The Ince Group plc

("Ince" or the "Group")

Audited results for the year ended 31 March 2021

HIGHLIGHTS

Steady results in face of Covid-19

The Ince Group plc (AIM: INCE), the international legal and professional services company, today announces its results for the year ended 31 March 2021.

For the year ended 31 March (£m)	2021	2020 (restated*)	% Growth
Revenue from continuing activities	**100.2**	96.3	+4.0%
Operating profit before non-underlying items	**9.2**	9.2	0.0%
Operating profit	**3.1**	7.6	(59.2)%
Adjusted diluted earnings per share (p)**	**8.1p**	14.9p	(45.6)%
Diluted earnings per share (p)	**0.5p**	11.4p	(95.6)%
Dividend per share (p)	**-**	-	n/a
Net debt***	**6.6**	6.9	4.3% reduction

* The comparative results for the twelve months ended 31 March 2020 have been restated for the re-presentation of Partners' remuneration and non-controlling interests and the removal of discontinued activities. Partners' remuneration and other non-controlling interests are now treated as an expense of the business and are recognised in production staff costs in the consolidated statement of comprehensive income. The non-controlling interest liability is now presented as a current liability on the statement of financial position as amounts due to partners. See also note 7 to the financial statements

** Adjusted earnings per share is computed from operating profit before non-underlying items and after deducting taxation as more fully explained in note 11 to the financial statements. Non-underlying items of £6.0m were charged, being principally impairment of right of use assets following the decision not to re-occupy part of Aldgate Tower and settlements with a number of former partners of Ince & Co who did not join (2020: £1.7m being principally acquisition and on-boarding costs)

*** Net debt for 2020 as previously reported was £9.0m and included a £2.1m one off in-year operating cost loan in respect of certain insurances. The renewal date for that insurance has changed to 1 April and so the equivalent 2021 figure is nil and this presentation gives a fairer comparison of the Group's net debt movement.

Highlights

- Operational stability despite Covid-19
- Further strategic progress:
    - New offices in Cyprus and Abu Dhabi
    - Two collaborations established with leading specialists in marine cyber security and real estate KYC
    - Investment in further team and individual lateral fee-earner hires
- Further operational progress
    - Wholly-owned multi-office, multi-currency practice management system successfully installed in all offices (apart from Asia - expected for late 2021)
    - Successful transition to new working practices
    - Decision to move to agile working resulted in reduced space need at main London office
- Key account management programme fully operational with encouraging initial results
- New partner recruitment maintained with more than 10 new partners recruited since March 2020
- Board strengthened as announced separately today

Financial highlights

- Revenue £100.2m (2020: £96.3m) +4%
    - Strong double digit growth in EMEA and Asia
    - UK weaker particularly in disputes as some insolvency laws suspended and access to Courts restricted
    - International now 41% up from 36% last year
- Results slowed by Covid-19 constraints in the short term
- Operating profit before non-underlying items £9.2m (2020: £9.2m) unchanged
- Operating profit £3.1m (2020: £7.6m) - 59%
- Diluted earnings per share before non-underlying items 8.1p (2020: 14.9p) -46%, reflecting January 2020 share issue
- No dividend for the year but commitment to declare a dividend with the announcement of results to 30 September 2021
- Improved cash generation despite higher lock up
    - Net cash generated by operating activities £21.7m (2020: £0.8m absorbed)
    - Lock up 118 days (2020: 96 days) as UK collections slowed and Asian lock up built
- Net free cash flow £4.4m (2020: outflow £16.9)
- Net debt reduced to £6.6m while facilities re-banked and increased
- Available cash and facilities £10.8m (2020: £5.3m)
- Deferred consideration remaining reduced to £24.5m (2020: £35.7m)
- Total comprehensive income for the year £0.3m (2020: £5.0m), diluted earnings per share 0.5p (2020: 11.4p), after non-underlying items such as the costs of permanently closing one floor of Aldgate Tower

Outlook

- First quarter of the year has started positively
- Reinstatement of guidance (focused on medium term targets) with the following targets
    - Revenue growth
    - Lockup in the UK targeted at 100 days and overseas to reduce over time to this level
    - Operating profit before non-underlying costs targeted at 10%
- Practice management system rollout in Asia expected to be completed by the end of the year
- Positive outlook for our disputes business as courts resume
- Dividend to resume in 2022 financial year

The Board considers that the Group has the strength, flexibility and commitment to prosper and grow for the benefit of shareholders and colleagues over the coming years.

Commenting on the results, Adrian Biles, Chief Executive of Ince said:

"I am pleased with these results and the progress being made, despite the impact of COVID.

"Our new offices and our Asian and EMEA offices have all achieved significant growth in the period. The UK has been held back but as the restrictions ease and the Courts resume normal service, the UK will return to growth.

