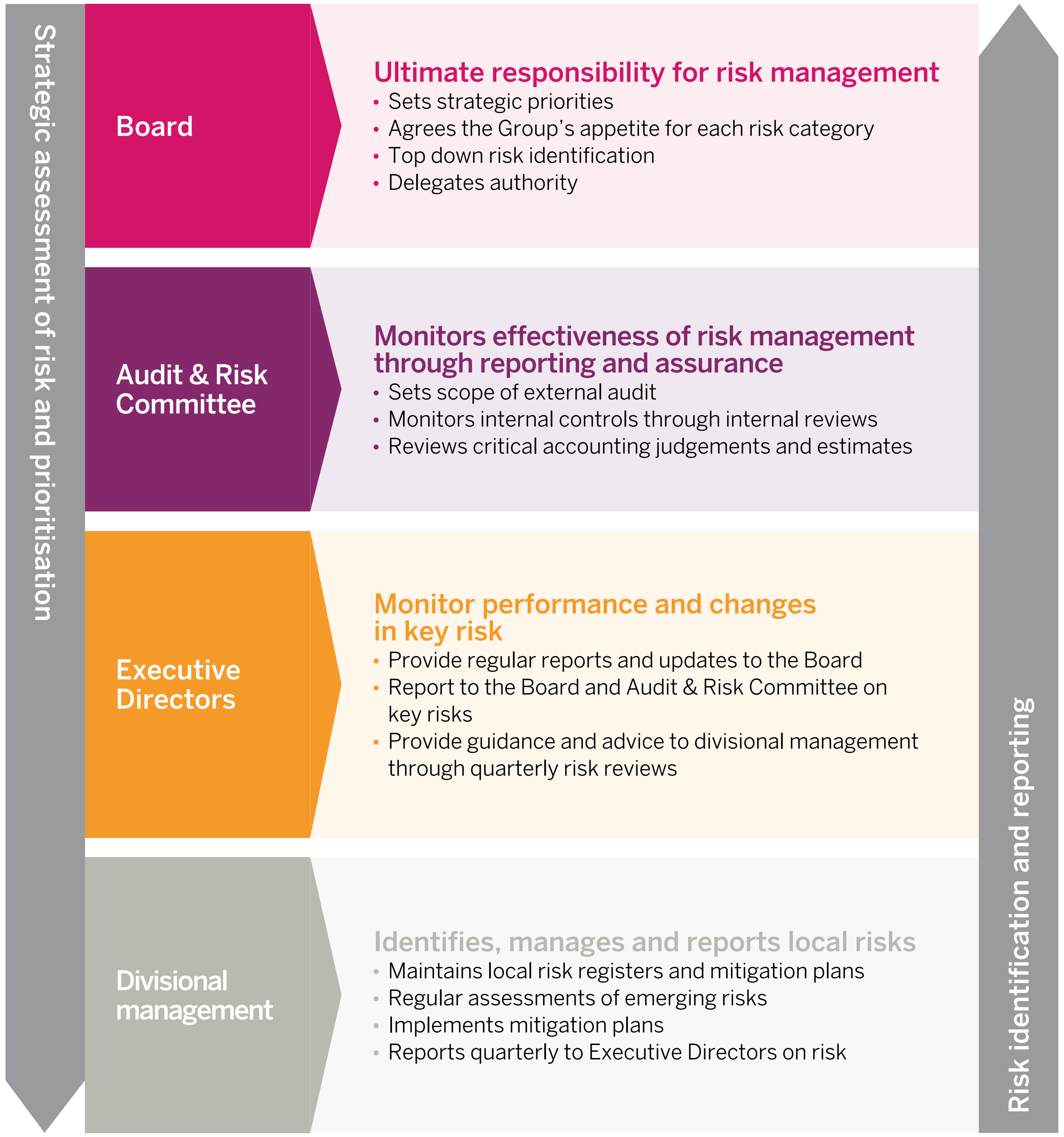
They are scored on a scale of 1 (lowest risk) to 12 (highest risk) and a score of 1–3 is described as an averse appetite; 4–6 is a cautious appetite; 7–9 is balanced appetite; and 10–12 is an entrepreneurial appetite. Individual risks are allocated a category and the associated risk appetite then informs management's approach to mitigating that risk.

Risk identification and reporting

Divisional management conducts an ongoing process of identification and assessment of key risks (both financial and non-financial) faced by their division. This includes the identification of emerging risks, whether from structural changes in their markets or transformation activity within the business.

Risks are collated on a risk register along with mitigating actions that reduce the residual risk to an acceptable level, with reference to the Board's appetite. Residual risks are assessed according to their likelihood of occurrence and potential impact on the profitability and cash flow of the Group. Divisional risk registers are reviewed quarterly by the Executive Directors and risks are prioritised across the Group. The highest rated risks are denoted principal risks and are reported by the Executive Directors to the Audit & Risk Committee and the Board.

Figure 1 – Risk management framework



The principal risks identified are detailed below:

Description	Category	Risk Appetite	Mitigation
Credit exposure The Group has a number of historic and ongoing arrangements with law firm customers, some of which involve deferred payments, and which create a credit risk in the event of their insolvency or a dispute.	Financial	Cautious (6/12)	The Group's Financial risk appetite has reduced from balanced to cautious. The Group has processes to approve credit limits and monitor exposures and has adopted a more cautious approach when considering deferred terms for panel law firms. Contractual provisions such as set-off clauses are in place to mitigate the risk for material debts. Credit exposure is not material in the Critical Care division due to the dilution of risk between multiple customers.
Accuracy of business model assumptions (including impact of COVID-19) The Group's business model relies on several key assumptions which, if not delivered, have a material impact on financial performance and strategy. Some of these assumptions could be impacted by an elongation of the COVID-19 pandemic. These include assumptions relating to: • Enquiry generation costs and volumes • Case processing performance • Small claims processing efficiency • Volume of critical care instructions	Financial	Cautious (6/12)	Model assumptions are determined by management with oversight from Executive Directors and the Board. Sensitivities are performed on the key assumptions. The model assumptions are scrutinised and compared to actual results on a regular basis. The 2021 budget factored in assumptions relating to an ongoing COVID-19 impact on instruction volumes and other key metrics across the Group . Additional measures have been taken to de-risk assumptions by securing additional contractual guarantees from key partners.
Delivery of key strategic projects The Group has several key strategic projects underway and a delay or failure to deliver any of these could have a material impact on its financial plan.	Transformation	Balanced (7/12)	Oversight of strategic projects is provided by the Executive Director and the Board. Dedicated project management resource is in place to support delivery with a strong focus from the management teams. Progress is in line with plan on all the Group's key strategic projects, including changes required to process small claims from 31 May 2021.

Description	Category	Risk Appetite	Mitigation
Regulatory Breaches The Consumer Legal Services division operates in a highly regulated environment and handles high volumes of sensitive customer data including credit card information & medical data. The division also handles client money. The Group's law firms are regulated by the Solicitors Regulation Authority. Breaches of regulations could result in regulatory action against those businesses, directors and compliance officers. Critical care is required to be audited by the CQC and any failings could create reputational damage and loss of customers.	Regulatory	Cautious (4/12)	Both divisions employ dedicated compliance resources responsible for managing compliance issues and reporting directly to the Board. External legal advice is taken, including from leading counsel where appropriate. Advice is taken where new regulatory risks arise from changes to internal processes / structure or new legalisation / regulation. The Critical Care division employs a clinical governance team which reports monthly to divisional management.
Critical Care self-employed associate model New IR35 legislation requires careful interpretation to ensure arrangements do not breach tax laws, resulting in unexpected tax charges and fines. Loss of key self-employed associates and caseloads could create a revenue impact if associates are not replaced. A consequence of this could be disruption to the self-employed model, a lack of associates willing to provide specialist services and potentially lost revenues if services provided by associates cannot be replaced.	Financial	Cautious (6/12)	The Board has taken external advice by a leading accountancy and tax firm and made the necessary status determinations for each associate. These decisions are supported by contractual terms, operational processes and working practices currently in place. Bush & Co regularly monitors compliance with these processes and has controls in place to ensure the risk of a breach of the legislation is low.
IT Infrastructure and Security Many of the Group's interactions with its customers are online and we are reliant on our IT systems to capture and protect valuable customer data obtained in the normal course of business. Theft, loss and misappropriation of digital assets and data could result in reputational damage and/or regulatory fines. The Group relies on a number key IT suppliers and its systems are increasingly automated creating an increased exposure to systems error.	IT, systems and data security	Cautious (4/12)	The Group takes data security very seriously. The Board has undertaken a review of processes and controls relating to cyber security during 2021. The Group has robust policies and procedures to ensure it is compliant with the Data Protection Act 2018 and the General Data Protection Regulations (GDPR). Business Continuity plans are in place, the Group's employees are provided with regular training and the cyber security controls are regularly stress tested.

Description	Category	Risk Appetite	Mitigation
Key Person Dependency Unavailability or loss of key individuals could have a detrimental impact on business performance. Significant Intellectual property, relationships and experience is held by certain members of management. If they became unavailable there could be a short-term impact on operational performance and the progress of key projects.	People & Culture	Balanced (8/12)	There is a succession plan in place covering all key individuals and no one person is responsible for any key relationship. Bonus schemes and share options are put in place to support retention of key employees and are regularly reviewed by the Renumeration Committee. There has been a significant focus on staff wellbeing in response to COVID-19
Working capital management The Group is investing in working capital as it builds its book of personal injury claims in its ABS law firms. These claims can take up to 2–3 years to process and it is at the settlement point of each successful claim that cash is received. The Group is also investing in strategic change projects in both divisions in order to generate future growth. This is against the backdrop of reduced revenues and enhanced credit risk resulting from the COVID-19 pandemic, for an uncertain period of time. Whilst the Group generated £6.1m of FCF in 2020, if this were to change and the Group ran out of capital before the book of claims matures then it could fail to capitalise on the opportunity, miss its financial forecasts and the bank could demand repayment of the debt facility	Financial	Cautious (6/12)	The Board closely monitors the use of capital and uses short and medium-term forecasts to plan future requirements. Day-to-day capital is provided through the Group's revolving credit facility (RCF) with Yorkshire/ Clydesdale Bank and levels of utilisation and compliance with the debt covenants is reviewed on a monthly basis by the Executive Directors and reported to the Board. The Board have suspended dividend payments in order to reduce debt and thereby reduce this risk. Decisions around future dividends will be made with consideration to future capital requirements.

Section 172 Statement and Stakeholder Engagement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a Director to have regard, among other matters, to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the company.

The key decisions made by the Board during the year were:

- Flexing the placement of enquiries in personal injury to focus on short term cash and profits in order to safeguard the ability of the Group to operate in the short term by meeting its debts as they fall due and operating within its banking covenants (see page 32 for further details)
- Merging the personal injury and residential property divisions to create a new Consumer Legal Services division, identifying annualised cost savings in the process of £1.2m which will streamline operations and support the recovery and future growth prospects of the Group (see page 32 for more details)
- Continuing with its strategic plans in personal injury to transition from a claims management company to a law firm in preparation for the small claims reforms in May 2021, positioning the division to be ready for small claims and processing an increasing number of enquiries in National Accident Law to generate higher profits (see page 33 for more details).

The Directors give careful consideration to the factors set out above in discharging their duties under Section 172. Further detail on the long-term strategy and the Board's decision-making driving this can be found in the Chair's Report and Operating Review on page 28. Our trusted brands (Operating Review, page 35), Industry awards (Operating review, page 35) and Investors in People (Operating Review, page 38) are all testament to how the business strives to maintain its reputation for high standards of business conduct.

The Board sees the value of building and maintaining strong relationships with its key stakeholders, who are identified below.

Our employees

The business is committed to open and transparent communication with its staff, primarily through the delivery of bi-monthly all-staff meetings where strategic and performance updates are delivered by the Executive Director and the senior management team and two-way communication is encouraged. In addition to gathering feedback throughout the year through regular meetings, the company also encourages employees to share their views via its annual staff survey, the results of which are shared and actions taken as a result. Colleagues are invited to invest directly into the company's performance through its Save As You Earn share schemes which are open to all employees. For more information about our people, please see Our Culture, Our Business on page 18.

Our customers

The Group's customers fall into two distinct categories covering both business-to-business and business-to-consumer sectors and the Group is committed servicing them both effectively. Our business-to- business customers are supported by dedicated partnership and business development teams who work to ensure that all parties are satisfied with the management of the relationship and its results. Our business-to-consumer customers benefit from the empathic expertise of our teams of highly trained employees. The Group further invests in its technologies with a view to ensuring that this customer base has a market-leading consumer experience.

Our suppliers

The Group works with a number of key suppliers, primarily providers of marketing support services, technology providers, self-employed associates and search agents and surveyors. Again, each division has dedicated marketing and operations teams who work closely with these suppliers to ensure the successful delivery of these services for both parties.

Our investors

The Group aims to maintain an ongoing dialogue with shareholders throughout the year, to manage their expectations and understand the motivation behind shareholder voting decisions. Our Investors section of our website (www.nahlgroupplc.co.uk/investors) explains how we have sought to do this, including engaging with investors through our Annual General Meeting and meeting larger shareholders during twice-yearly roadshows following the announcement of the full year and interim results. The Chair is available to meet investors as required. The Board seeks to manage investor expectations whilst striving to make the right decisions as it navigates the ever-changing markets in which it operates; aiming to strike a balance between long-term shareholder value and short-term business needs.

Our communities and the environment

While our businesses have limited direct impact on the environment we are mindful of our responsibility in this regard. To this end, a staff body has been developed to look at ways that our businesses can limit their impact on the environment. Recent successes include the Critical Care division's new offices using 100% clean energy and the Consumer Legal Services main office using recycled refrigeration for its air conditioning. Our employees remain committed to their local communities.

Our employees remain committed to their local communities and the Group supports organisations both nationally, as with Paradance UK, and local through Food Banks local to its office bases.

Our employees remain committed to their local communities and the Group supports organisations both nationally, as with Paradance UK, and local through Food Banks local to its office bases.

This strategic report was approved by the Board on 4 June 2021 and signed on its behalf by:

Tim Aspinall
Chair

100%
clean energy at our Daventry office

Leadership and Governance

Board of Directors

Tim Aspinall

Non-Executive Chair

Tim Aspinall became Chair in October 2020, having been a Non-Executive Director since June 2016. He sits on the Group's Remuneration and Nomination Committees and attends Audit and Risk Committee by invitation.

Tim runs Aspinall Consultants Limited, a management consultancy business advising professional services firms on strategy, performance management and mergers and acquisitions.

Tim is also a Non-Executive Director of Kuro Health Limited which is one of the leading providers of medical reports in the UK. Tim is a qualified solicitor and his senior leadership career in the legal sector includes Managing Partner of DMH Stallard LLP where he led its transformation into an award winning and highly respected mid-market law firm.

James Saralis

Chief Financial Officer

James Saralis is Chief Financial Officer of the Group, which he joined in January 2018. His responsibilities include implementing the strategy agreed by the Board, managing the day-to-day operations of the Group and liaising with the Group's investors and banks.

James brings with him a wealth of experience both operationally and of the AIM market. Previously, he spent over 10 years in the general insurance industry, most recently as CFO of the Direct & Partnerships and Employee Benefit divisions of Jelf, part of Marsh & McLennan Companies. James has also held various finance roles in Clearspeed Technology plc, HBOS plc and RAC plc.

He is a Chartered Accountant and a fellow of the ICAEW, having been a member since 2003. He holds a Bachelor of Science from the University of Bristol.

Gillian Kent

Non-Executive Director

Gillian Kent became Non-Executive Director in November 2014 and is Chair of the Group's Remuneration Committee and Nomination Committee. She also sits on the Audit & Risk Committee.

Gillian is also an independent Non-Executive Director at Ascential plc, Mothercare plc and SIG plc. Her executive career in the digital and online sectors includes Managing Director of Microsoft's largest online business in the UK. Gillian has also served as Chief Executive Officer and Digital Consultant at GK Associates, Chief Executive Officer at Propertyfinder.com, Marketing Director and Director of Strategy and Business Development at Microsoft (MSN).

Sally Tilleray

Non-Executive Director

Sally Tilleray became Non-Executive Director on 19 July 2019 and is Chair of the Group's Audit & Risk Committee, as well as sitting on the Remuneration and Nomination Committees.

Sally founded her own consulting business and is currently Chair of digital agency Kagool, Chair of marketing communications firm Cognito and Senior Independent Non-Executive Director of Mind Gym plc, the AIM listed psychology based organisational improvement group.

In her executive career, Sally was previously joint Group Chief Operating Officer and Finance Director at Huntsworth plc, the international healthcare and communications firm, where she was responsible for the Group's worldwide financial functions and day-to-day operations. Prior to this, she served as CFO Europe for Predictive Inc., a technology consulting business which listed on Nasdaq in 2000. She is a member of the Chartered Institute of Management Accountants.

Brian Phillips

Non-Executive Director

Brian joined the Board on 25 June 2020 as a Non-Executive Director.

He has had a long and distinguished career in private equity and in 2014 stepped back from full time employment to build a portfolio of investments using his own capital. He later used this experience and extensive contacts in the field to start Ethos Partners LLP in 2017, which is a private investment office operating in the UK small cap and private equity market.

During his executive career, Brian was previously the Chief Investment Officer for Greenhill Capital Partners in London where he was recruited to set up a new private equity business for Greenhill & Co., a listed US investment bank. Previous to this he was Managing Director for L&G Ventures and a Director at various firms including Bridgepoint and Gartmore Private Capital.

Brian is a Chartered Accountant and member of the Institute of Chartered Accountants of Scotland.

Executive Management Team

Simon Trott

Chief Operating Officer – Consumer Legal Services

Simon is responsible for the executive leadership & operations of the Consumer Legal Services division, which includes National Accident law, encompassing the National Accident Helpline brand, Searches UK, Homeward Legal, Your Law, Law Together & National Conveyancing Partners.

Over the last few years, Simon has been leading the division's transformation strategy, including the successful launch of National Accident Law in April 2019. This has comprised transitioning from being a claims management company into a modern, technologically-enabled law firm, with a market leading brand that is able to process its own enquiries.

Previously, Simon spent 20 years in senior positions within the general insurance industry, most recently at Towergate Partnership Group, culminating in his roles as CEO of Towergate's Direct Division & RKH Group.

Will Herbertson

Director of Marketing and Strategy – Consumer Legal Services

Will joined the Group as Managing Director of the Group's Residential Property division in September 2018, before leading the successful merger of this area with the Personal Injury division during 2020.

In his current role as Director of Marketing and Strategy, Will holds broad responsibility for brand-building, lead generation, market analysis, websites and customer journeys for the combined Consumer Legal Services division, and supports the divisional executive team and Group board with strategy development.

Will brings extensive commercial, marketing and digital leadership experience to the Group. Prior to joining the Group, Will was a Commercial Director at MoneySupermarket and held UK and international sales and marketing positions at Procter & Gamble, where he started his career.

Helen Jackson

Managing Director – Critical Care

Helen was appointed as Managing Director at Bush & Co in July 2016 having spent four years as Group HR Director.