"I would like to take this opportunity to thank our wonderful team for their hard work and support during this particularly challenging period. This is a people business and they have been magnificent.

"The Group is now soundly financed and I am confident of a return to dividends in 2022."

Results presentations

Adrian Biles, Chief Executive, and Simon Oakes, CFO, are streaming a presentation of results via webcast at 11.00 a m today followed by a Q&A session for analysts and investors.

You can register to watch the webcast at https://brrmedia.news/INCE_FY21

An open presentation and Q&A for all investors will also be held via the Investor Meet Company platform at 5.00 p.m. today. Investors can register for the event via: https://www.investormeetcompany.com/ince-group-plc-the/register-investor

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About The Ince Group PLC

The Ince Group is a dynamic international legal and professional services business with offices in nine countries across Europe, Asia and the Middle East. With over 700 people, The Ince Group delivers legal advice, strategic guidance and business solutions to clients ranging from the world's oldest and biggest businesses operating across numerous industries to ultra-high net worth individuals. Through its entrepreneurial culture and "one firm" approach, the business offers its clients over 150 years of experience, insight and relationships. The Group is driven by a unique team of passionate people whose broad expertise and deep sector specialisms provide their clients with solutions to all their complex legal and strategic needs.

Chairman's statement

The financial year has been both interesting and challenging. The group has navigated well the impact of Covid-19 and the diverse restrictions imposed by the various governments on our global advisory business. As normal working conditions are returning, we continue now to be focussed on developing our world class advisory business, covering more than pure legal services, and adding profitable lateral hired partners to generate greater revenue while ensuring our international business generates the revenue it is capable of as constraints on international travel ease.

The Board is mindful of the importance of dividends to shareholders and has reviewed its previous approach to dividends. It has decided to adopt a medium term policy of distributing 20% of post-tax earnings to shareholders each year subject to the Group's overall forecast cash requirements. We believe that this should enable shareholders to earn a good income return on their investment while enabling the Group to retain sufficient cash to support a growing business to generate capital value. In respect of the year just ended, while the balance sheet is now robust with adequate facilities available, there are still a number of liabilities which will unwind over the coming months. Growth will also require funding and, while the Group has an adequate capital base for its current plans without recourse to issuing further shares, the Board has concluded that it would not be prudent to declare a dividend in respect of the year just ended. The Board intends to declare a dividend with the interim results to be announced later this year.

I am pleased to announce that we have agreed the appointment of two further non-executive directors, Laurence Milsted and Carol Ashton to the Board. Laurence has recently retired as Global CFO of Freshfields, a "Magic Circle" law firm, and brings tremendous relevant experience to support and challenge our finance team. Carol is an independent executive coach and HR consultant and was between 2008 and 2017 International HR Director of DLA Piper, another leading law firm. Carol will provide insights into the recruitment and retention of our people – who are our key asset – which will prove invaluable. Peter Rogan, who has had a long and successful career with the former Ince business and has been a non-executive director of the Company since we acquired the UK business of the former Ince, has stepped down from the Board and I thank him for the support and help he has provided to the Group over the last two and a half years. I believe that these changes deliver, as we planned, a Board which is balanced, diverse and inclusive in terms of area of relevant expertise, background and culture.

The Group now has a firmly established global business advisory presence with a very strong brand which we are continuing to build upon through lateral team hires. The last year has been a difficult one, but with the imminent re-opening of all of our main offices, the new financing arrangements announced in March and the new Board appointments described above, I firmly believe the Group is in a great place to continue its growth. Accordingly, I have decided that the Annual General Meeting to be held in September is an appropriate moment for me to step down. Simon Howard, my co-director since 2017, has agreed to become Chair.

Finally, our colleagues are the Group's most valuable asset and we have worked hard with them to instigate initiatives to increase wellness particularly through this unusual year and improve our diversity and inclusion. I would like to place on record the Board's thanks to all our colleagues across the Group around the world for their continuing dedication to providing the best service to our clients, particularly this year in often abnormal working conditions.

David Furst,
Chair

26 July 2021

Group Chief Executive's Report

I first want to thank my colleagues around the world for their hard work and flexibility which has enabled this year's results to be achieved despite the disruption caused by Covid-19 throughout the year. Their working conditions have often been unavoidably much less than ideal and that these robust results have been produced is a testament to their dedication.

The year has been another one of steady progress for the Group with work patterns for our clients and for my colleagues periodically severely disrupted by the Covid-19 pandemic and governmental restrictions. Notwithstanding this, we have achieved a small increase in revenues to over £100 million, with growth at the international offices making up for the UK which suffered the greater disruption.