Responsible for overall strategy and leadership within the division as well as business development, quality and clinical independence, Helen has driven a number of business improvements. More recently of note Helen led Bush in launching two industry leading ventures with the Spinal Injuries Association and Child Brain Injury Trust. These are both prominent charities in the sector, reinforcing the company's market positioning as the leader in catastrophic injury in case management and building on Bush's 30 years of success within the Critical Care sector.

Previously, Helen held HR leadership roles at Everest, BUPA and Tesco.

Marcus Lamont

Group HR Director

Marcus joined as Group HR Director in July 2016.

During his time with the Group, Marcus has embarked on delivering improvements to talent development, embedding the Group's culture and Values and enhancing recruitment processes, with significant focus on an aligned approach across all divisions. Passionate about staff engagement and recognition, Marcus recently delivered Gold Standard Investors in People status for the Personal Injury division as well as ensured its inclusion for the first time in The Sunday Times Top 100 Best Small Companies to Work For.

Marcus joined from Everest where he was HR Director, taking the lead on talent management, leadership development, employee engagement and change management. Prior to that, Marcus held senior positions at UPS plc, across the globe.

Chair's Introduction to Governance

Dear Shareholder,

On behalf of the Board, I am pleased to introduce our Corporate Governance statement for the year ended 31 December 2020. The purpose of this section of the annual report is to set out our commitment to good corporate governance, which should be read in conjunction with our website which provides further detail.

The Board is ultimately responsible for corporate governance, which is the way in which companies are directed and controlled. We believe that good corporate governance is vital to support long-term growth in shareholder value. To achieve this, companies require an efficient, effective and dynamic management framework that is accompanied by clear communication, promoting confidence and trust.

Compliance with the QCA Corporate Governance Code

Companies listed on AIM are required to adopt a recognised corporate governance code. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code. We believe that the QCA code is a pragmatic, principles-based tool that enhances the Group's ability to explain its approach to corporate governance. It is appropriate for the needs and circumstances of small and mid-sized quoted companies on a public market.

It is based around a set of ten principles to which the Group must either comply or explain why it has chosen not to. The ten principles of the code are set out in the table on page 63 and I can confirm that we are in compliance with the requirements of the code and the table provides signposts to the relevant disclosures and explanations.

Shareholder engagement

An important part of the QCA code concerns engagement and communication with our shareholders. We welcome open and regular dialogue with our shareholders and the Our Investors section of our website explains how we have sought to do this.

In 2020, due to the restrictions put in place by the UK Government to limit the spread of COVID-19, we were forced to hold our Annual General Meeting as a closed meeting with the minimum number of shareholders present to form a quorum. Despite this, we sought to maintain engagement by encouraging shareholders to listen to the meeting via conference call and allowed them to submit questions, which were answered by the Directors during the meeting.

It is our hope that this year, in line with the Government's roadmap to ease COVID-19 restrictions, we will be permitted to return to a face-to-face AGM and I would like to extend an invitation to all shareholders to attend our AGM and to engage with the Board and other members of our senior leadership team who will be in attendance.

Tim Aspinall
Chair

Governance Statement

The Board

Board composition

The Board comprises the Non-Executive Chair, three independent Non-Executive Directors and one Executive Director. Their biographies can be found on pages 56–57.

There is a clear separation of the roles of Non-Executive Chair and Executive Director. The Chair, Tim Aspinall, is responsible for the running of the Board and for ensuring that all Directors are fully informed of matters sufficient to make informed judgements. As Executive Director, James Saralis has responsibility for implementing the strategy agreed by the Board and managing the day-to-day operations of the Group. He is supported in this role by other senior leaders in the Group.

As Company Secretary, James Saralis, supports the Board with compliance and governance matters. The Board believes this is appropriate given the size and complexity of the Group and he reports directly to the Chair on governance matters and where any potential conflicts between the two roles arise.

The Board has determined that the Non-Executive Directors are independent, experienced and influential individuals with complementary skill sets. There is currently no Senior Independent Non-Executive Director. The Board believes this is appropriate give the size of the Board and will review this practice as part of the Board effectiveness review later in the year.

Members of the Board maintain membership of a number of professional bodies and ensure their skill sets are constantly developed. As part of our ongoing commitment to staff development, Executive Directors and senior leaders have personal development programmes which include mentoring and attendance at high level leadership programmes. In addition, they receive individual support for specific and identified development needs to ensure they are kept up to date on relevant legal developments or changes in best practice.

The Nomination Committee is responsible for considering the make-up of the Board and identifies any succession planning requirements.

No individual or group dominates the Board's decision-making processes.

The Role of the Board

The Board sets the strategic aims of the Group and its values; provides the leadership required to put them into effect; supervises and constructively challenges management, who are responsible for the day-to-day running of the Group; and reports to shareholders on their stewardship. The Board is also responsible for risk management, and we have set out our approach to this in the Principal Risks and Uncertainties section of the Annual Report on page 46.

Meetings were attended virtually from March 2020 and the increase in the number of meetings compared to prior years was a direct result of the Group's response to the COVID-19 pandemic as well as the aborted offer for the Group towards the end of 2020.

The Board met 16 times during 2020 and the meetings last for approximately half a day. In addition to this, all Directors attend the Group's Annual General Meeting. Additional meetings or conference calls are convened as required. Members of the Board also chair and sit on the Board committees and these each have their own time commitments.

The following table shows the Directors' attendance at Board and Committee meetings during the year:

Table of Board attendance

	Board	Audit	Remuneration	Nomination
Tim Aspinall	16/16	5/5	3/3	2/2
Caroline Brown[1]	11/11	N/A	2/2	2/2
Russell Atkinson[2]	10/10	N/A	N/A	N/A
James Saralis	16/16	N/A	N/A	N/A
Gillian Kent	16/16	5/5	3/3	2/2
Sally Tilleray	16/16	5/5	3/3	2/2
Brian Phillips[3]	7/7	N/A	N/A	N/A

1. Caroline Brown resigned from the Board on 7 October 2020
2. Russell Atkinson resigned from the Board on 4 September 2020
3. Brian Phillips was appointed to the Board on 23 June 2020

Board effectiveness

The Chair annually reviews the contributions of Board members, with a focus on ensuring effectiveness and relevance. The Board periodically reviews its effectiveness and performance as a unit to ensure that it is operating collectively in an efficient, informed, productive and open manner.

The Board last undertook an evaluation of its effectiveness in 2019 which was supervised by the Nomination Committee with the assistance of the Company Secretary. The approach taken was to issue a questionnaire, covering topics including Board composition and governance, Board operations, strategy, stakeholder relations and the performance of individual Directors and Board Committees. This was followed by a discussion with the full Board.

The key areas of focus and subsequent actions were presented in the Group's financial statements for the financial year to 31 December 2019.

The Board plans to conduct the next review into its effectiveness in the second half of 2021. The results of this review will be presented in the Group's financial statements for the financial year to 31 December 2021.

Internal control

The Group has implemented policies on internal control and corporate governance. These have been prepared in order to ensure that:

- proper business records are maintained and reported on, which might reasonably affect the conduct of the business;
- monitoring procedures for the performance of the Group are presented to the Board at regular intervals;
- budget proposals are submitted to the Board no later than one month before the start of each financial year;
- accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements;
- the Group is provided with general accounting, administrative and secretarial services as may reasonably be required; and
- interim and annual accounts are prepared and submitted in time to enable the Group to meet statutory filing deadlines.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture, although the Group finance team has implemented a series of internal control reviews and reports the outcomes of these to the Audit & Risk Committee.

Board committees

To assist in carrying out its duties the Board has set up a number of committees, including the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee. Each committee has formally delegated duties and responsibilities with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises. An explanation of the responsibilities and composition of the committees is set out below and the terms of reference can be downloaded from our website.

Audit & Risk Committee

The Audit & Risk Committee consists of:

Sally Tilleray (Chair)

Gillian Kent

Brian Phillips

Tim Aspinall served on the Committee until his appointment to the role of Chair of the Board on 7 October 2020. The Audit & Risk Committee is expected to meet formally at least three times a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

Remuneration Committee

The Remuneration Committee consists of:

Gillian Kent (Chair)

Tim Aspinall

Sally Tilleray

Brian Phillips

The Remuneration Committee is expected to meet not less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Company's Chair, the Executive and Non-Executive Directors, the Company Secretary and other senior executives. The Remuneration Committee also has responsibility for:

- determining the total individual remuneration package of the Chair and each Executive Director (including bonuses, incentive payments and share options or other share awards); and
- determining the total individual remuneration package of the Company Secretary and all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Group's policy and in consultation with the Chair of the Board and/or the Executive Director. No director or manager may be involved in any discussions as to their own remuneration.

Nomination Committee

The Nomination Committee consists of:

Gillian Kent (Chair)

Tim Aspinall

Sally Tilleray

Brian Phillips

The Nomination Committee is expected to meet not less than once a year and at such other times as required. It has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

Accountability and stakeholders

The Board considers that the 2020 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Details of how we do this are also explained in the Audit & Risk Committee report.

How we have complied with the QCA Corporate Governance Code

Governance principles	Reference
Deliver growth	
Governance principles	**Reference**
1. Establish a strategy and business model which promote long-term value for shareholders	Business Models (pages 9 and 12) and Our Businesses on pages 6–8 and pages 10–11
2. Seek to understand and meet shareholder needs and expectations	See Chair's Introduction to Governance (page 59)
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	See Section 172 Statement (page 52)
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	See Principal Risks and Uncertainties (page 46)
Maintain a dynamic management framework	
Governance principles	**Reference**
5. Maintain the Board as a well-functioning, balanced team led by the Chair	See Governance Statement (page 60)
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	See Governance Statement (page 60)
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	See Governance Statement (page 60)
8. Promote a corporate culture that is based on ethical values and behaviours	See Our Culture, Our Business (pages 18–22)
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	See Governance Statement (page 60)
Build trust	
Governance principles	**Reference**
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	See Governance Statement (page 60) and Section 172 Statement (page 52)

Audit and Risk Committee Report

Dear Shareholder,

I am pleased to present my report of the Audit & Risk Committee for the year ended 31 December 2020.

The composition and responsibilities of the Committee are set out on page 62. The Chair, Chief Financial Officer, Group Financial Controller and external auditors attend the Committee by invitation, if required.

The main items of business considered by the Committee during the year included:

Appointment of the external auditor

The Committee considers a number of areas when reviewing the engagement of the external auditor, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and remuneration. Whilst the Committee was satisfied with the performance of PricewaterhouseCoopers (PwC) and its audit of the financial statements for the year ended 31 December 2019, following a review of PwC's proposals for this year's audit, the Committee concluded that the proposal did not represent value for money for the Company.

Accordingly, the Committee launched a competitive tender process which concluded with Mazars LLP (Mazars) being appointed as the Group's new external auditor for the year ended 31 December 2020.

PricewaterhouseCoopers LLP resigned by notice to the Company under section 516 of the Companies Act 2006 and has confirmed that there were no matters connected with it ceasing to hold office that need to be brought to the attention of members or creditors of the Group for the purposes of section 519 of the Companies Act 2006.

Following the completion of this year's audit, the Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of Mazars and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting.

External audit process

The external auditor prepared a plan for its audit of the full year financial statements, which, this year, was presented to the Committee in March 2021. This was later than the normal timescales due to the aborted takeover offer of the Group by Frenkel Topping Group plc. The audit plan set out the scope of the audit, areas of significant risk for the external auditor to focus their work on and audit timetable. This plan was reviewed and agreed in advance by the Audit & Risk Committee.

Following its review, the external auditor presented its findings to the Audit & Risk Committee for discussion. No major areas of concern were highlighted by the external auditor during the year; however, areas of significant risk and other matters of audit relevance were discussed.

The Committee monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in note 3 to the financial statements. The non-audit fees relate to a regulatory audit of compliance with the Solicitors Accounting Rules in National Accident Law.

Changes to financial reporting disclosures

During the year, the Directors, in conjunction with the Group's new external auditors, undertook a review of NAHL's financial reporting disclosures. As a result of this assessment, the Directors have simplified the presentation of the income statement and amended the classification of certain costs along with the definition of certain alterative performance measures (APMs). In addition, the Directors have determined that the presentation of the non-controlling members' interests in the profits of the Group's ABS law firms should be amended in the financial statements and, as required by IAS 8, the Group has restated the 2019 comparatives to be consistent with this new presentation.

The impact of these changes on the 2019 results is as follows:

Adjustment 1 – Following the restructure of the Group during the year, costs relating to the Group's call centre and lead triage operations have been reclassified from administrative expenses to cost of sales. This ensures consistency between the Group's Personal Injury and Residential Property businesses. There is no change to the underlying operating profit of Consumer Legal Services as a result of this change.

Adjustment 2 – In line with best practice, the Group has presented the costs of share-based payments and amortisation of intangible assets arising on business combinations within underlying operating profit rather than as non-underlying items. The Directors consider that this change will result in greater comparability of the Group results with other listed entities.

Adjustment 3 – Following a detailed review of the LLP agreements in respect of the Group's joint-venture law firms, and in consultation with the Group's new auditors, the Directors have determined that the non-controlling member capital and current accounts previously accounted for as equity in the consolidated statement of financial position, meets the definition of a financial liability under IAS32 and should be presented as such. There is no change to the capital and reserves attributable to the owners of the Company.

As a result, the profit attributable to non-controlling interests has now been reclassified as an expense in the statement of comprehensive income rather than shown as an allocation of profits to a non-controlling interest. This is in line with treatment of income and returns on financial liabilities under IAS 32. There is no change to the profit and total comprehensive income attributable to the owners of the Company.

The Directors believe that these changes to presentation better reflect the nature of the costs and the operations of the respective businesses.

Further details are presented in note 30.

Critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgements considered by the Committee during the year are set out in note 1 to the financial statements on page 99. In consideration of these judgements, the Committee reviewed the recommendations of the finance function and received reports from the external auditors on their findings. These judgements comprised the following:

- The decision to consolidate the results and net assets of two Limited Liability Partnership (LLP) law firms in the financial statements. The Committee considers that Your Law LLP and Law Together LLP are controlled through the Group's 100% subsidiary, Project Jupiter Limited, who is entitled to appoint the majority of members to the management boards. Therefore, the Group is correct in consolidating these entities within the financial statements with a corresponding liability recognised for our partner firms' share of profit.

- The classification and disclosure of exceptional items. In order to provide additional useful information for shareholders on underlying business trends and core trading performance, the Board uses alternative performance measures and classifies certain items of expenditure as exceptional items. The classification of such items involves judgement as to what is meant by exceptional and the Board has therefore developed an accounting policy for such items (see note 1 on page 108). Given that this a presentational judgement which does not affect the reported amounts of assets, liabilities, income and expenses, the Committee has determined that is does not warrant disclosure in note 1 as a critical accounting judgement.

The Committee has also considered the key sources of estimation uncertainty set out in note 1 to the financial statements on page 99, which comprises the following:

- The revenue recognition on provision of legal services. The Group recognises revenue in its ABS law firms using the expected value method provided by IFRS 15 Revenue from Contracts with Customers. There is uncertainty in determining the transaction price, which is dependent on the stage at which a claim settles and the quantum of final damages, but management use historical experience and average fee history in order to calculate an estimated price. The estimate is revised as the claim progresses and assumptions are updated to reflect actual experience. The Committee considers that management adopt a conservative approach to recognition as no revenue is recognised until liability is admitted on a claim and, as a result, there is less risk of significant revenue write-offs in future.
- Recoverability of trade receivables. The Group recognises trade receivables and accrued income in the financial statements net of an estimated provision for impairment losses. This has been calculated using an expected credit loss methodology, in line with the guidance in IFRS 9 Financial Instruments, along with individual provisions for balances where management has specific concerns. The Committee has reviewed the basis for the calculation of the provision and the underlying assumptions (explained in note 1 on page 100), and is satisfied that the provision is appropriately valued.
- Impairment of goodwill and parent company investment. Management conducted a review of the carrying value of goodwill in the consolidated financial statements to determine whether there was any requirement for an impairment charge, in accordance with IAS 36 Impairment of Assets. This was an area of focus for the Committee given the size of the balance and the results in the year. Having reviewed the assumptions used in the calculation of carrying value, and the sensitivity analysis performed, the Committee was satisfied that sufficient headroom to the carrying value existed. Accordingly, the Committee concluded that this did not warrant disclosure under the key estimates in note 1.

In summary, the Committee is satisfied that the judgements and estimates made by management are appropriate.

Going Concern

The Audit & Risk Committee has reviewed the Going Concern assessment prepared by management. The assessment includes detailed financial forecasts covering a range of potential scenarios that account for the impact of COVID-19 on the business. The going concern assessment focuses on two key areas, being the ability of the Group to meet its debts as they fall due and being able to operate within its banking facility.

The Group has access to a £25.0m revolving credit facility (RCF) with its bankers and at the time of writing, it has drawn £19.0m of this facility and has cash of £3.5m. In all of the scenarios the Group has modelled it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The Group's RCF is subject to quarterly covenant testing and all of the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

The Group has modelled a worst case scenario, assuming that volumes fall back to their 2020 levels, and has then considered the options it would have available to mitigate against any shortfall in profits and cash. Under this scenario, the Group would be able to implement sufficient mitigating actions in order to operate within its covenants. The likelihood of this scenario occurring is considered

to be remote and therefore the directors consider the Going Concern basis of accounting to be appropriate.

The directors have also considered the ability of the Group to refinance, given the loan term expires on 31 December 2022, and are confident that the Group will be able to secure future funding.

Further details of the going concern review are given on page 98. Based on this review, the Committee has a reasonable expectation that the Company and Group has adequate resources to continue in existence for the foreseeable future and has concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

New and forthcoming accounting standards

There were no new accounting standards during the year.

Risk Management Framework and controls

The Audit & Risk Committee provides support to the Board in its oversight of the Group's risk management framework, as set out on page 48 and monitors the effectiveness of risk management through reporting and assurance.

During the year, the Committee commissioned a review into cyber-security risks across the Group in response to increased levels of fraud in the legal industry and potential emerging risks arising from the Group's decision to ask its employees to work from home during the periods of national lockdown. The review was conducted by the Group Legal & Compliance Director and the IT Director and recommended a number of improvements to processes and implemented enhanced training to mitigate the risks.

The Committee reviewed the output of the cyber-security review along with the wider risk management framework and is satisfied that appropriate mitigating controls are in place.

At present the Group does not have an internal audit function, but the finance function conducts a programme of review of the financial controls operating within each of the businesses, identifying areas to be improved and reporting the outcomes to the Committee. The Committee believes that in view of the current size and nature of the Group's businesses, this approach is sufficient to enable the Committee to derive sufficient assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves.

Sally Tilleray
Chair of the Audit & Risk Committee

Remuneration Committee Report

Dear Shareholder,

On behalf of my colleagues on the Remuneration Committee and the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2020, which sets out the future Directors' Remuneration Policy, intended to take effect from the close of the 2021 Annual General Meeting and the Annual Report on Remuneration.

Review of the 2020 financial year

2020 presented challenges to the business through continued regulatory uncertainty and the COVID-19 global pandemic. The pandemic restrictions had the effect of reducing volumes in our Personal Injury and Critical Care divisions contributing to a decline in Group revenue of 20.3% to £40.9m and in underlying profit of 45.7% to £5.7m.

The Company accessed the Government's Coronavirus Job Retention Scheme from April to December and focused on cost saving measures throughout the year resulting in annualised savings of £1.2m. Investment into the business was targeted at essential capabilities and key strategic initiatives and proactive steps were taken to manage the Group's balance sheet and maximise liquidity, resulting in a year end net debt of £16.3m (2019: £21.0m).

The Company was also the target of a reverse takeover bid which involved extensive discussions from September 2020 until they were drawn to a close in January 2021 when an offer was not made.

The above informed and shaped the decisions of the Committee during the year and in the construction of the new Remuneration Policy.

New 2021 Remuneration Policy

Our previous Directors' Remuneration Policy was approved by an advisory vote at the 2018 Annual General Meeting and became effective for three years from the close of that meeting. The Committee has taken the opportunity to review the executive remuneration framework to ensure that it:

- retains and motivates our Executive Directors and wider management in order to provide the Group with continuity and stability at the leadership level
- is simple and transparent
- takes into account market practice, shareholder expectations and best practice governance developments for AIM companies

Following consultation with major shareholders, the following key changes have been agreed by the Committee.

Restricted Share Plan (RSP)

The Committee agreed to replace the current Performance Share Plan (PSP) with annual awards of restricted shares. The Committee believes this is the right approach for the Group as it provides a simple retention and lock-in mechanism for our CFO and wider management at a time when it is critical to sustain a stable leadership team who are focused on delivering the Group's strategic priorities and value to shareholders, especially during an uncertain environment with factors outside of the leadership team's control, which has been a key challenge for the Committee in setting robust long-term targets when granting PSP awards in recent years.

The design terms are:

- Reduction in maximum award from 100% of salary under the PSP to 50% of salary in respect of a financial year under the RSP. This 50% reduction is in line with guidance from shareholders and proxy voting agencies.
- Three-year vesting period, subject to continued employment and the Committee's assessment of overall business performance during the vesting period (taking into account financial and share price performance), with a two year clawback in the event of material misstatement of the Group's financial results or if the participant has been guilty of serious misconduct.
- Awards will ordinarily be pro-rated for time served in the event of a change of control, unless the Committee determination, at its discretion, that circumstances exist to disapply time pro-rating.

Other policy changes

- Alignment of Executive Director employer pension contribution (or cash allowance) with the wider workforce (currently 3% of salary), from a previous contribution of up to 10% of salary.
- Flexibility to pay a transformation transaction bonus to Executive Directors in addition to the regular performance based bonus. The transaction bonus is capped at 100% of salary and will be determined at the discretion of the Committee taking into account the value generated for shareholders and the Executive Director's contribution to delivering the transaction. There are no changes to the maximum opportunity of the regular performance based bonus of up to 100% of salary in respect of a financial year.
- A reduction of the notice period of the CEO role from 9 months to 6 months in line with the CFO role.

The full 2021 Remuneration Policy is found on page 75.

Remuneration decisions in respect of 2020

Board changes

On 7th September 2020, Russell Atkinson resigned from the Board as CEO and left the Group on 30th September 2020. He was paid 9 months' salary, benefits and pension in lieu of notice in line with his contractual entitlements. He was treated as a 'good leaver' for the purpose of the 2020 annual bonus plan and for long-term incentive awards granted on 25th May 2018 and 18th April 2019, dependent on the achievement of the performance conditions. As noted below, no 2020 bonus was ultimately payable to Russell Atkinson and his long-term incentive awards granted on 25th May 2018 lapsed in full as the threshold performance targets were not achieved.

On 8th October 2020, Tim Aspinall was appointed as Non-Executive Chair of the Group following the immediate resignation of Caroline Brown from this position. His fee was set at £80,000 per annum in line with his predecessor's fee.

Salary/Fees

It was proposed that the Executive Directors and Non-Executive Directors would receive a 2% increase to base salary and fees with effect from 1 March 2020, in line with the percentage increase awarded to the wider workforce. However, in response to the impact of COVID-19, this increase was deferred and a decision was made not to apply it in the year. Furthermore, the Board agreed to a 20% reduction in base salaries and fees for three months (1 April to 30 June 2020) as part of the cost-saving measures implemented in light of COVID-19.

Annual bonus outcomes

The 2020 annual bonus was assessed against underlying operating profit less profit attributable to members' non-controlling interests in LLPs. (75% of the award) and individual objectives (25% of the award). The threshold operating profit target was not achieved and therefore the Executive Directors were not eligible for a bonus payment.

Long-term incentives

On 25th May 2018, Russell Atkinson was granted 152,498 shares and James Saralis 91,463 shares in the form of nominal cost share options which were subject to EPS performance (50% of the award) and absolute Total Shareholder Return (TSR) performance (50% of award). The options have now lapsed in full as the threshold performance targets were not achieved.

No long-term incentive awards were granted to Executive Directors during 2020. This was a result of the Committee initially delaying the grant of awards due to the impact of COVID-19 and then subsequently the Group being subject to an offer during the latter part of the year.

Implementation of Directors' Remuneration Policy for 2021

Salary/Fees

The CFO was awarded a 20% temporary increase in base salary from £170,000 to £204,000 per annum, with effect from 1 March 2021 in recognition of the additional responsibility involved in his role in the absence of a Group CEO. For reference Russell Atkinson's base salary was set at £227,800 per annum prior to his resignation as CEO.

A proposed 2% increase in salary for the wider workforce has been deferred in response to the impact of COVID-19, and will be reviewed later on in the year.

A proposed 2% increase in Non-Executive Directors' basic fee and the Chair's fee has been deferred in response to the impact of COVID-19 and will be reviewed later in the year.

Annual bonus plan

The CFO's annual bonus opportunity is capped at 45% of salary which is subject to stretching operating profit (post minority interest) targets for 2021. For reference the normal maximum bonus opportunity is 100% of salary under the Remuneration Policy. The performance targets are considered commercially sensitive and will be disclosed in next year's Directors' Remuneration Report.

Long-term incentives

A restricted share award was granted to the CFO on 23 April 2021 which comprised of two tranches:

- an award equal to 50% of his 2020 salary which will vest on the second anniversary of the grant date subject to continued employment and a business performance underpin.
- an award equal to 50% of his 2021 salary which will vest on the third anniversary of the grant date subject to continued employment and a business performance underpin.

This one-off award structure reflects that no long-term incentive award was granted in 2020.

While the Company's AGM is currently scheduled for June 2021, technically, the restricted share award was granted under the 2018 Remuneration Policy. The Committee considered there to be sufficient flexibility to grant restricted share awards under such policy.

Conclusion

We are committed to a responsible and transparent approach in respect of executive pay. The Committee believes that the advisory vote provides accountability and gives shareholders a say on this important area of corporate governance. We continue to welcome any feedback from shareholders and hope to receive your support at the 2021 AGM.

Gillian Kent
Chair of the Remuneration Committee
4 June 2021

Single figure of remuneration (audited)

The table below details the elements of remuneration receivable by each Director for the financial year ended 31 December 2020 and the total remuneration receivable by each Director for that financial year and for the financial year ended 31 December 2019.

	Salary and fees[5]	Benefits	Termination benefits	Pension	Annual bonus	Total Remuneration 2020	Total Remuneration 2019
	£000	£000	£000	£000	£000	£000	£000
Executive Directors							
J R Atkinson[1]	159	13	179	2	–	353	246
J D Saralis	162	16	–	2	–	180	185
Non-Executive Directors							
C A Brown[2]	62	–	–	–	–	62	84
T J M Aspinall[3]	58	–	–	–	–	58	55
G D C Kent	47	–	–	–	–	47	50
B Phillips[4]	23	–	–	–	–	23	–
S P Tilleray	48	–	–	–	–	48	22

1. J R Atkinson resigned from the Board as CEO on 7th September 2020
2. C A Brown resigned from the Board as Non-Executive Chair on 8th October 2020
3. T J M Aspinall was appointed Senior Independent Director on 30th January 2020 with an additional fee of £5,000 per annum in light of the additional responsibility and was appointed Non-Executive Chair on 8th October following the resignation of C A Brown with a fee of £80,000 per annum
4. B Phillips was appointed as a Non-Executive Director on 25th June 2020
5. The Board agreed to a 20% reduction in base salaries and fees for three months (1 April to 30 June 2020) as part of the cost-saving measures implemented in light of COVID-19. The salaries and fees above are shown after the reduction.

The taxable benefits received during the financial year ended 31 December 2020 are principally car allowance and private medical insurance.

Individual elements of remuneration

Base salary and fees

The base salaries for 2020 and 2021 are as set out below:

	2020 base salary	2021 base salary[1]	
	£000	£000	% increase
J D Saralis[1]	170	204	20%

1. As noted on page 70, J D Saralis has been awarded a temporary increase in base salary from 1st March 2021 in recognition of his additional responsibilities.

Details of Non-Executive Directors' fees for 2020 and 2021 are as set out below:

	2020 fee	2021 fee	
	£000	£000	% increase
Chair's fee	80	80	0%
Non-Executive Director's fee	45	45	0%
Senior Independent Director	5	5	0%
Chair of the Audit & Risk Committee	5	5	0%
Chair of the Remuneration Committee	5	5	0%

Annual bonus plan

The maximum annual bonus opportunity for the CEO was 100% of salary and for the CFO was 80% of salary in respect of the year ended 31 December 2020. 75% of the annual bonus was assessed against underlying operating profit performance (after profit attributable to non-controlling members' interests in LLPs) and 25% was assessed against individual objectives.

The threshold operating profit target was not achieved and therefore the CEO and CFO were not eligible for a bonus payment.

The following table sets out the bonus criteria for the CEO and CFO and how this reflects performance for the year.

CEO J R Atkinson

Performance measure	Proportion of bonus determined by measure	Performance	Bonus earned £000
Operating profit[1]	75%	Operating profit threshold of £8.7m was not achieved.	–
Personal objectives[2]	25%	These included the strategic development of the Group, divisional strategy support including the re-engineering of the Personal Injury division, and strategy and operational planning in Residential Property and strategy development of Critical Care, Investor relations and personal leadership development	–

CFO J D Saralis

Performance measure	Proportion of bonus determined by measure	Performance	Bonus earned £000
Operating profit[1]	75%	Operating profit threshold of £8.7m was not achieved.	–
Personal objectives[2]	25%	These included supporting development of the divisional strategies, including the re-engineering of the Personal Injury business, investor relations and supporting Residential Property and Critical Care in the delivery of their plans.	–

1. Operating profit is defined as underlying operating profit less profit attributable to non-controlling members' interests in LLPs.
2. No bonus was payable against the individual element as the operating profit threshold was not achieved.

Long-term incentives

On 25th May 2018, J R Atkinson was granted 152,498 shares and J D Saralis 91,463 shares in the form of nominal cost share options which were subject to EPS performance (50% of the award) and absolute TSR performance (50% of award).

The options lapsed in full as the threshold performance targets were not achieved as illustrated below.

EPS for the year ending 31 December 2020	Vesting[2] (% maximum)
Less than 17.1p	0%
17.1p	50%
18.7p	80%
19.6p	100%
Actual	(0.5)p
Vesting	0%

TSR[1]	Vesting[2] (% maximum)
Less than 201p	0%
201p	25%
234p	100%
Actual	57p
Vesting	0%

1. TSR defined as the average mid-market closing share price for the month to 24 May 2021 plus total dividends declared between the grant date and 24 May 2021.
2. Vesting percentages accrue on a straight-line basis between 50% – 100% and 25% – 100%.

No long-term incentive awards were granted during the year ended 31 December 2020.

Statement of Directors' shareholding and share interests

The interests of the Directors and their immediate families in the Company's Ordinary Shares as at 31 December 2020 (or the date of resignation from the Board if earlier) and as at 31 December 2019 were as follows:

	31 December 2020	31 December 2019
Executive Directors		
J R Atkinson[1]	0.84%	1.15%
J D Saralis	0.1%	0.06%
Non-Executive Directors		
C A Brown[2]	0.00%	0.00%
T J M Aspinall	0.02%	0.02%
G D C Kent	0.00%	0.00%
B Phillips	0.00%	n/a
S P Tilleray	0.00%	0.00%

1. J R Atkinson resigned from the Board as CEO on 7th September 2020
2. C A Brown resigned from the Board as Non-Executive Chair on 8th October 2020

The interests of each Executive Director of the Company as at 31 December 2020 in the Company's share schemes were as follows:

Director	Plan	Exercised during the year	Vested but unexercised during the year	Unvested and subject to performance measures	Unvested and not subject to performance measures	Total as at 31 December 2020
J R Atkinson	LTIP (nominal cost options)	–	–	185,175	–	**185,175**
	EMI	–	124,999	–	–	**124,999**
	SAYE	–	–	–	–	**–**
J D Saralis	LTIP (nominal cost options)	–	–	–	–	**–**
	EMI (nominal cost options)	–	–	110,568	–	**110,568**
	SAYE	–	–	–	10,514	**10,514**

Consideration by the Directors of matters relating to Directors' remuneration

During the year ended 31 December 2020, the Committee was composed of the Company's independent Non-Executive Directors, Gillian Kent (Chair), Tim Aspinall, Caroline Brown (resigned 8th October 2020) and Sally Tilleray. Brian Phillips was appointed to the Committee on the 25th January 2021.

Executive Directors only attend meetings by invitation.

The Committee's key responsibilities are:

- reviewing the ongoing appropriateness and relevance of remuneration policy including a new three year policy for 2021;
- reviewing and approving the remuneration packages of the Executive Directors;
- the grant of 2021 restricted share awards for Executive Directors and senior management and the outturn of prior long-term incentive awards;
- monitoring the level and structure of remuneration of the senior management; and
- production of the Annual Report on the Directors' remuneration.

Advisors

During the year ended 31 December 2020, the Committee received independent advice from Deloitte LLP. Deloitte is a founder member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in its dealings with the Committee.

Director Remuneration Report voting at the 2020 AGM

The table below sets out the voting outcome at the Group's AGM held on 25 June 2020 in respect of the resolution to approve the Directors' Remuneration Report contained in the Group's 2019 Annual Report and Accounts.

	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld (abstentions)
Approval of Directors' Remuneration report	26,257,048	97.42	694,903	2.58%	26,951,951	–

Directors' Remuneration Policy

This section sets out the Company's Directors' Remuneration Policy, which will apply from the date of the 2021 Annual General Meeting. The Policy is determined by the Committee of the Company.

Policy table for Executive Directors

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary	Core element of fixed remuneration to provide a competitive base salary for the market in which the Company operates to attract and retain Executive Directors of a suitable calibre.	Salaries are reviewed annually taking into account: • underlying Group performance; • role, experience and individual performance; • competitive salary levels and market forces; and • pay and conditions elsewhere in the Group.	Although there is no overall maximum, salary increases are normally reviewed in the context of the salary increases across the wider Group. The Committee may award salary increases above this level to take account of individual circumstances such as: • Increase in scope and responsibility; • Increase to reflect the Executive Director's development and performance in the role; or • Alignment to market level.	Not applicable.
Benefits	To provide a market competitive benefits package as part of total remuneration.	Executive Directors receive benefits in line with market practice, and these include principally life insurance, private medical insurance and a car allowance. Other benefits may be provided based on individual circumstances.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors receive, the value of the benefit is at a level which the Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances.	Not applicable.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Retirement benefits	To provide an appropriate level of retirement benefit.	Executive Directors are eligible to participate in the Company's defined contribution pension plan (or receive a cash allowance equivalent).	The maximum employer pension contribution (or cash allowance equivalent) is aligned with the level available to the majority of the wider workforce (currently 3% of salary).	Not applicable.
SAYE Plan	Promote share ownership and provide alignment with shareholders' interests.	Executive Directors are entitled to participate in a HMRC tax qualifying all employee SAYE Plan.	Participation limits are those set by the UK tax authorities.	Not subject to performance metrics in line with HMRC practice.
Annual bonus	Rewards performance against annual targets which support the strategic direction of the Company.	Awards are based on annual performance against key financial targets and/or the delivery of strategic/personal objectives. The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. For up to two years following the determination of a bonus pay-out the Committee has the right to recover some or all of the bonus pay-out in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct.	The normal maximum annual bonus opportunity is up to 100% of base salary in respect of a financial year. An additional bonus opportunity of up to 100% of base salary may be awarded in the event of a transformational transaction. Such bonus will be determined at the discretion of the Committee taking into account the value generated for shareholders and the Executive Director's contribution to delivering the transaction.	Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual targets. At least 50% of the bonus is assessed against financial performance metrics of the business and the balance is based on strategic/ personal objectives. Stretching targets are required for maximum pay-out.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Restricted share awards	Support retention, promote share ownership and provide alignment with shareholders' interests	The Group operates a nominal cost LTIP and Enterprise Management Incentive (EMI) Plan, collectively the 'LTIP schemes'. Under the nominal cost LTIP, awards may be granted in the form of nil or nominal cost share options, or contingent rights to receive shares. Under the EMI Plan, awards may be granted in the form tax qualifying share options or non-tax qualifying share options. Awards will be granted with vesting subject, ordinarily, to continued employment, normally over at least a three year period. The Committee may reduce an unvested award in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct. For up to two years following the determination of the vesting outcome of an award, the Committee has the right to cancel the award if it has not been exercised, or require repayment of some or all of the award in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct.	The normal maximum restricted share award opportunity is up to 50% of base salary in respect of a financial year. Under the LTIP and EMI Plan rules the overall combined maximum award that may be granted in respect of a financial year is 300% of base salary. Awards above 50% of base salary would only be granted in exceptional circumstances and would be subject to performance metrics.	Although no performance metrics will apply to restricted share awards, the Committee will have discretion to amend the vesting outcome should the amount vesting not reflect the Committee's assessment of overall business performance

Non-Executive Directors

Purpose and link to strategy	Approach of the Company
Sole element of Non-Executive Director remuneration, set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.	Fees are normally reviewed annually. Fees paid to Non-Executive Directors for their services are approved by the Committee. Fees may include a basic fee and additional fees for further responsibilities (for example, chairmanship of Board committees). Non-Executive Directors do not participate in any of the Company's share options schemes or annual bonus scheme nor do they receive any pension contributions. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate. Actual fee levels are disclosed in the Annual Report on Remuneration for the relevant financial year.

Explanation of performance metrics chosen

The performance metrics under the annual bonus will be selected annually to reflect the Group's key financial and strategic priorities for the year. Stretching performance targets are set, taking into account a number of different reference points, which may include the Group's business plans and strategy and the economic environment. Full pay-out will only occur for what the Committee considers to be stretching performance.

The Committee retains the ability to adjust or set different performance targets if events occur which cause the Committee to determine that the targets are no longer appropriate and that amendment is required so that they achieve their original purpose.

Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the LTIP and EMI Plan.

Policy for the remuneration of employees more generally

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract, retain and motivate high-calibre employees. The Company operates a HMRC tax qualifying SAYE Plan and invites all employees to participate at the discretion of the Committee, therefore encouraging wider workforce share ownership.

There is no consultation with employees regarding Director's remuneration.

Service contracts

James Saralis' service contract is on a rolling basis and may be terminated on six months' notice by the Company or the Executive.

All Non-Executive Directors have initial fixed-term agreements with the Company of no more than three years.

Details of the Directors' service contracts and notice periods are set out below:

Name	Commencement	Normal notice period
J Saralis	4 January 2018	six months
T J M Aspinall	1 June 2016	three months
G D C Kent	1 November 2014	three months
B Phillips	25 June 2020	three months
S P Tilleray	19 July 2019	three months

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below:

	Policy
Payment in lieu of notice	In line with the provisions of the Executive Directors' service contracts.
Annual bonus	At the discretion of the Committee dependent upon the circumstances of departure and contribution to the business during the bonus period.
Share awards	The extent to which any unvested award will vest will be determined in accordance with the rules of the LTIP and EMI Plan. Unvested awards will normally lapse on cessation of employment, other than when the individual is considered to be a "good leaver".
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and under the terms of the SAYE Plan.

Statement of consideration of shareholder views

The Committee considers shareholder feedback received on remuneration matters, including issues arising in relation to the AGM, as well as any additional comments received during any other meetings with shareholders. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Directors' Remuneration Policy.

Directors' Report

The Directors of NAHL Group plc present their Annual Report and audited consolidated financial statements for the year ended 31 December 2020.

Results and dividend

The Group's loss after tax for the year was £0.2m (2019: loss of £3.0m).

The Directors do not propose a final dividend (2019: 0.0p per share).

A review of the business, including future developments, is included in the Strategic Report on pages 4–54.

Post balance sheet events

There are no other significant events affecting the Company and the Group since the statement of financial position date.

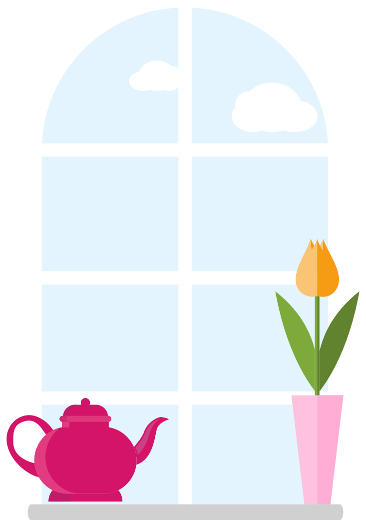
Substantial shareholdings

The Group was notified of the following interests amounting to 10% or more of its issued share capital at the financial year end:

Lombard Odier Asset Management 19.12%

Schroder Investment Management 16.68%

Harwood Capital 13.31%



Directors' third-party indemnity provisions

The Company maintained during the year and to the date of approval of the financial statements, indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Capital structure

Details of the capital structure can be found in note 21 of the consolidated financial statements. The Group has employee share option plans in place, full details of which can be found in note 22 to the financial statements.

Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, interest-bearing loans and trade and other payables. Further details on financial instruments are given in note 24 to the financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

T J M Aspinall (Independent Non-Executive, Chair from 8 October 2020)

C A Brown (Chair, resigned 8 October 2020)

J R Atkinson (Chief Executive Officer, resigned 7 September 2020)

J D Saralis (Chief Financial Officer)

G D C Kent (Independent Non-Executive)

S P Tilleray (Independent Non-Executive)

B Phillips (Independent Non-Executive, appointed 25 June 2020)

Biographies of the present Directors of the Company are listed on pages 56–57.

Details of the remuneration of the Directors is disclosed in the Remuneration Report on pages 68–74.

Political donations

No political donations were made during the year or the previous year.

Statement on engagement with employees

For information on how the Group has engaged with employees during the year, see Our Culture, Our Business on pages 18–22.

Statement of relationships with suppliers, customers and others

For information on how the Group has maintained relationships with suppliers, customers and others, see Section 172 statement on pages 52–54.

Group's policy concerning employment of disabled persons

NAHL Group plc is committed to providing equal opportunities for all and taking action on unlawful discrimination. We seek to recruit, train and promote based on experience, skills and performance and provide our employees with the necessary tools and equipment to allow them to perform their duties to the best of their abilities.

Auditor

Mazars LLP was appointed as Auditor during the year and have expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the year have been included in the Strategic Report on pages 4–54 along with information regarding employee matters. Information regarding the Group's financial risk management objectives and policies is included in note 24 to the financial statements on page 126.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence for the foreseeable future.

The Board have considered detailed financial forecasts of future trading, profits and cash flows covering a range of potential scenarios that account for any further impacts of COVID-19 on the business. The going concern assessment focuses on two key areas, being the ability of the Group to meet its debts as they fall due and being able to operate within its banking facility.

The Group has access to a £25.0m revolving credit facility (RCF) with its bankers and at the time of writing, it has drawn £20.0m of this facility and has cash of £3.6m. In all of the scenarios the Group has modelled it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The Group's RCF is subject to quarterly covenant testing and all of the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

The Group has modelled a worst case scenario, assuming that volumes fall back to their 2020 levels, and has then considered the options it would have available to mitigate against any shortfall in profits and cash. Under this scenario, the Group would be able to implement sufficient mitigating actions in order to operate within its covenants. The likelihood of this scenario occurring is considered to be remote and therefore the directors consider the Going Concern basis of accounting to be appropriate.

The directors have also considered the ability of the Group to refinance, given the loan term expires on 31 December 2022, and are confident that the Group will be able to secure future funding.

Considering the above, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in existence for the foreseeable future and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Energy and Carbon Reporting

This is the first year the Group has been required to comply with the Streamline Energy and Carbon Reporting (SECR) legislation and therefore comparative information has not been provided.

Methodology

The report follows the SECR guidance and the GHG Reporting Protocol – Corporate Standard as the accepted methodology to meet the mandatory requirements. No additional optional elements have been included. The UK Government's greenhouse gas conversion factors have been used to calculate the carbon emissions. The below table demonstrates the GHG Emissions and Energy Usage Data for the financial year ended 31 December 2020. For offices where electricity is part of a service charge, usage has been estimated based on adjusting the bills received for other offices around the Group. No data has been included for business mileage as this was immaterial for 2020 (<1% of the overall total).

Energy consumption used to calculate emissions (electricity/mWh)	260.84
Energy consumption used to calculate emissions (gas/mWh)	214.42
Emissions from purchased gas tCO_2e (scope 1)	39.4
Emissions from purchased electricity tCO_2e (scope 2)	66.0
Intensity measurement (tonnes CO_2e per employee)	0.42

All energy use is in the UK.

Intensity measurement

The Group has chosen tonnes of gross CO_2e per employee as the reported SECR intensity metric. This is considered to be the most appropriate basis for an office based operation that relies heavily on its workforce to provide services to its customers. This is a relevant and common business metric and will serve as a consistent comparative for reporting purposes going forwards.

Energy efficiency actions taken

The Group operates from several locations around the UK and its workforce is largely office-based. As an office-based operation, the Group considers its largest carbon footprint to come from the use of energy used in an office environment e.g. light, heat and computer usage and therefore it has focused its efficiency actions around this area. During 2020 the Group rationalised its operations and closed its Chancery Lane office, generating both cost and energy savings. The Group also moved

its offices in both Daventry and Kettering and took this opportunity to review its energy suppliers, opting for greener alternatives. As of February 2020, the Daventry office was using 100% green energy and as of January 2021, the Kettering office also made the switch to a green energy supplier. Given that most of the Group's workforce were homebased throughout 2020, there was limited scope to implement energy savings initiatives in the offices and so choosing green suppliers was considered the best alternative. As part of these office moves, initiatives such as switching to LED lightbulbs was factored into the office re-fits and air conditioning provision is being made using recycled refrigeration.

Group response to Modern Slavery Act 2015

1. Organisational structure and recruitment processes

The Group's organisational structures include the Board, Senior Management teams across two divisions. A contact centre at one of the three locations and standard support functions across all sites.

Recruitment processes include the monitoring of passport documentation, with all new recruits expected to show their passport as a proof of identity. The Group also reviews shared addresses. In addition, the Group monitors the ongoing wellbeing of its employees through line management relationships and operates an Employee Assistance Programme.

Where recruitment agencies are used to employ staff, the Group ensures these agencies also have an approved statement in support of the Modern Slavery Act 2015.

As these structures and recruitment processes apply to UK-based operations, the Group considers these to be very low risk.

2. Services

The services NAHL Group plc provides to its customers and consumers are UK office-based, with UK field based service providers in regular contact with their operational management teams. The Group's supply chain in relation to services consists on the whole of marketing and legal services in Personal Injury and specialist associates in Critical Care and Residential Property. The Group considers these to be very low risk in relation to slavery and human trafficking so takes no specific action in relation to these relationships.

3. Goods

In terms of goods supplied to the Group, the majority of goods will be goods for use in an office environment such as stationery and office equipment. The Group considers these to be very low risk in relation to slavery and human trafficking so takes no specific action in relation to these relationships.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRS as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The Directors of the ultimate parent Company are responsible for the maintenance and integrity of the ultimate parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

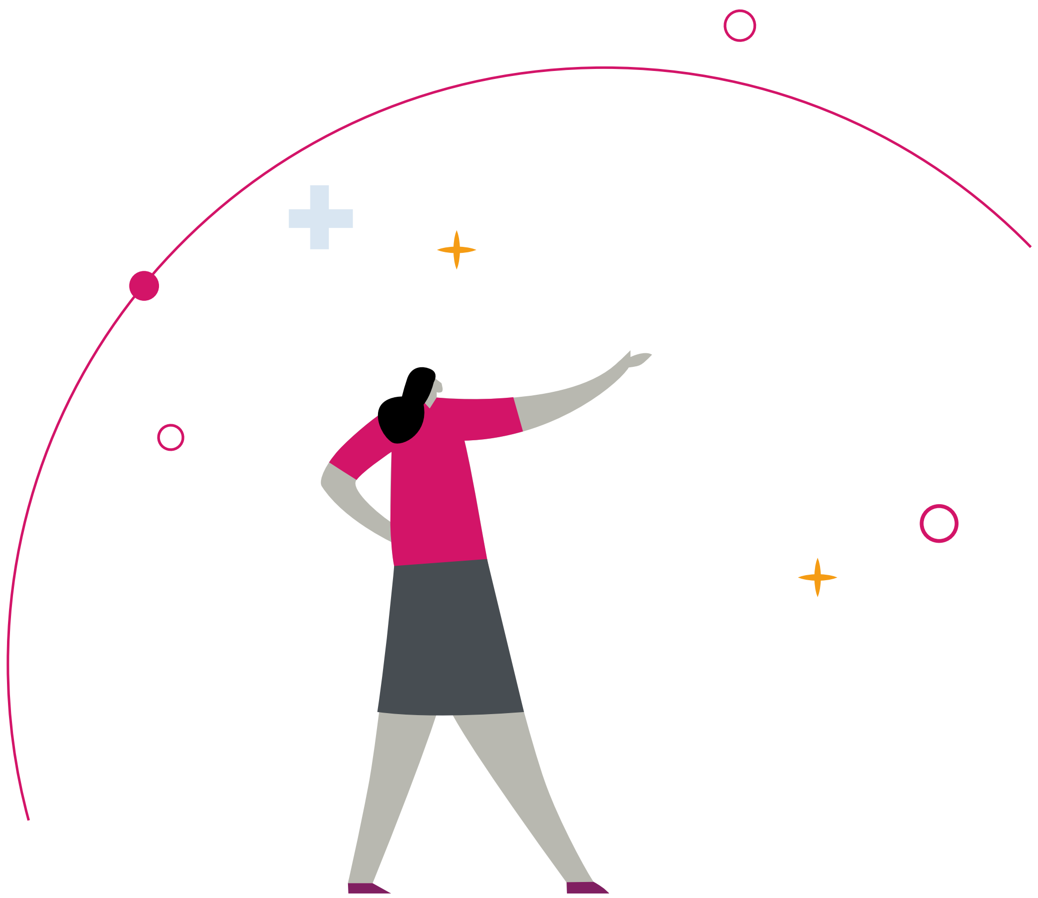
In the case of each director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Parent Company auditors are aware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Parent Company auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the Board

James Saralis
Chief Financial Officer
4 June 2021



Financial Statements 2020

Independent auditor's report to the members of NAHL Group Plc

Opinion

We have audited the financial statements of NAHL Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and parent company's ability to continue as a going concern;
- Obtaining and reviewing management's going concern assessment;
- Evaluating the directors' method to assess the group's and parent company's ability to continue as a going concern;
- Applying our own sensitivity analysis and assessing management's ability to take mitigating actions;
- Reviewing the terms of financing agreements and assessing the forecasted results against covenants in place to ensure these will not be breached;
- Evaluating the impact of the need to re-finance by December 2022 and the likelihood of being able to continue to secure required funding, as explained on page 98 of the financial statements;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements.

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

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

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 statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Valuation of trade receivables and accrued income (Group) The group's accounting policy for financial assets and liabilities, which include trade receivables and accrued income, is set out in the accounting policy notes on page 107. The group enters into contracts with customers on varied terms. The nature of the industry in which the group operates in can sometimes result in long lead times between revenue recognition and cash generation, due to the time taken to settle cases. Following a review of the year-end trade receivables and accrued income balance of £26.7m (2019: £29.0m), we identified specific aged or individually significant balances totaling £22.3m where there is a risk these balances may not recoverable. We identified the valuation of these specific balances as a significant risk and key audit matter, given the subjectivity involved in assessing recoverability.	Depending on the facts and circumstances of the respective balances, our audit procedures included, but were not limited to: • Assessing the aging of the receivables balances, and performing a retrospective review against prior year balances to understand aging profiling to identify any potential issues related to recoverability; • Assessing the level of cash receipts during the year and post year end against our expectation based on signed payment agreements. • Recalculating accrued income balances based on contractual fees and the number of enquiries with customers; • Obtaining third party confirmation from customers of the number of outstanding enquiries passed to them. • Assessing the adequacy of the work of one component auditor in respect of £5.2m of trade receivables and accrued income balances; and • Considering management's methodology for IFRS 9 Expected Credit Losses, with reference to the level of debt write-offs during the year. **Our observations** Based on the procedures performed, we are satisfied that the carrying value of the trade receivables and accrued income in the financial statements is reasonable.

Key Audit Matter	How our scope addressed this matter
Carrying Value of Goodwill (Group) The Group's accounting policies in respect of goodwill and impairment are set out in the accounting policy notes on pages 105 and 108 respectively. The carrying value of goodwill is £55.5m (2019: £55.5m). In assessing the recoverability of goodwill, management prepare value in use calculations across their two cash generating units, Critical Care and Consumer Legal Services, which involves assumptions, such as future cash flows and the discount rate to apply to those. Due to the subjectivity involved in estimating future performance and the significance of the carrying value of goodwill, we identified this as a significant risk and key audit matter.	Our audit procedures included, but were not limited to: • Obtaining and reviewing management's goodwill impairment assessment; • Assessing and challenging the reasonableness of key assumptions in the value in use calculations, and reviewing the directors' sensitivity analysis to assess the impact of potential changes in assumptions; • Applying our own severe sensitivities to the models to further assess the potential for impairment and assessing management's potential mitigating actions; • Engaging with our internal valuation experts to assess the reasonableness of the Weighted Average Cost of Capital (WACC) rate used; and • Evaluating the reasonableness of the disclosures made in the financial statements in relation to the carrying value of goodwill. **Our observations** Based on the procedures performed, we are satisfied that the carrying value of the goodwill in the financial statements is reasonable.
Valuation of investments (Parent company) The group's accounting policies in respect of impairment of investments is set out in the accounting policy notes on page 135. The carrying value of NAHL Group Plc's investments in subsidiaries is £52.7m (2019: £52.7m) and is the most significant balance in the parent company statement of financial position. Given this, we identified it as a significant risk and key audit matter.	Our audit procedures included, but were not limited to: • Obtaining and reviewing management's assessment of the valuation of investments; • Assessing and challenging the reasonableness of underlying assumptions to ensure these are reasonable; • Engaging with our internal valuation experts to assess the reasonableness of the Weighted Average Cost of Capital (WACC) rate used; • Reviewing the carrying value with specific reference to the year end market capitalisation of the group; and • Evaluation the reasonableness of the disclosures made in the financial statements in relation to the carrying value of investments. **Our observations** Based on the procedures performed, we are satisfied that the carrying value of the investments in the financial statements is reasonable.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	Group financial statements	£497k
	Parent company financial statements	£841k
	Where items in the parent company financial statements were included in the group financial statements, materiality was restricted to that applied to the group.	
How we determined it	Group materiality has been calculated by reference to adjusted profit before tax, of which it represents 7%. Parent company materiality has been calculated by reference to total assets, of which it represents 1%.	
Rationale for benchmark applied	Profit before tax (adjusted for net financing costs, share based payments, amortization and other exceptional items) has been identified as the principal benchmark within the group financial statements due this being the primary focus of shareholders. Total assets has been identified as the principal benchmark within the parent company financial statements as it is considered to be the focus of shareholders due to being a holding company with no trade.	
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. The performance materiality applied in our audit was:	
	Group financial statements	£323k
	Parent company financial statements	£546k
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £15k for the group financial statements and £25k for the parent company financial statements, as well as misstatements below these amounts that, in our view, warranted reporting for qualitative reasons.	

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the group and parent company, their environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements of NAHL Group Plc. Based on our risk assessment, the parent company and five components of the group were subject to full scope audit and two components were subject to specific audit procedures on certain key balances. For the remaining components, in addition to desktop analytical review, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The parent company and those components of the group which were subject to full scope audit or specific audit procedures accounted for the following percentages of the group's results for the year ended 31 December 2020:

	Number of components	Total group revenue	Total profits and losses that make up group profit before tax	Total group assets
Full scope audits	6	81%	91%	97%
Specific scope audits	2	15%	0%	2%
Total	8	96%	91%	99%

One full scope audit was performed by a component auditor. For that entity, the group engagement team issued group instructions to the component auditor to direct their work. Group reporting appendices were returned by the component auditor and we reviewed their working papers to assess whether sufficient and appropriate audit procedures had been performed. Meetings were held with the component auditor at the planning and completion stage, to ensure the work was sufficiently directed by the group engagement team. The audit work for all other components was completed by the group engagement team.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

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 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 83, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, UK tax legislation, and the group's use of Covid-19 government support schemes, and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included, but were not limited to:

- At the planning stage of our audit, gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate and considered the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations;
- Discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- During the audit, focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the group's and the parent company's regulatory and legal correspondence and review of minutes of directors' meetings in the year.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates including goodwill impairment, investment valuation and recoverability of trade receivables and accrued income, significant one-off or unusual transactions, and revenue recognition in relation to cut-off.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

Our audit procedures in relation to fraud through revenue recognition specific to cut-off included, but were not limited to:

- Assessing management's revenue recognition policy; and
- Agreeing a sample of revenue transactions pre and post year end, to ensure they have been recognised in the appropriate period.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

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 the audit 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.

Stephen Brown
(Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
4 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019[1] restated £000
Revenue	1,2	**40,875**	51,314
Cost of sales		**(21,602)**	(27,033)
Gross profit		**19,273**	24,281
Administrative expenses	3	**(14,964)**	(21,718)
Underlying operating profit	1	**5,659**	10,421
Exceptional items	4	**(1,350)**	(7,858)
Operating profit	2	**4,309**	2,563
Profit attributable to members' non-controlling interests in LLPs	30	**(4,115)**	(4,474)
Financial income	7	**168**	202
Financial expense	8	**(585)**	(615)
Loss before tax		**(223)**	(2,324)
Taxation	9	**(2)**	(635)
Loss and total comprehensive income for the year		**(225)**	(2,959)

	Note	2020 p	2019 p
Earnings per share (p)			
Basic earnings per share	23	**(0.5)**	(6.4)
Diluted earnings per share	23	**(0.5)**	(6.4)

1. During the year, the Group undertook a review of its accounting treatment and presentation of several significant items that resulted in the restatement of its 2019 results. See note 30 for further details.

All profits and losses and total comprehensive income are attributable to the owners of the Company.

All profits and losses relate to continuing operations.

The notes on pages 98–132 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Note	2020 £000	2019[1] restated £000
Non-current assets			
Goodwill	13	**55,489**	55,489
Other intangible assets	15	**4,557**	5,082
Property, plant and equipment	16	**367**	267
Right of use assets	17	**2,761**	264
Deferred tax asset	10	**14**	30
		63,188	61,132
Current assets			
Trade and other receivables (including £7,828,000 (2019: £8,279,000) due in more than one year)	18	**34,285**	37,871
Cash and cash equivalents		**3,609**	2,564
		37,894	40,435
Total assets		**101,082**	101,567
Current liabilities			
Trade and other payables	20	**(17,547)**	(17,216)
Lease liabilities	17	**(248)**	(187)
Member capital and current accounts		**(4,177)**	(3,315)
Current tax liability		**(126)**	(363)
		(22,098)	(21,081)
Non-current liabilities			
Lease liabilities	17	**(2,195)**	(60)
Other interest-bearing loans and borrowings	19	**(19,901)**	(23,594)
Deferred tax liability	11	**(826)**	(1,068)
		(22,922)	(24,722)
Total liabilities		**(45,020)**	(45,803)
Net assets		**56,062**	55,764
Equity			
Share capital	21	**115**	115
Share option reserve		**3,912**	3,389
Share premium		**14,595**	14,595
Merger reserve		**(66,928)**	(66,928)
Retained earnings		**104,368**	104,593
Capital and reserves attributable to the owners of NAHL Group plc		**56,062**	**55,764**

1. During the year, the Group undertook a review of its accounting treatment and presentation of several significant items that resulted in the restatement of its 2019 results. See note 30 for further details.

The notes on pages 98–132 form part of these financial statements.

These financial statements on pages 94–132 were approved by the Board of Directors on 4 June 2021 and were signed on its behalf by:

J D Saralis
Director

Company registered number: 08996352

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Capital and reserves attributable to the owners of NAHL Group plc £000	Non-controlling interest £000	Total equity £000
Balance at 1 January 2019 as previously reported		**115**	**2,578**	**14,595**	**(66,928)**	**111,384**	**61,744**	**947**	**62,691**
Adjustment to presentation of members' non-controlling interests in LLPs[1]		–	–	–	–	–	–	(947)	(947)
Balance at 1 January 2019 as restated		**115**	**2,578**	**14,595**	**(66,928)**	**111,384**	**61,744**	**–**	**61,744**
Total comprehensive income for the year									
Loss for the year		–	–	–	–	(2,959)	(2,959)	–	(2,959)
Total comprehensive income		–	–	–	–	(2,959)	(2,959)	–	(2,959)
Transactions with owners, recorded directly in equity									
Share-based payments	22	–	811	–	–	–	811	–	811
Dividends paid	27	–	–	–	–	(3,832)	(3,832)	–	(3,832)
Total transactions with owners, recorded directly in equity		–	811	–	–	(3,832)	(3,021)	–	(3,021)
Balance at 31 December 2019		**115**	**3,389**	**14,595**	**(66,928)**	**104,593**	**55,764**	**–**	**55,764**
Total comprehensive income for the year									
Loss for the year		–	–	–	–	(225)	(225)	–	(225)
Total comprehensive income		–	–	–	–	(225)	(225)	–	(225)
Transactions with owners, recorded directly in equity									
Issue of share capital	26	–	–	–	–	–	–	–	–
Share-based payments	22	–	523	–	–	–	523	–	523
Total transactions with owners, recorded directly in equity		–	523	–	–	–	523	–	523
Balance at 31 December 2020		**115**	**3,912**	**14,595**	**(66,928)**	**104,368**	**56,062**	**–**	**56,062**

1. During the year, the Group undertook a review of its accounting treatment and presentation of several significant items that resulted in the restatement of its 2019 results. See note 30 for further details.

The notes on pages 98–132 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the year		**(225)**	(2,959)
Adjustments for:			
Profit attributable to members' non-controlling interests in LLPs		**4,115**	4,474
Property, plant and equipment depreciation	16	**169**	147
Right of use asset depreciation	17	**430**	419
Amortisation of intangible assets	15	**1,345**	1,332
Impairment of goodwill and intangible assets		**–**	5,322
Financial income	7	**(168)**	(202)
Financial expense	8	**585**	615
Share-based payments		**523**	811
Taxation		**2**	635
		6,776	10,594
Decrease/(Increase) in trade and other receivables		**2,223**	(8,880)
Increase in trade and other payables		**2,945**	1,836
		11,944	3,550
Interest paid		**(469)**	(529)
Tax paid		**(450)**	(1,479)
Net cash generated from operating activities		**11,025**	1,542
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(269)**	(219)
Acquisition of intangible assets		**(820)**	(463)
Interest received		**10**	9
Disposal of subsidiary net of cash disposed of[1]		**(1,273)**[1]	–
Net cash used in investing activities		**(2,352)**	(673)
Cash flows from financing activities			
(Repayment of)/Proceeds from borrowings		**(3,750)**	6,500
Facility arrangement fees		**(121)**	–
Principal element of lease payments		**(558)**	(465)
Dividends paid		**–**	(3,832)
Drawings (paid to)/capital receipts from LLP members		**(3,199)**	(2,106)
Net cash (used in)/generated from financing activities		**(7,628)**	97
Net increase in cash and cash equivalents		**1,045**	966
Cash and cash equivalents at 1 January		**2,564**	1,598
Cash and cash equivalents at 31 December		**3,609**	2,564

1. The entity disposed of its interest in National Law Associates LLP on 2 January 2020 and de-consolidated its results from this point

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Accounting policies

Basis of preparation

Consolidated Financial Statements

NAHL Group plc (the "Company") is a public company limited by shares registered, incorporated and domiciled in England and Wales. The registered number is 08996352 and the registered address is Bevan House, Kettering Parkway, Kettering, Northants, England, NN15 6XR.

The Consolidated Financial Statements for the year ended 31 December 2020 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial information has been prepared on a going concern basis and under the historical cost convention.

The following accounting policies have been applied consistently year on year except where new policies have been adopted as stated below.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence for the foreseeable future.

The Board have considered detailed financial forecasts of future trading, profits and cash flows covering a range of potential scenarios that account for any further impacts of COVID-19 on the business. The going concern assessment focuses on two key areas, being the ability of the Group to meet its debts as they fall due and being able to operate within its banking facility.

The Group has access to a £25.0m revolving credit facility (RCF) with its bankers and at the time of writing, it has drawn £19.0m of this facility and has cash of £3.5m. In all of the scenarios the Group has modelled it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The Group's RCF is subject to quarterly covenant testing and all of the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

The Group has modelled a worst case scenario, assuming that volumes fall back to their 2020 levels, and has then considered the options it would have available to mitigate against any shortfall in profits and cash. Under this scenario, the Group would be able to implement sufficient mitigating actions in order to operate within its covenants. The likelihood of this scenario occurring is considered to be remote and therefore the directors consider the Going Concern basis of accounting to be appropriate.

The directors have also considered the ability of the Group to refinance, given the loan term expires on 31 December 2022, and are confident that the Group will be able to secure future funding.

Considering the above, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in existence for the foreseeable future and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Basis of consolidation

The financial statements represent a consolidation of the Company and its subsidiary undertakings as at the Statement of Financial Position date and for the year then ended. In accordance with IFRS 10 the definition of control is such that an investor has control over an investee when: a) it has power over the investee, b) it is exposed, or has the rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. All subsidiary undertakings for which the Group meets these three criteria for control have been consolidated in the Group's results.

The consolidated financial information incorporates the results of business combinations using the purchase method. In the Group statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases. Acquisition costs are expensed as incurred. This policy does not apply on the acquisition of Consumer Champion Group Limited for which reverse acquisition accounting has been applied. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are based on past experience and other reasonable assessment criteria. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In accordance with IAS 1 the Group is required to disclose critical accounting judgements and key sources of estimation uncertainty.

Critical accounting judgements

Control over an investee

Within its Consumer Legal Services division the Group has interests in two Limited Liability Partnerships (LLPs) in conjunction with third party law firms. The LLPs are called Your Law LLP and Law Together LLP. Each LLP is run by a management board, which is responsible for the day-to-day operations, decision-making and strategic development of the LLPs. Through its 100% subsidiary, Project Jupiter Limited, the Group has determined that it exercises control over these LLPs as it is entitled to appoint the majority of members to each of the management Boards, with the remainder being appointed by the respective third-party law firm.

In accordance with IFRS 10 Consolidated Financial Statements and given that the Group has overall control, the results and net assets of the LLPs have been consolidated within these financial statements with a corresponding liability recognised for the other member firms' share of profit.

Key sources of estimation uncertainty

Revenue recognition – provision of legal services

There is a significant element of estimation in determining the transaction price for revenue in relation to the provision of legal services for personal injury claims. Due to the nature of personal injury claims, the revenue the Group earns from a case is variable and dependent upon a) the stage at which a claim settles as this will determine the fixed fee and b) the final damages awarded to the client, of which the Group recognises a percentage as revenue. The Group must therefore estimate the revenue it expects to earn from a case once the first milestone is achieved (admission of liability). This estimation is based on an expected value method and assumes that cases can be grouped into categories of a similar nature (i.e. RTA vs. Non-RTA) that have similar characteristics. This assumption is considered appropriate as ultimately all cases follow one of a number of routes in the claims process. Management uses historical experience of the likelihood of claims settling at each stage and the average fee earned when a claim settles at each stage to estimate the transaction price. This estimate is revised as a claim moves through the process. No revenue is recognised until the first milestone is reached, being admission of liability, as it is at this point that it becomes highly probable that a case will succeed and therefore there is less risk of significant revenue write-offs in the future. Profits and losses arising from the differences in the estimated fee and the final fee are recognised on settlement of a case.

At the year-end, the Group has contract asset balances of £5,046,000 (2019: £4,134,000) calculated using this estimation technique.

1 Accounting policies continued

Recoverability of trade receivables

Trade receivables are reflected net of an estimated provision for impairment losses. In line with IFRS 9, the Group uses an expected credit loss model to determine the provision for doubtful debts and also specific provisions for balances for which it has specific concerns over recoverability. The expected credit loss model involves segmenting debtors into groups and applying specific percentages to each of these debtor groupings. The Group has considered the profile of its debtor balance and has determined that a grouping based on credit terms is considered to be appropriate given the significant level of debt on extended credit terms. These groupings are based on those debtors due on standard terms, 6–12 month terms, 12–18 month terms and 18–24 month terms with higher percentages being applied the longer the term with the view that there is a greater risk of unforeseen circumstances arising the further away the settlement date. Standard debtors are also then reviewed for those past due and a percentage applied to those that are current, between 30–60 days, 60–90 days and 90+ days overdue. See notes 18 and 24 for further information. At the year end, the Group had provisions for receivables of £673,000 (2019: £554,000) calculated using this method. The percentages applied to each grouping of debtors ranged from 0.5% to 35% with the final provision equating to 2.5% of the total gross trade receivables and accrued income balances.

New standards and amendments adopted by the Group

There are no new or amended standards applicable for the current reporting period.

New standards, interpretations and amendments not yet effective

There are no new standards, interpretations and amendments that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Profit attributable to members' non-controlling interests in LLPs

Profit attributable to member's non-controlling interests in LLPs represents the operating profit for the year which is attributable to minority members in our LLP subsidiaries under the terms of the partnership agreements. It is presented as a separate expense outside of the operating profit of the Group for the year.

Statutory and non-statutory measures

The financial statements contain all the statutory measures and disclosures required under IFRS, which is the financial reporting framework adopted by the Group. In addition to these measures, management monitors a number of non-statutory, alternative performance measures (APMs) as part of its internal performance monitoring and when assessing the future impact of operating decisions.

The APMs allow a year-on-year comparison of the underlying performance of the business by removing the impact of items occurring either outside the normal course of operations or as a result of intermittent activities, such as acquisitions or strategic projects.

The Directors have presented these APMs in the Strategic Report because they believe they provide additional useful information for shareholders on underlying business trends and performance. As these APMs are not defined by IFRS, they may not be directly comparable to other companies' APMs. They are not intended to be a substitute for, or superior to, IFRS measurements and the Directors recommend that the IFRS measures should also be used when users of this document assess the performance of the Group.

The APMs used in the Strategic Report are defined in the table on page 101. The principles to identify adjusting items have been adjusted from 2019 to remove the IFRS 2 share based payment charge and the amortisation charge arising on intangibles acquired as part of business combinations. Further details on this adjustment can be found in note 30. The key adjusting items in arriving at the APMs are as follows:

- Exceptional items are non-recurring items that are material by nature and separately identified to allow for greater comparability of underlying Group operating results year-on-year. Examples of exceptional items in the current and/or previous years include reorganisation and restructuring costs; revaluation of liability associated with legacy ATE products; and acquisition related costs. Exceptional costs are separately identified to allow for greater comparability of underlying Group operating results year-on-year.

Nature of measure	Related IFRS measure	Related IFRS source	Definition	Use/relevance
Underlying operating profit	Operating profit	Consolidated income statement	Based on the related IFRS measure but excluding exceptional items.	Allows management and users of the financial statements to assess the underlying trading results after removing material, non-recurring items that are not reflective of the core trading activities and allows comparability of core trading performance year-on-year.
Underlying operating cash flow	Cash flow from operating activities	Consolidated cash flow statement	Based on the related IFRS measure but excluding cash flows in respect of the items excluded from underlying operating profit as described above.	Provides management with an indication of the amount of cash available for discretionary investing or financing after removing material non-recurring expenditure that does not reflect the underlying trading operations and allows management to monitor the conversion of underlying profit into cash.
Underlying cash conversion	Not defined by IFRS	n/a	Calculated as underlying operating cash flow divided by underlying operating profit.	
Free Cash Flow	Not defined by IFRS	n/a	Calculated as net cash generated from operating activities less net cash used in investing activities (excluding any disposals of subsidiaries) less payments made to partner LLP members and less principal element of lease payments.	

1 Accounting policies continued

Nature of measure	Related IFRS measure	Related IFRS source	Definition	Use/relevance
Underlying Basic EPS	Basic EPS	Consolidated income statement	Based on the related IFRS measure but calculated using underlying profit after tax.	Allows management and users of the financial statements to assess the underlying trading results after removing material, non-recurring items that are not reflective of the core trading activities and allows comparability of core trading performance year-on-year.
Working capital	Movement in receivables and movement in payables	Consolidated statement of cash flows	Working capital is not defined by IFRS. This is defined by management as being the movement in trade receivables less the movement in trade payables.	Allows management to assess the short-term cash flows from movements in the more liquid assets.
Net cash/ (debt)	Not defined by IFRS	Consolidated cash flow statement	Net debt is defined as cash and cash equivalents less interest bearing borrowings net of loan arrangement fees.	Allows management to monitor the overall level of debt in the business. As stated in the strategic report, loan funding is key to the Group's future strategy as an increasing proportion of profits and cash flows are deferred until case settlement.

A reconciliation of each measure is provided as follows:

Underlying operating profit

	2020 £000	2019 £000
IFRS measure – operating profit	**4,309**	2,563
Exceptional items	**1,350**	7,858
Underlying operating profit	**5,659**	10,421

Underlying operating cash flow and underlying cash conversion:

	2020 Underlying operations £000	2020 Exceptional items £000	2020 Total £000	2019 Underlying operations £000	2019 Exceptional items £000	2019 Total £000
Operating profit	5,659	(1,350)	4,309	10,421	(7,858)	2,563
Share-based payments	523	–	523	811	–	811
Depreciation and amortisation	1,944	–	1,944	1,898	–	1,898
Impairment of goodwill and intangible assets	–	–	–	–	5,322	5,322
Decrease/(increase) in trade/other receivables	2,223	–	2,223	(10,027)	1,147	(8,880)
Increase in trade/other payables	2,607	338	2,945	1,836	–	1,836
Underlying operating cash flow	**12,956**	**(1,012)**	**11,944**	**4,939**	**(1,389)**	**3,550**
Operating cash conversion	**228.9%**			**47.4%**		
Interest paid			(469)			(529)
Tax paid			(450)			(1,479)
Net cash generated from operating activities			**11,025**			**1,542**
Net cash used in investing activities (excluding disposals of subsidiaries)			**(1,079)**			**(623)**
Lease payments			(558)			(465)
Facility arrangement fees			(121)			–
Payments to non-controlling interests			(3,199)			(2,156)
Free cash flow			**6,068**			**(1,702)**

Underlying basic EPS:

	2020 £000	2019 £000
IFRS measure – loss for the year attributable to shareholders	**(225)**	(2,959)
Exceptional items	**1,350**	7,858
Tax effect of the above	**(257)**	(567)
Underlying profit for the year attributable to shareholders	**868**	4,332
Weighted average number of shares (note 23)	**46,238,878**	46,178,716
Underlying basic EPS (pence)	**1.9p**	9.4p

Working capital:
Working capital movements for 2020 take into account the disposal of National Law Partners on 1 January 2020

	2020 £000	2019 £000
Movement in trade and other receivables	**2,223**	(8,880)
Movement in trade and other payables	**2,945**	1,836
Working capital	**5,168**	(7,044)
Movement in interest accruals	**(158)**	(114)
Movement in corporation tax debtor	**15**	(103)
Movement in financing accruals	**110**	–
IFRS measure – movement in trade and other receivables less movement in trade and other payables	**5,135**	(7,261)

Net debt is defined in note 29.

1 Accounting policies continued

Revenue

Marketing services

Consumer Legal Services – Solicitor income (personal injury)
Marketing services resulting in the provision of enquiries to Panel Law Firms. Management have determined that there is a single performance obligation being the provision of marketing services. As the Group undertakes this service on behalf of its customers, the service is considered to be simultaneously delivered and consumed by the customer and so it is considered to be satisfied over time. The transaction price is set for each customer based on a cost plus margin model and is allocated to the performance obligation using the input method based on the costs incurred of providing the service. Invoices are raised monthly for the services provided in that month and the revenue for that month is recognised at this point.

Consumer Legal Services – Conveyancing and surveyor instructions (residential property)
The provision of online marketing services to target homebuyers and sellers in England and Wales and offering lead generation services to Panel Law Firms and surveyors in the conveyancing sector. Management consider there to be one performance obligation being the delivery of instructions to the Panel Law Firms and surveyors. Revenue is recognised at a point in time being the transfer of instruction to the Panel Law Firm or surveyor as it is at this point at which the Group has no further obligations in respect of the instruction and so control of the instruction passes to the customer. The full transaction price being the contractually agreed upon fixed fee per instruction is recognised as revenue at this point.

Service provision

Consumer Legal services – provision of resource (residential property)
Income from the outsourcing of employees who provide services to process conveyancing transactions for homebuyers and sellers in England and Wales. Management consider there to be one performance obligation being the completion of the transaction as until this point there is no entitlement to revenue. The full transaction price being the agreed upon fee is recognised at this point.

Consumer Legal Services – Provision of legal services
Income from the provision of legal services for personal injury claims on a 'no win – no fee' arrangement. Management consider that this service comprises a single distinct performance obligation, being the provision of legal services to the customer and the transaction price is allocated to this single performance obligation. Revenue is recognised once control of the service is passed to the customer which is considered to be over time as the customer simultaneously receives and consumes the service provided.

The transaction price is variable in nature as on settlement of a successful case the Group will be entitled to a fixed fee recoverable from the liable third party (which is variable dependent upon which stage in the claims process the claim settles at) and a percentage of awarded damages. As these amounts are unknown at the outset of a case, management estimate the transaction price based on an expected value method. The expected value is based on prior and historical knowledge and experience of case settlement and is considered appropriate as all cases follow the same process.

Management consider that it is appropriate to allocate the transaction price and recognise revenue on an output basis using milestones. Due to the nature of personal injury claims, the revenue receivable from progressing a case is not directly attributable to the hours worked as a case can still fail despite hours being worked on it. Due to the no-win, no-fee arrangement, no revenue would be receivable if the case fails despite the hours worked. An input method is therefore considered to be inappropriate. An output approach based on key milestones to progress a case is therefore considered to be appropriate as it best reflects the value of the service to the customer. These milestones are 1. Admission of liability and 2. Settlement of the case. No revenue is recognised up until the first milestone, admission of liability, has been achieved as it is at this point that it becomes highly probable that recognising revenue would not lead to a reversal in the future.

Critical Care – Case management services
Case management support within the medico-legal framework for multi-track cases. Management consider that the performance obligation is the provision of case management support and as the service is simultaneously delivered and consumed by the customer then revenue is measured over time based on an input approach being the hours worked by each consultant. The transaction price, being the contractually agreed upon hourly fee rate, is allocated on a per hour basis. Revenue is invoiced monthly based on the hours worked in that month and recognised at this point.

Expert Reports

Critical Care – Expert witness revenue
Provision of expert witness reports. In line with IFRS 15, revenue is measured on satisfaction of the performance obligation when control of the report is passed to the customer. Management consider there to be one performance obligation which is the provision of the expert witness report and as the customer has no control over the report until it is delivered in its final form, revenue is measured at the point in time when the report is delivered. Where the terms of the contract allow for recoverability of work performed to date should a customer terminate this contract, an adjustment is made at each month end to accrue for revenue on any such reports in progress. This is subsequently reversed and the full transaction price recognised on provision of the final report.

Consumer Legal Services – Search reports
Provision of search reports. Management consider there to be one performance obligation being the delivery of the search report. Revenue is recognised at a point in time being the transfer of the report to the customer. The full transaction price being the contractually agreed upon fixed fee per report is recognised as revenue at this point.

Product provision

Consumer Legal services – Product income
Commissions received from product providers for the sale of additional products to the Panel Law Firms. Revenue is recognised at a point in time on satisfaction of the performance obligation being the sale of the product to a Panel Law Firm with provisions in place for clawbacks.

Pre-LASPO ATE – Revenue from commissions received from the insurance provider for the use of after the event policies by Panel Law Firms.

From 1 April 2013, this product was no longer available as a result of LASPO regulatory changes. Consequently, there is a remaining liability which is being unwound through revenue as historic cases are settled.

All revenue is stated net of Value Added Tax. The entire revenue arose in the United Kingdom.

Government grants

As a result of the economic impact of the COVID-19 pandemic, the Group made use of the Government's Coronavirus Job Retention Scheme. Income from this scheme has been accounted for under IAS 20: Government Grants and is included within the consolidated statement of comprehensive income as a deduction from the corresponding expense.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised but is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment. Any impairment is recognised in the statement of comprehensive income.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Software assets are measured at the cost of bringing the asset into use. This may include externally incurred consultant costs or a proportion of internal time and salary where internal resources have been used to build the asset. Internally allocated time is based on hours spent bringing the asset into use multiplied by hourly salary rates. Technology related intangibles, contract related intangibles and brand names were acquired through business combinations. These were independently valued and determined to be separately identifiable from goodwill.

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

Technology related intangibles	–	5 to 10 years
Contract related intangibles	–	3 to 10 years
Brand names	–	3 to 10 years
Software	–	3 to 5 years

No amortisation is charged on assets under construction until the point they are brought into use.

1 Accounting policies continued

Property, Plant and Equipment
Property, plant and equipment are measured at cost less accumulated depreciation.

Depreciation
Depreciation is calculated to write off the cost, less estimated residual value, of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings – 3 to 10 years

Lease assets
The Group as a lessee
For any new contracts entered into on or after 1 January 2020, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Taxation
Tax in the statement of comprehensive income for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Classification of financial instruments issued by the Group
Financial instruments issued by the Group are treated as equity (i.e. forming part of equity) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in equity.

Financial assets and liabilities
The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and interest bearing borrowings.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, trade and other receivables are stated at amortised cost using the effective interest method, less any impairment losses calculated in line with IFRS 9.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances. Cash and cash equivalents are repayable on demand and are recognised at their carrying amount.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Recoverable disbursements and Disbursements payable
Disbursement payables represent the balance of disbursements incurred in the processing of personal injury claims. These disbursements will ultimately be billed on settlement of a case or recovered from insurance if a case should fail and so the recoverable disbursements represents the value of disbursements still to be billed. Disbursement payables and receivables are recognised initially at fair value and subsequent to initial recognition, are stated at amortised cost using the effective interest method.

Member capital and current accounts
Member capital and current accounts represent the balances owed to non-controlling members' in the LLPs. These consist of any capital advances and unpaid allocated profits as at the year end. Members capital and current accounts are classified as financial liabilities and are recognised initially at fair value. Subsequent to initial recognition, members capital and current accounts are stated at amortised cost using the effective interest method.

1 Accounting policies continued

Employee share schemes

The share option plans allow employees of the Group to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Exceptional items

Exceptional items are non-recurring items that are material by nature and separately identified to allow for greater comparability of underlying Group operating results year-on-year. Examples of exceptional items in the current and/or previous years include reorganisation and restructuring costs; revaluation of liability associated with legacy ATE products; and acquisition related costs.

Exceptional costs are separately identified to allow for greater comparability of underlying Group operating results year on year.

Impairment

The carrying amounts of the Group's non- financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the Cash Generating Unit or CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Pensions

The Group operates a stakeholder defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the statement of comprehensive income.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends, when paid.

Member drawings

Drawings are made to members in line with the provisions as stated in the partnership agreements. Members may draw an amount not in excess of their profit share for the relevant accounting period and drawings may be limited depending on the cash requirements of the LLP. Drawings are recognised once paid.

Share option reserve

The share option reserve is the corresponding charge to equity in respect of the IFRS 2 share base payment charge.

Merger reserve

The merger reserve represents the excess of the fair value of shares acquired through share for share exchange. In 2014 NAHL Group plc declared a bonus issue of a single deferred share of £0.0001 (a Deferred Share) with a share premium of £50,000,000. This transaction resulted in £50,000,000 of the merger reserve being transferred to the share premium account. In 2015 a further amount standing to the credit of the Company's merger reserve in the sum of £16,928,000 was capitalised by way of a bonus issue of newly created Capital Reduction Shares.

Financial income and expenses

Interest income and interest payable is recognised in the consolidated statement of comprehensive income as it accrues, using the effective interest method. Issue costs of borrowings are initially held on balance sheet within the fair value of interest bearing borrowings and are subsequently expensed to the statement of comprehensive income over the contractual life of the associated borrowings.

2 Operating segments

Year ended 31 December 2020	Consumer Legal Services £000	Critical Care £000	Group £000	Other items £000	Underlying operations £000	Exeptional items £000	Eliminations[2] £000	Total £000
Revenue	29,537	11,338	–	–	40,875	–	–	40,875
Depreciation and amortisation	(636)	(137)	(247)	(924)	(1,944)	–	–	(1,944)
Operating profit/(loss)	5,407	3,594	(1,895)	(1,447)	5,659	(1,350)	–	4,309
Profit attributable to non-controlling interest members in LLPs	(4,115)	–	–	–	(4,115)	–	–	(4,115)
Financial income	161	6	1	–	168	–	–	168
Financial expenses	(1)	(8)	(576)	–	(585)	–	–	(585)
Profit/(Loss) before tax	1,452	3,592	(2,470)	(1,447)	1,127	(1,350)	–	(223)
Trade receivables	3,422	4,870	–	–	8,292	–	–	8,292
Total assets[1]	32,859	5,990	79,739	–	118,588	–	(17,506)	101,082
Segment liabilities[1]	(19,001)	(1,232)	(3,934)	–	(24,167)	–	–	(24,167)
Capital expenditure (including intangibles)	540	244	305	–	1,089	–	–	1,089

Year ended 31 December 2019								
Revenue	37,748	13,566	–	–	51,314	–	–	51,314
Depreciation and amortisation	(781)	(152)	(5)	(960)	(1,898)	–	–	(1,898)
Operating profit/(loss)	8,796	5,013	(1,617)	(1,771)	10,421	(7,858)	–	2,563
Profit attributable to non-controlling interest members in LLPs	(4,474)	–	–	–	(4,474)	–	–	(4,474)
Financial income	201	–	1	–	202	–	–	202
Financial expenses	(7)	(10)	(598)	–	(615)	–	–	(615)
Profit/(Loss) before tax	4,516	5,003	(2,214)	(1,771)	5,534	(7,858)	–	(2,324)
Trade receivables	5,057	5,143	4	–	10,204	–	–	10,204
Total assets[1]	35,180	6,297	77,596	–	119,073	–	(17,506)	101,567
Segment liabilities[1]	(19,086)	(1,175)	(517)	–	(20,778)	–	–	(20,778)
Capital expenditure (including intangibles)	457	181	44	–	682	–	–	682

1. Total assets and segment liabilities exclude intercompany loan balances as these are not included in the segment results reviewed by the chief operating decision maker.

2. Eliminations represents the difference between the cost of subsidiary investments included in the total assets figure for each segment and the value of goodwill arising on consolidation.

During the year, the Group undertook a review of its accounting treatment and presentation of several significant items that resulted in the restatement of its 2019 results. See note 30 for further details.

2 Operating segments continued

Significant customers

No customers account for greater than 10% of the total Group revenue (2019: no customers).

Geographic information

All revenue and assets of the Group are based in the UK.

Operating segments

The activities of the Group are managed by the Board, which is deemed to be the chief operating decision maker (CODM). The CODM has identified the following segments for the purpose of performance assessment and resource allocation decisions. These segments are split along product lines. In the previous year management reported 5 separate segments being Personal Injury, Residential Property, Critical Care, Group and Other items. During June 2020 the Board took the decision to merge the Personal Injury and Residential Property divisions in a Consumer Legal Services Division and to rename the Group division to Shared Services. The segmental reporting has been adjusted accordingly. Whilst the sub-totals shown as underlying operations remain unchanged, the comparatives have been restated on a consistent basis.

Consumer Legal services – Revenue is split along 3 separate streams being: a) Panel – revenue from the provision of personal injury and conveyancing enquiries to the Panel Law Firms, based on a cost plus margin model b) Products – consisting of commissions received from providers for the sale of additional products by them to the Panel Law Firms, surveys and the provision of conveyancing searches and c) Processing – in the case of our ABSs and self-processing operations, revenue receivable from clients for the provision of legal services.

Critical Care – Revenue from the provision of expert witness reports and case management support within the medico-legal framework for multi-track cases.

Shared services – Costs that are incurred in managing Group activities or not specifically related to a product.

Other items – Other items represent share-based payment charges and amortisation charges on intangible assets recognised as part of business combinations.

Exceptional items – items that are non-recurring and that are material by nature and separately identified to allow for greater comparability of underlying Group operating results year-on-year. Examples of exceptional items in the current and/or previous years include reorganisation and restructuring costs; revaluation of liability associated with legacy ATE products; and acquisition related costs. Exceptional costs are separately identified to allow for greater comparability of underlying Group operating results year-on-year.

3 Administrative expenses and auditor's remuneration

Included in the consolidated statement of comprehensive income are the following:

	2020 £000	2019 £000
Depreciation of property, plant and equipment	**169**	147
Depreciation of right of use assets	**430**	419
Amortisation of intangible assets (not relating to business combinations)	**421**	372
Amortisation of intangible assets relating to business combinations	**924**	960
IFRS 9 provision charge/(release)	**119**	(355)
Government Grants	**(410)**	–
Auditor's remuneration	**125**	195

The analysis of the auditor's remuneration is as follows:

	2020 £000	2019 £000
Fees payable to the Company's auditors for the audit of parent company and consolidated financial statements	**120**	162
Fees payable to the Company's auditors for other services:		
SRA audit	**5**	–
Taxation advice	**–**	10
Tax compliance services	**–**	23

4 Exceptional items

Exceptional items included in the income statement are summarised below:

	2020 £000	2019 £000
Group strategic and reorganisation costs[1]	**613**	1,297
Group restructure[2]	**399**	–
Due diligence costs[3]	**338**	–
Termination of strategic partnership[4]	**–**	1,239
Impairment of Residential Property goodwill and intangible assets[5]	**–**	5,322
	1,350	7,858

1. Group strategic and reorganisation costs relate to project costs to implement fundamental strategic plans that fall outside of the core trading operations of the business.
2. Group restructure costs largely relate to redundancy costs and other one-off costs associated with the closure of the Chancery Lane office and merger of the residential property and personal injury businesses into a new Consumer Legal Services division.
3. Due diligence costs consisting of legal and advisory costs in respect of a potential offer made for the Group during the year.
4. The decision was made in December 2019 to terminate the relationship in respect of National Law Associates LLP. As part of this agreement, a one-off provision of £1.1m was required along with £0.1m of legal and advisory fees incurred.
5. In light of the 2019 trading performance of the Residential Property division and the emerging global risk of COVID-19 at that time, the directors conducted an impairment review of the Residential Property division and concluded that there are insufficient future cash flows to support the carrying value of goodwill and intangible assets attributable to the division. The assets were therefore written off in full.

5 Staff numbers and costs

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

	Number of Employees	
	2020	2019
Directors	**2**	2
Others	**253**	237
	255	239

The Group also has an average of 4 Non-executive directors (2019: 4) who provided services to the Group under service contracts.

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	**9,364**	8,331
Share based payments (see note 22)	**523**	811
Social security costs	**909**	867
Other pension costs	**307**	338
	11,103	10,347

6 Directors' emoluments

	2020 £000	2019 £000
Statutory Directors' emoluments	**771**	649

Statutory Directors' emoluments

	Salary and fees £000	Benefits £000	Annual bonus £000	Pension £000	Total £000
Year ended 31 December 2020					
Executive Directors					
J R Atkinson[1]	159	13	–	2	174
J D Saralis	162	16	–	2	180
Non-Executive					
C Brown[3]	62	–	–	–	62
T J M Aspinall	58	–	–	–	58
G D C Kent	47	–	–	–	47
S P Tilleray[4]	48	–	–	–	48
B Phillips[5]	23	–	–	–	23
	559	29	–	4	592

J R Atkinson received £179,000 for compensation for loss of office during the year.

6 Directors' emoluments continued

	Salary and fees £000	Benefits £000	Annual bonus £000	Pension £000	Total £000
Year ended 31 December 2019					
Executive Directors					
J R Atkinson[1]	226	18	–	2	246
J D Saralis	167	17	–	1	185
Non-Executive					
R S Halbert[2]	7	–	–	–	7
C Brown[3]	84	–	–	–	84
G D C Kent	50	–	–	–	50
T J M Aspinall	55	–	–	–	55
T J S P Tilleray[4]	22	–	–	–	22
	611	**35**	**–**	**3**	**649**

1. J R Atkinson resigned from the Board on 7 September 2020.
2. R S Halbert resigned from the Board on 30 January 2019.
3. C Brown resigned from the Board on 8 October 2020.
4. S Tilleray was appointed to the Board on 19 July 2019.
5. Brian Phillips was appointed to the Board on 25 June 2020.

The Group contributed £4,000 to pension schemes in respect of Directors during the year (2019: £3,000). The emoluments of the highest paid Director were £353,000 (2019: £246,000).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include members of the leadership team who are not statutory directors in addition to the main Board. Disclosure of transactions with key management is detailed in note 28.

7 Financial income

	2020 £000	2019 £000
Bank interest income	**10**	9
Other income[1]	**158**	193
	168	202

1 Other income relates to financing income on debtors and accrued income expected to be settled within greater than 12 months.

8 Financial expense

	2020 £000	2019 £000
Interest on bank loans	**469**	529
Amortisation of facility arrangement fees	**88**	77
Interest on lease liabilities	**28**	9
	585	615

9 Taxation

Recognised in the consolidated statement of comprehensive income

	2020 £000	2019 £000
Current tax expense		
Current tax on income for the year	**202**	883
Adjustments in respect of prior years	**26**	(121)
Total current tax	**228**	762
Deferred tax credit		
Origination and reversal of timing differences	**(226)**	(127).
Total deferred tax	**(226)**	(127)
Tax expense in statement of comprehensive income	**2**	635
Total tax charge	**2**	635

Reconciliation of effective tax rate

	2020 £000	2019 £000
Loss for the year	**(225)**	(2,959)
Total tax expense	**2**	635
Loss before taxation	**(223)**	(2,324)
Tax using the UK corporation tax rate of 19.00% (2019: 19.00%)	**(42)**	(441)
Non-deductible expenses	**100**	1,189
Adjustments in respect of prior years	**26**	(121)
Share scheme deductions	**(11)**	–
Short-term timing differences for which no deferred tax is recognised	**(71)**	8
Total tax charge	**2**	635

Changes in tax rates and factors affecting the future tax charge

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. This was not substantively enacted at the reporting date and so the effects are not included within these financial statements.

10 Deferred tax asset

	2020 £000	2019 £000
At beginning of year	30	177
Recognised in statement of comprehensive income (see note 9)	(16)	(140)
Reclassified to liability	–	(7)
Deferred tax asset at end of year	**14**	30

The asset for deferred taxation consists of the tax effect of temporary differences in respect of:

	Property, plant & equipment £000	Bad debt provision £000	Total £000
At 1 January 2019	12	165	177
Reclassified to deferred tax liability	(7)	–	(7)
Recognised in statement of comprehensive income	12	(152)	(140)
At 31 December 2019	17	13	30
Recognised in statement of comprehensive income (see note 9)	(3)	(13)	(16)
At 31 December 2020	**14**	**–**	**14**

11 Deferred tax liability

	2020 £000	2019 £000
At beginning of year	1,068	1,342
Reclassified from deferred tax assets	–	(7)
Recognised in statement of comprehensive income (see note 9)	(242)	(267)
Deferred tax liability at end of year	**826**	1,068

The liability for deferred taxation consists of the tax effect of temporary differences in respect of:

	Property, plant & equipment £000	Intangible assets acquired on business combinations £000	Total £000
At 1 January 2019	–	1,342	1,342
Reclassified from deferred tax asset	(7)	–	(7)
Recognised in statement of comprehensive income	37	(304)	(267)
At 31 December 2019	30	1,038	1,068
Recognised in statement of comprehensive income	8	(250)	(242)
At 31 December 2020	**38**	**788**	**826**

12 Acquisitions and disposals

During 2019 the Group incorporated a new wholly-owned subsidiary, National Conveyancing Partners Limited which began trading in 2020. There were no acquisition costs involved.

In 2019 the Group acquired an interest in Law Together LLP through the election of its 100% subsidiary, Project Jupiter Limited, as a member of the LLP. Member capital of £50,000 was advanced to Law Together LLP. There were no other acquisition costs involved.

On 2 January 2020 the Group terminated its partnership in respect of National Law Associates LLP and relinquished its interest for nil consideration, recognising neither a profit or loss on disposal.

13 Goodwill

	Personal Injury £000	Critical Care £000	Residential Property £000	Total £000
Cost				
At 1 January 2019	39,897	15,592	4,873	60,362
At 31 December 2019	39,897	15,592	4,873	60,362
At 31 December 2020	**39,897**	**15,592**	**4,873**	**60,362**
Impairment				
At 1 January 2019	–	–	–	–
Recognised in the year	–	–	(4,873)	(4,873)
At 31 December 2019	–	–	(4,873)	(4,873)
At 31 December 2020	**–**	**–**	**(4,873)**	**(4,873)**
Net book value				
At 31 December 2019	39,897	15,592	–	55,489
At 31 December 2020	**39,897**	**15,592**	**–**	**55,489**

In 2019, in light of the losses incurred by the Residential Property CGU and the continued uncertainty in the market, the directors undertook an impairment review by considering the CGU's value in use compared to its recoverable amount and concluded that there were insufficient cash flows to support the recoverable value of goodwill attributable to the Residential Property CGU. As such, an impairment loss of £4,873,000 was recognised in the statement of comprehensive income in 2019.

Where goodwill arose as part of a business acquisition, it forms part of the CGU's asset carrying value which is tested for impairment annually. The Group has determined that for the purposes of impairment testing, each segment being Personal Injury, Critical Care and Residential Property, is the appropriate level at which to test, as this represents the lowest level at which the goodwill is monitored for internal management reporting.

The recoverable amounts for the CGUs are based on value in use which is calculated on the operating cash flows expected to be generated by the division using the latest budget data for the coming year and extrapolated at a forecast growth rate for five years. These cash flows are discounted at a WACC of 8.4% for Critical Care (2019: 7.4%) and 9.3% (2019: 8.4%) for Personal Injury. The range of WACCs represents the different risk profiles of each CGU.

We include a terminal value within each forecast which represents the cash flows of the CGU into perpetuity with 0% growth assumed, as permitted under IAS36 Impairment of Assets.

Management has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of the discount rates, growth rates used to extrapolate the cash flows beyond the budget period and operating cash flows.

13 Goodwill continued

The operating profit compound annual growth rate assumptions for years one to five are as follows:

	2020	2019
Personal Injury	49.8%	16.6%
Critical Care	14.5%	9.0%

The key factor influencing the Personal Injury growth assumptions is the long business cycle of National Accident Law. A high proportion of profits generated from 2021 onwards relate to the settlement of claims first converted by National Accident Law in previous years. These forecasts are based on detailed financial models using assumptions such as lead to enquiry conversion, claim underway rate, claims win rate and average settlement values. These assumptions are based on the company's knowledge and experience on how cases settle gained from prior experience.

A growth rate that is higher than the long-term UK average growth rate of c. 2% has been applied to the Critical Care CGU. This is based on the recent, pre-COVID trading performance of the division over the past three years, the anticipated recovery from COVID and takes into account the strategic plans for the division over the coming years.

The operating profits have been adjusted for working capital movements to arrive at the operating cashflows. These working capital movements have been based on historic trends and adjusted for changes in the business model in Personal Injury.

Management have performed sensitivity analysis on the key assumptions (WACC, growth rate, operating cash flows) and have determined that there is ample headroom under the value in use calculation to determine that no significant changes to key assumptions would affect the overall judgement as to whether the CGU is impaired. The impairment calculations are most sensitive to changes in assumptions regarding the cash flow forecasts and WACC. If the WACC were to increase by 25% the following decreases in cash flows would be needed in order to reduce the available headroom to nil:

Personal Injury – 4.4%

Critical Care – 54.8%

14 Non-controlling interests

The Group has the following investments in non-wholly owned subsidiaries:

Name of subsidiary	Country of incorporation and principal place of business	Nature of interest	Principal activity	Ownership 2020	Ownership 2019
Your Law LLP	United Kingdom	LLP member	Personal injury lawyers	75%	75%
Law Together LLP	United Kingdom	LLP member	Personal injury lawyers	50%	50%

The ownership percentage is based on the proportion of capital contribution advanced by each of the corporate members. Profit share allocations and control are not determined by reference to this ownership percentage. The Group, through its 100% owned subsidiary Project Jupiter Limited, is entitled to appoint 60% of the members to the Management Board of each LLP. Profit and net assets are shared between members based on the provisions of the partnership agreements.

The balances owed to the non-controlling members' of these LLPs at the end of the year and movements during the year are as follows:

	2020 £000	2019 £000
Balance at start of the year	3,315	947
Profit allocation for the year	4,115	4,474
Disposal of interest in LLP	(54)	–
Drawings paid	(3,199)	(2,156)
Capital advances	–	50
Balance at the end of the year	**4,177**	3,315

15 Other Intangible assets

	Technology related £000	Contract related £000	Brand names £000	Software £000	Assets under construction £000	Total £000
Cost						
At 1 January 2020	167	8,466	885	1,815	37	11,370
Additions	–	–	–	633	187	820
Reclassifications	–	–	–	7	(7)	–
At 31 December 2020	**167**	**8,466**	**885**	**2,455**	**217**	**12,190**
Amortisation and impairment						
At 1 January 2020	167	4,381	740	1,000	–	6,288
Amortisation charge for the year	–	–	–	421	–	421
Amortisation charge on business combinations	–	825	99	–	–	924
At 31 December 2020	**167**	**5,206**	**839**	**1,421**	**–**	**7,633**
Net book value						
At 31 December 2019	–	4,085	145	815	37	5,082
At 31 December 2020	**–**	**3,260**	**46**	**1,034**	**217**	**4,557**

15 Other Intangible assets continued

	Technology related £000	Contract related £000	Brand names £000	Software £000	Assets under construction £000	Total £000
Cost						
At 1 January 2019	167	8,466	885	1,222	167	10,907
Additions	–	–	–	426	37	463
Reclassifications	–	–	–	167	(167)	–
At 31 December 2019	**167**	**8,466**	**885**	**1,815**	**37**	**11,370**
Amortisation						
At 1 January 2019	82	3,440	641	344	–	4,507
Amortisation charge for the year	–	–	–	372	–	372
Amortisation charge on business combinations	20	841	99	–	–	960
Impairment charge on business combinations	65	100	–	284	–	449
At 31 December 2019	**167**	**4,381**	**740**	**1,000**	**–**	**6,288**
Net book value						
At 31 December 2018	85	5,026	244	878	167	6,400
At 31 December 2019	**–**	**4,085**	**145**	**815**	**37**	**5,082**

In the statement of comprehensive income, the amortisation charge on business combinations and the amortisation charge for the year (on other assets) is included within 'operating expenses'.

16 Property, plant and equipment

	Fixtures & fittings &total £000
Cost	
At 1 January 2020	**1,936**
Additions	**269**
Disposals	**–**
At 31 December 2020	**2,205**
Depreciation and impairment	
At 1 January 2020	**1,669**
Depreciation charge for the year	**169**
At 31 December 2020	**1,838**
Net book value	
At 31 December 2019	**267**
At 31 December 2020	**367**

	Fixtures & fittings & total £000
Cost	
At 1 January 2019	1,717
Additions	219
At 31 December 2019	**1,936**
Depreciation and impairment	
At 1 January 2019	1,522
Depreciation charge for the year	147
At 31 December 2019	**1,669**
Net book value	
At 31 December 2018	195
At 31 December 2019	**267**

17 Leases

This note provides information for leases where the Group is a lessee.

Amounts recognised in the balance sheet

	2020 £000	2019 £000
Right of use assets		
Buildings	**2,699**	180
Office equipment	**62**	84
	2,761	264

	2020 £000	2019 £000
Lease liabilities		
Current	**248**	187
Non-current	**2,195**	60

Additions to right of use assets of £2,801,000 (2019: £136,000) were made during the year.

The statement of comprehensive income includes the following amounts relating to leases:

	2020 £000	2019 £000
Depreciation charge of right of use assets		
Buildings	**404**	395
Office equipment	**26**	24
	430	419
Interest expense	**28**	9
Expenses relating to leases of low value assets	**–**	–

The total cash outflow for leases in 2020 was £558,00 (2019: £465,000).

18 Trade and other receivables

	2020 £000	2019 £000
Trade receivables: receivable in less than one year	**7,493**	9,556
Trade receivables: receivable in more than one year	**799**	648
Accrued income: receivable in less than one year	**11,398**	11,205
Accrued income: receivable in more than one year	**7,029**	7,631
Other receivables	**14**	1,045
Prepayments	**703**	1,144
Corporation tax	**88**	103
Recoverable disbursements	**6,761**	6,539
	34,285	37,871

A provision against trade receivables and accrued income of £673,000 (2019: £554,000) is included in the figures above.

19 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's other interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see note 24.

	2020 £000	2019 £000
Non-current liabilities		
Revolving credit facility	**20,000**	23,750
Less facility arrangement fees	**(99)**	(156)
Total other interest-bearing loans and borrowings	**19,901**	23,594

The revolving credit facility is secured by a fixed and floating charge over the assets of the Group.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Fair value 2020 £000	Carrying amount 2020 £000	Fair value 2019 £000	Carrying amount 2019 £000
Bank loan[1]	GBP	1.25%–1.75% above Libor	2022	**19,901**	**19,901**	23,594	23,594
				19,901	**19,901**	23,594	23,594

1. The company renewed its banking facilities in September 2017 by taking out a revolving credit facility of £25,000,000 and repaying the outstanding term loan at that date of £9,375,000. The facility was extended in July 2020 and this facility is now due to terminate on 31 December 2022. Interest is payable at between 1.25%– 1.75% above LIBOR per annum.

20 Trade and other payables

Amounts due within one year:	2020 £000	2019 £000
Trade payables	**3,201**	3,935
Disbursements payable	**6,001**	5,835
Other taxation and social security	**1,791**	835
Other payables, accruals and deferred revenue	**5,849**	5,742
Customer deposits	**705**	869
Total trade and other payables	**17,547**	17,216

21 Share capital

	2020	2019
Number of shares		
Opening: 'A' Ordinary Shares of £0.0025 each	**46,178,716**	46,178,716
Issued during the year	**61,506**	–
Closing: 'A' Ordinary Shares of £0.0025 each	**46,240,222**	46,178,716
	£000	£000
Allotted, called up and fully paid		
Opening: 46,178,716 (2019: 46,178,716) 'A' Ordinary Shares of £0.0025 each	**115**	115
Issued during the year: 61,506 'A' Ordinary shares of £0.0025 each	**–**	–
Closing: 46,240,222 'A' Ordinary Shares of £0.0025 each	**115**	115
Shares classified in equity		
Opening shares classified in equity	**115**	115
Issued during the year	**–**	–
Closing balance	**115**	115

The holders of 'A' Ordinary shares are entitled to one vote per share at the meetings of the Company and to dividends as declared in proportion to the amounts paid up on the ordinary shares.

22 Share based payments

The Group operates three employee share plans as follows:

SAYE plan

Options may be satisfied by newly issued Ordinary Shares, or by the transfer of Ordinary Shares held in treasury. The SAYE scheme is open to all employees of the Group. The scheme runs over three years with employees choosing to save between £0 – £500 per month, the proceeds of which can then be used to purchase the shares under option.

EMI Scheme

Options may be granted as tax-favoured enterprise management incentive options (EMI Options) or non-tax favoured Options. The EMI Plan provides for the grant, to selected employees of the Group, of rights to acquire (whether by subscription or market purchase) Ordinary Shares in the Company (Options).

22 Share based payments continued

Nominal Cost LTIP

The nominal cost LTIP will enable selected employees (including Executive Directors) to be granted awards in respect of Ordinary Shares. Awards may be granted in the form of nil or nominal cost options to acquire Ordinary Shares; or contingent rights to receive Ordinary Shares. Awards may be satisfied by newly issued Ordinary Shares, or by the transfer of Ordinary Shares held in treasury.

The terms and conditions of grants of share options to employees of the Group, in the shares of NAHL Group plc are as follows:

Grant date/employees entitled/ nature of scheme	Number of instruments	Vesting conditions	Vesting period and maximum life of options
EMI Equity-settled award to 6 employees granted by the parent company on 11 December 2014	583,331 ordinary shares	Performance-based	Third anniversary of Date of Grant
SAYE Equity-settled award to 49 employees granted by the parent company on 23 October 2018	240,713 ordinary shares	Performance-based	1 December 2021
EMI Equity-settled award to 11 employees granted by the parent company on 18 April 2019	750,298 ordinary shares	Performance-based	On determination of performance criteria (as soon as practicable after 31 December 2021)
EMI Equity-settled award to 1 employee granted by the parent company on 18 April 2019	48,780 ordinary shares	Performance-based	Third anniversary of Date of Grant

The number and weighted average exercise prices of share options are as follows

	2020		2019	
	Weighted average exercise price £	Number of options No.	Weighted average exercise price £	Number of options No.
Outstanding at the beginning of the year	0.23	2,040,920	0.30	1,826,738
Granted during the year	–	–	0.0025	818,980
Cancelled during the year	(0.86)	(143,830)	–	–
Lapsed during the year	(0.0025)	(530,868)	(0.0025)	(368,112)
Vested during the year	(1.21)	(65,160)	(0.0025)	(61,506)
Forfeited during the year	(0.22)	(261,271)	(0.42)	(175,180)
Outstanding at the end of the year	0.20	1,039,791	0.23	2,040,920
Exercisable at the end of the year	1.92	648,491	1.81	644,837
Exercised during the year	0.0025	61,506	–	–

A charge of £523,000 (2019: £811,000) has been made through the statement of comprehensive income in the current year in relation to the IFRS 2 share option charge. The weighted average share price of those shares exercised during the year was £0.0025 (2019: not applicable). For shares outstanding at the year end, these are exercisable at a range of exercise prices of between £0.0025–£0.86 and have a weighted average remaining life of 363 days.

There were no share options issued in 2020. The fair value of each employee share option issued prior to 2020 has been measured using the Black-Scholes formula where an expected volatility of 65.0% has been used as well as a risk-free interest rate (based on government bonds) of between 0.5%–0.9%. The weighted average share price used in the model is £1.23 and a dividend yield of between 7.0%–7.2% has been assumed. Service and non- market performance conditions attached to the arrangements were not taken into account in measuring fair value.

Expected volatility has been based on evaluation of historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

23 Earnings per share

The calculation of basic earnings per share at 31 December 2020 is based on loss attributable to ordinary shareholders of the parent company of £(225,000) (2019: loss £2,959,000) and a weighted average number of Ordinary Shares outstanding of 46,238,878 (2019: 46,178,716).

Loss attributable to ordinary shareholders

£000	2020	2019
Loss for the year attributable to the shareholders	(225)	(2,959)

Weighted average number of ordinary shares

Number	Note	2020	2019
Issued Ordinary Shares at 1 January	21	46,178,716	46,178,716
Weighted average number of Ordinary Shares at 31 December		46,238,878	46,178,716

Basic Earnings per share (p)

	2020	2019
Group	(0.5)	(6.4)

In line with IAS 33, as the Group has a negative earnings per share, it is assumed that there are no dilutive shares.

Diluted Earnings per share (p)

	2020	2019
Group	(0.5)	(6.4)

24 Financial instruments

(a) Fair values of financial instruments

The Group's principal financial instruments comprise interest-bearing borrowings, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (specifically interest rate risk). The Board reviews and agrees policies for managing each of these risks and they are summarised below. There have been no substantive changes in the Group's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

The fair values of all financial assets and financial liabilities by class, which approximate to their carrying values, shown in the balance sheet are as follows:

	Carrying amount 2020 £000	Fair value 2020 £000	Carrying amount 2019 £000	Fair value 2019 £000
Financial assets measured at amortised cost				
Cash and cash equivalents	3,609	3,609	2,564	2,564
Trade and other receivables	21,288	21,288	25,951	25,951
Disbursements (note 18)	6,761	6,761	6,539	6,539
Total financial assets	31,658	31,658	35,054	35,054
Financial liabilities measured at amortised cost				
Other interest-bearing loans and borrowings (note 19)	19,901	19,901	23,594	23,594
Lease liabilities (note 17)	2,443	2,443	247	247
Trade payables (note 20)	3,201	3,201	3,935	3,935
Disbursements payable (note 20)	6,001	6,001	5,835	5,835
Other payables and accruals (note 20)	5,849	5,849	5,742	5,742
Total financial liabilities measured at amortised cost	37,396	37,396	39,353	39,353

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2020 £000	2019 £000
Trade receivables	8,292	10,204
Accrued income	12,981	14,702
	21,319	24,906

Management consider the credit risk to be mitigated as a result of a) the holding of deposits for all significant panel law firm customers and b) only offering significant deferred terms to those panel law firms with whom we hold strategic partnerships and after satisfactory credit checks have been obtained. As at 31 December 2020 these deposits reflect 8.5% (2019: 8.6%) of the balance of trade receivables. At each balance sheet date, the amount of deposit held was:

	2020 £000	2019 £000
Customer deposits	705	869

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross: Standard Terms 2020 £000	Gross: Deferred Terms 2020 £000	Impairment 2020 £000	Total 2020 £000	Gross: Standard Terms 2019 £000	Gross: Deferred Terms 2019 £000	Impairment 2019 £000	Total 2019 £000
Not past due	2,441	1,683	(100)	4,024	3,362	3,994	(34)	7,322
Past due (1 – 30 days)	986	43	(26)	1,003	545	168	(12)	701
Past due (30 – 120 days)	926	45	(26)	945	835	105	(42)	898
Past due (Over 120 days)	2,431	222	(333)	2,320	1,438	67	(222)	1,283
	6,784	1,993	(485)	8,292	6,180	4,334	(310)	10,204

The Group offers standard credit terms of between 30–60 days to the majority of its customers. Deferred terms of between 12–24 months are offered to those panel law firms or customers with whom we hold strategic partnerships.

36.2% of standard terms trade receivables are 120 days or more past due (2019: 23.3%). These receivables arise primarily in Critical Care and Your Law where our standard credit terms are 30 days. Increasing cost pressures on solicitors mean they often do not settle these balances until interim funds are available or a case has settled. This is often within 12 months and, therefore, formal deferred terms are not utilised. We monitor these debts closely through regular contact with these solicitors and do not consider there to be any significant risks regarding recoverability.

Accrued income balances of £12,981,000 (2019: 14,702,000) represent amounts contractually due from customers that have not yet been invoiced but where there is a contractual obligation to settle funds once they become due. All accrued income of this nature is granted on extended credit terms of up to 36 months and none is yet due for payment.

The movement in the allowance for impairment in respect of trade receivables and accrued incom during the year was as follows:

	2020 £000	2019 £000
Balance at 1 January	554	909
Allowance released	119	(203)
Allowance utilised	–	(152)
Balance at 31 December	673	554

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

24 Financial instruments continued

(c) Liquidity risk

Financial risk management

Liquidity risk arises from the Group's management of working capital and the finance charges on its debt instruments and repayments of principal. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its revolving credit facility to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

2020	**Secured bank loans £000**	**Lease liabilities £000**	**Trade and other payables £000**	**Total £000**
Carrying amount	**(20,000)**	**(2,443)**	**(16,843)**	**(39,286)**
Contractual cash flows:				
1 year or less	**(400)**	**(287)**	**(10,842)**	**(11,529)**
1 to 2 years	**(20,400)**	**(295)**	**(6,001)**	**(26,696)**
2 to 5 years	**–**	**(853)**	**–**	**(853)**
5 years or more	**–**	**(1,306)**	**–**	**(1,306)**
	(20,800)	**(2,741)**	**(16,843)**	**(40,384)**

2019	Secured bank loans £000	Lease liabilities £000	Trade and other payables £000	Total £000
Carrying amount	(23,750)	(247)	(16,347)	(40,344)
Contractual cash flows:				
1 year or less	(570)	(188)	(10,512)	(11,270)
1 to 2 years	(24,320)	(61)	(5,835)	(30,216)
2 to 5 years	–	–	–	–
	(24,890)	(249)	(16,347)	(41,486)

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk – foreign currency risk

The Group has no foreign currency risk as all transactions are in Sterling.

Market risk – interest rate risk

Profile

The Group is exposed to interest rate risk from its use of interest-bearing financial instruments. This is a market risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates.

At the balance sheet dates, the only interest-bearing financial asset is cash. Cash is held to meet liabilities as they fall due and is not held for investment purposes, therefore there is not considered to be an interest rate risk associated with cash.

	2020 £000	2019 £000
Variable rate instruments		
Financial liabilities	**20,000**	23,750
Total interest-bearing financial instruments	**20,000**	23,750

The Group manages the interest rate risk arising from its financial liabilities by monitoring its interest rates and the general market and consulting with its bankers to find the best way to mitigate any movements if it anticipates any significant changes to interest rates.

Sensitivity analysis

A change of 0.5% in interest rates at the balance sheet date would increase/(decrease) profit or loss in the following year by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative periods.

	2020 £000	2019 £000
Profit for the year		
Increase	**100**	119
Decrease	**(100)**	(119)

Market risk – equity price risk

The Group does not have an exposure to equity price risk as it holds no investment in equity securities which are classified as fair value through profit or loss or other comprehensive income.

(e) Capital management

Group

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and to provide an adequate return to shareholders. Capital comprises the Group's equity, i.e. share capital including preference shares, share premium, own shares and retained earnings, as well as bank loans. The Group's debt/equity ratio as at 31 December 2020 is 0.3:1.0 (2019: 0.4:1.0). The balance of the Group's capital as at 31 December 2020 was £80,239,000 comprising equity of £60,239,000 and bank loans of £20,000,000. The Group is subject to quarterly covenant testing against its bank loans. These covenants include minimum EBITDA and minimum free cash flow. The Group adhered to both these covenants in 2020 and is forecasting compliance for the foreseeable future.

25 Commitments

Capital commitments

At 31 December 2020 the Group had capital commitments of £nil (2019: £261,000).

26 Transactions with owners, recorded directly in equity

Exercise of share options

During the year 61,506 share options were exercised which resulted in the issue of 61,506 new Ordinary Shares with a par value of £0.0025. The exercising of these options raised funds of £154 for the Group.

There were no transactions with owners recorded directly in equity in 2019.

27 Dividends

No dividends were paid in 2020. On 31 May 2019 the Group paid final dividends in respect of 2018 of £2,631,000 which represented a dividend per share of 5.7p. On 31 October 2019 the Group paid interim dividends in respect of 2019 of £1,201,000 which represented a dividend per share of 2.6p. The Directors did not recommend a final dividend in respect of 2019.

28 Related parties

Transactions with key management personnel

Key management personnel in situ at the 31 December 2020 and their immediate relatives control 0.3% (2019: 1.6%) of the voting shares of the Company.

Key management personnel are considered to be the Directors of the Company as well as those of National Accident Law Limited, Fitzalan Partners Limited, Bush & Company Rehabilitation Limited and any other management serving as part of the executive team. Detailed below is the total value of transactions with these individuals.

	2020 £000	2019 £000
Short-term employment benefits	1,897	2,032
Termination benefits	179	–
	2,076	2,032

29 Net debt

Net debt includes cash and cash equivalents and other interest-bearing loans and borrowings.

	2020 £000	2019 £000
Cash and cash equivalents	3,609	2,564
Other interest-bearing loans and borrowings	(19,901)	(23,594)
Net debt	(16,292)	(21,030)
Lease liabilities	(2,443)	(247)

Set out below is a reconciliation of movements in net debt during the period.

	2020 £000	2019 £000
Net increase in cash and cash equivalents	1,045	966
Net inflow from increase in debt and debt financing	3,750	(6,500)
Movement in net borrowings resulting from cash flows	4,795	(5,534)
Non-cash movements – net (release of)/increase to prepaid loan arrangement fees	(57)	28
Net debt at beginning of period	(21,030)	(15,524)
Net debt at end of period	(16,292)	(21,030)

Set out below is a reconciliation of movements in lease liabilities arising from financing activities:

	2020 £000	2019 £000
Net outflow from decrease in lease liabilities	558	465
Movement in lease liabilities resulting from cash flows	558	465
Non-cash movements arising from initial recognition of new lease liabilities, revisions and interest charges	(2,754)	(39)
Non-cash movements arising from initial recognition on adoption of IFRS 16	–	(673)
Lease liabilities at beginning of period	(247)	–
Lease liabilities at end of period	(2,443)	(247)

30 Prior period adjustments

During the year, the Group undertook a review of its accounting treatment and presentation of several significant items. The result of this was that the following adjustments have been made to the presentation of gross profit, underlying profit and balances previously identified as non-controlling interests:

1. As part of the restructure of its Consumer Legal Services division in the year ended 31 December 2020 the Group reclassified the costs of its call centre and lead triage operations from administrative expenses to cost of sales. The Directors believe this better reflects the nature of the costs and the operations of the respective businesses. Accordingly, cost of sales, gross profit and administrative expenses for 2019 have been restated to reflect the reallocation of these costs on the same basis to allow for greater comparability year on year.

2. The Group undertook a review of its non-underlying items. In line with best practice, the Group has decided that the IFRS 2 share based payment charge and amortisation of intangible assets arising on business combinations will now be presented within operating profit rather than as non-underlying items. This change will result in greater comparability of the Group results with other listed entities.

3. During the year the Group undertook a review of its contracts in relation to its ABS LLP law firms. As part of this review, it identified that member capital, previously accounted for as equity under IAS 32, met the definition of a financial liability rather than as an equity instrument under this standard. Given the materiality of these balances, in line with IAS 8, the Group has restated the 2019 financial statements as a result of this. The impact of this adjustment is that balances previously accounted for as non-controlling interests within equity have been reclassified to financial liabilities within the statement of financial position. This has reduced the Group's net assets by £3,315,000 as at 31 December 2019. There is no impact on the overall profit and total comprehensive income attributable to the owners of the company but the profit attributable to non-controlling interests has now been reclassified as an expense in the statement of comprehensive income in line with treatment of income and returns on financial liabilities under IAS 32, rather than shown as an allocation of profits to a non-controlling interest.

30 Prior period adjustments continued

The impact of these adjustments on the financial statements is as follows:

	2019 as previously reported £000	Adjustment 1 £000	Adjustment 2 £000	Adjustment 3 £000	2019 as restated £000
Impact on consolidated statement of comprehensive income					
Revenue	51,314	–	–	–	51,314
Cost of sales	(24,990)	(2,043)	–	–	(27,033)
Gross profit	26,324	(2,043)	–	–	24,281
Administrative expenses	(23,761)	2,043	–	–	21,718
Underlying operating profit	**12,192**	**–**	**(1,771)**	**–**	**10,421**
Share-based payments	(811)	–	811	–	–
Amortisation of intangible assets acquired on business combinations	(960)	–	960	–	–
Exceptional items	(7,858)	–	–	–	(7,858)
Operating profit	**2,563**	**–**	**–**	**–**	**2,563**
Profit attributable to non-controlling interest members in LLPs	–	–	–	(4,474)	(4,474)
Financial income	202	–	–	–	**202**
Financial expense	(615)	–	–	–	**(615)**
Profit/(loss) before tax	**2,150**	**–**	**–**	**(4,474)**	**(2,324)**
Taxation	(635)	–	–	–	**(635)**
Profit/(loss) and total comprehensive income for the year	**1,515**	**–**	**–**	**(4,474)**	**(2,959)**
Profit and total comprehensive income is attributable to:					
Owners of the company	(2,959)	–	–	–	**(2,959)**
Non-controlling interests	4,474	–	–	(4,474)	–
	1,515	**–**	**–**	**(4,474)**	**(2,959)**
Impact on statement of financial position					
Member capital and current accounts (financial liability)	–	–	–	(3,315)	**(3,315)**
Total current liabilities	(17,766)	–	–	(3,315)	**(21,081)**
Total liabilities	(42,488)	–	–	(3,315)	**(45,803)**
Net assets	**59,079**	**–**	**–**	**(3,315)**	**55,764**
Capital and reserves attributable to non-controlling interests	**3,315**	**–**	**–**	**(3,315)**	**–**

COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Non-current assets			
Investments	2	**52,700**	52,700
Current assets			
Trade and other receivables	3	**31,933**	31,410
Net assets		**84,633**	84,110
Equity			
Share capital	5	**115**	115
Share option reserve		**3,912**	3,389
Share premium		**14,595**	14,595
Retained earnings at end of year		**66,011**	66,011
Shareholders' funds		**84,633**	84,110

The Company profit for the year was £nil (2019: £22,000,000).

The notes on pages 135–139 form part of these financial statements.

These financial statements were approved by the Board of Directors on 4 June 2021 and were signed on its behalf by:

J D Saralis
Director

Company registered number: 08996352

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019		115	2,578	14,595	–	47,843	65,131
Total comprehensive income for the year							
Profit for the year		–	–	–	–	22,000	22,000
Total comprehensive income		–	–	–	–	22,000	22,000
Transactions with owners, recorded directly in equity							
Share based payments	7	–	811	–	–	–	811
Dividends paid		–	–	–	–	(3,832)	(3,832)
Balance at 31 December 2019		115	3,389	14,595	–	66,011	84,110
Total comprehensive income for the year		–	–	–	–	–	–
Profit for the year		–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–
Transactions with owners, recorded directly in equity							
Share based payments	7	–	523	–	–	–	523
Dividends paid		–	–	–	–	–	–
Balance at 31 December 2020		115	3,912	14,595	–	66,011	84,633

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Profit for the year	–	22,000
Adjustments for:		
Share based payments	523	811
	523	22,811
Increase in trade and other receivables	(523)	(18,979)
Net cash generated from operating activities	–	3,832
Cash flows from financing activities		
New share issue	–	–
Dividends paid	–	(3,832)
Net cash used in financing activities	–	(3,832)
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at 1 January	–	–
Cash and cash equivalents at 31 December	–	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

Financial Statements

The Financial Statements for the year ended 31 December 2020 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial information has been prepared on a going concern basis and under the historical cost convention. The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group profit includes a profit after tax for the parent company of £nil (2019: £22,000,000).

Critical accounting judgements and key sources of estimation

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are based on past experience and other reasonable assessment criteria. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In accordance with IAS 1 the Group is required to disclose critical accounting judgements and key sources of estimation uncertainty.

Judgements

In applying the Company's accounting policies, management have not made any judgements that have a significant impact on the amounts recognised in the financial statements.

Estimates

In applying the Company's accounting policies, management have not made any estimates that have a significant impact on the amounts recognised in the financial statements.

New standards and amendments adopted by the Company

The Company has not adopted any new standards or amendments.

New standards, interpretations and amendments not yet effective

There are no new standards, interpretations and amendments that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Going concern

The Company had net assets of £84,633,000 (2019: £84,110,000) and net current assets of £31,933,000 (2019: £31,410,000) as at each year end.

Details of the Directors' going concern assessment for the Group and Company can be found under 'Going Concern' in note 1 to the Group financial statements on page 98.

Employee share schemes

The share option plans allow employees of the Group to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. The share-based payment charge represents the charge in respect of the employees of the Group.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Investments

The Company has the following investments in subsidiaries:

Name of subsidiary	Country of incorporation and principal place of business	Class of shares held	Principal activity	Ownership 2020	Ownership 2019
Consumer Champion Group Limited[2]	United Kingdom	Ordinary	Holding company	100%	100%
Bush & Company Rehabilitation Limited[2]	United Kingdom	Ordinary	Critical care services	100%	100%
Homeward Legal Limited (previously Fitzalan Partners Ltd)[2]	United Kingdom	Ordinary	Agency services for solicitors	100%	100%
NAH Holdings Limited[2]	United Kingdom	Ordinary	Holding company	100%	100%
NAH Group Ltd[2]	United Kingdom	Ordinary	Holding company	100%	100%
NAHL Support Services Limited[2] (previously National Accident Helpline Limited)	United Kingdom	Ordinary	Provision of shared services to the Group	100%	100%
Lawyers Agency Services Limited	United Kingdom	Ordinary	Dormant	100%	100%
Accident Helpline Limited	United Kingdom	Ordinary	Dormant	100%	100%
NAH Support Services Limited	United Kingdom	Ordinary	Dormant	100%	100%
Tiger Claims Limited	United Kingdom	Ordinary	Dormant	100%	100%
National Accident Helpline Limited (previously Your Law 1 Limited)	United Kingdom	Ordinary	Dormant	100%	100%
NAH Legal Services Limited	United Kingdom	Ordinary	Dormant	100%	100%
Searches UK Limited[2]	United Kingdom	Ordinary	Agency services for solicitors	100%	100%
Inside Eye Limited	United Kingdom	Ordinary	Dormant	100%	100%
Project Jupiter Limited[2]	United Kingdom	Ordinary	Holding company	100%	100%
Your Law LLP[1]	United Kingdom	n/a	Personal Injury lawyers	75%	75%
National Accident Law Limited[2]	United Kingdom	Ordinary	Personal Injury lawyers	100%	100%
Law Together LLP[1]	United Kingdom	n/a	Personal Injury lawyers	50%	50%
National Conveyancing Partners Ltd[2]	United Kingdom	Ordinary	Outsourcing of staff	100%	100%

1. Your Law LLP and Law Together LLP are Limited Liability Partnerships. The Group, through its 100% owned subsidiary Project Jupiter Limited, is entitled to appoint 60% of the members to the Management Board of each LLP. Profit and net assets are shared between members based on the provisions of the partnership agreements.

2. The above 100% subsidiaries have taken the exemption from audit under section 479a of the Companies Act 2006.

The registered office of all of the above 100% subsidiaries is Bevan House, Kettering Parkway, Kettering, Northamptonshire, NN15 6XR.

The registered office of Your Law LLP is Helmont House, Churchill Way, Cardiff, CF10 2HE.

The registered office of Law Together LLP is Castlefield House, Liverpool Road, Manchester, M3 4SB.

At 31 December 2020 the value of the investment in Consumer Champion Group Limited, its only directly owned subsidiary, was as follows:

Valuation	Total £000
At 1 January 2020 and 31 December 2020	**52,700**

The Directors have determined that due to the net assets of NAHL Group plc being in excess of the market capitalisation of the Group headed by NAHL Group plc as at 31 December 2020 then an indication of impairment exists.

The recoverable amount of the investment has been assessed on a value in use basis using the below assumptions behind each valuation technique. A value in use valuation is considered to be appropriate as the investment is being held for its long-term profit potential.

Value in use

On a value in use basis the future cash flows from the investment have been assessed. The future cash flows are considered to be the future dividends that could be generated by each CGU (i.e. future retained earnings generated by each of the trading subsidiaries) using the latest budget data for the coming year extrapolated at an annual growth rate for four years and no growth in perpetuity, discounted at a pre-tax WACC of 9.3%. The key assumptions under this basis are the WACC and operating profits of each subsidiary. More details on how these have been calculated are given in note 13, Goodwill, to the consolidated financial statements.

Under this basis the carrying value of assets is below the recoverable amount valued on a value in use basis and therefore there would be no impairment required.

Sensitivity analysis has been performed that indicates that no reasonable changes to assumptions would result in an impairment to the investment.

3 Trade and other receivables

	2020 £000	2019 £000
Amounts due from Group undertakings	**31,933**	31,410

Amounts due from Group undertakings are interest free and repayable upon demand.

4 Financial instruments

a) Amounts due from Group undertakings

The fair value of amounts owed by Group undertakings are estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Management believes there are no risks arising from these financial instruments on the grounds that the amounts are payable on demand and no interest is charged to Group undertakings. The Board reviews and agrees policies for managing these risks. There have been no substantive changes in the Company's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

	Carrying amount 2020 £000	**Fair value 2020 £000**	Carrying amount 2019 £000	Fair value 2019 £000
Amounts due from Group undertakings	**31,933**	**31,933**	31,410	31,410
Total financial assets	**31,933**	**31,933**	31,410	31,410

b) Capital management

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and to provide an adequate return to shareholders. Capital comprises the Company's equity, i.e. share capital including preference shares, share premium, own shares and retained earnings. The balance of the Company's capital as at 31 December 2020 was £84,633,000.

5 Share capital

	2020	2019
Number of shares		
Opening: 'A' Ordinary Shares of £0.0025 each	**46,178,716**	46,178,716
Issued during the year	**61,506**	–
Closing: 'A' Ordinary Shares of £0.0025 each	**46,240,222**	46,178,716
	£000	£000
Allotted, called up and fully paid		
Opening: 46,178,716 (2019: 46,178,716) 'A' Ordinary Shares of £0.0025 each	**115**	115
Issued during the year: 61,506 'A' Ordinary shares of £0.0025 each	**–**	–
Closing: 46,240,222 'A' Ordinary Shares of £0.0025 each	**115**	115
Shares classified in equity		
Opening shares classified in equity	**115**	115
Issued during the year	**–**	–
Closing balance	**115**	115

The holders of 'A' Ordinary shares are entitled to one vote per share at the meetings of the Company and to dividends as declared in proportion to the amounts paid up on the ordinary shares.

6 Share based payments

The Company operates three employee share plans. Details of these can be found in note 22 to the Group accounts.

7 Staff costs and numbers

During the year the Company employed no members of staff and incurred no staff costs.

8 Related parties

Details of transactions with key management personnel can be found in note 28 to the Group accounts.

Notes

NAHL Group Plc has balanced through World Land Trust the equivalent of 6kg of carbon dioxide.

Printed (ISO 14001 compliant) using vegetable inks on FSC accredited stock.

Design and production: Navig8

www.navig8.co.uk

Planning for the future