Our business is genuinely international now and is increasingly and pleasingly focussing on international disputes and transactions. In the last year and the short term, this valuable and rare focus has been prevented from achieving its full potential by the governmental restrictions on, and discouragement of, international travel. The easing of international travel which is slowly beginning to happen will enable more of this potential to be realised in this and future periods.

During the year when Covid-19 reduced activity levels, we consciously retained nearly all of the fee-earner base to enable client service to be maintained as activity rebuilds.

In the UK, all of our offices have been completely closed for a number of periods of the year and in particular our main London office has proved impractical to open for working. This has undoubtedly hindered the development of the business in acquiring new clients and freely interacting with existing clients. It has also hindered the interactions between colleagues from which business ideas and opportunities arise and the very important development of our trainee and junior lawyers. In the rest of the UK and around the world, our offices are all now open for relatively normal working.

We will welcome a return to full normal office working but expect that, particularly in London, there will be a greater degree of working from home for at least the medium term. This will mean that our need for properties from which to work will reduce and to this end we have decided not to re-open one of the two floors we occupy in Aldgate Tower. Unless we can sub-let that space in the meantime, we will exercise our tenant's break to terminate the lease on that floor in October 2022.

Our strategy

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

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

Key achievements

- During the year, we continued to drive growth by pursuing this strategy:
    - *New maritime business in Cyprus*: We have established a new businesses in Cyprus with a team from an established local business led by George Zambartas, offering legal services in the maritime sector with core expertise including shipping funds and yachting transactions.
    - *New asset finance business in the Middle East:* We have established a Middle East consultancy business as a specialist asset finance provider. The business is offering our clients expert consulting services, working closely with our ship and corporate finance teams in the UK, Germany, Dubai and Asia. It will initially focus on the shipping and aviation sectors and is regulated by the Abu Dhabi Global Market's Financial Services Regulation Authority (FSRA).
    - *Two new collaborations:* We have established two collaborations with well-established international experts to provide new services to our existing and new clients. The joint ventures are in an integrated cyber security solution for the maritime sector with Mission Secure and an integrated technology and legal advisory KYC solution for the real estate sector. We believe that the joint ventures will lead to additional business and clients for the Group as well as assisting our existing clients.
    - *Investment in further lateral hires:* As well as internal partner promotions, we have continued to make lateral hires to extend the capabilities of the international offices and also underpinning our top level marine offering. These investments to achieve future growth reduce margin in the short term and typically take up to a year to break even in cash terms and a little longer in current circumstances.

- *Integrating private client offerings:* We have started to integrate our private client offerings under the leadership of one of our senior lateral hires, Nick Rucker. This will pull together the legal services offerings in the private client and family sectors with our wealth management and employee benefits businesses. We have also achieved an extension of our regulatory permissions which enables us to offer professional trustee services and fund administration in Gibraltar which is an important capability in the private wealth offering.
- *Chinese strategic cooperation:* We entered a strategic cooperation agreement with W&H Law Firm, one of the largest Chinese law firms with over 25 offices and over 2,000 lawyers, in late 2020. Ince already works closely with W&H on cross border transactions and disputes and we are actively considering various options to deepen the relationship, in particular as travel becomes easier, including the possibility of forming a joint operation in the Free Trade Zone in Shanghai, China.
- *Full control of corporate finance business:* In October, we took full control of James Stocks & Co Limited, an FCA regulated corporate finance advisory business, and that team are already working closely with the ship financing businesses of the Group as well as continuing its traditional client base in the real estate and SME sectors in the UK and Gibraltar.
- *Disposal of White & Black business:* In October, having integrated elements of the White & Black specialism and client base into the wider group, we concluded no further integration could be achieved and disposed of the whole of the share capital the White & Black Limited entity to its management team.
- *Further operational efficiencies:* Operationally, by the end of this month, we will have rolled out our proprietary practice management system to all our international offices except those in Asia and, subject to international travel being possible, the remaining offices will be transitioned by the end of 2021. This common platform will significantly improve the operating efficiencies of the Group.
- *Expanding use of strong Ince brand:* We believe that the Ince brand is very valuable to us as confirmed by the £17m valuation of the purchased brand which was included in the financial statements last year. A valuation of the Ince brand as at this year end was undertaken and this showed a significantly higher value (which has not been incorporated in the accounts). We are therefore extending the use of the Ince name to all of our legal services businesses. We expect to extend this further during the year to other parts of our business.
- *Investment in our people:* The mental and physical health of our colleagues is very important and, particularly when movements and personal contact are restricted. We are placing great emphasis on supporting the team through making appropriate classes available on line and providing equipment to ensure an adequate working environment as well as encouraging alternative communication channels between colleagues.

Financial performance

The financial performance of the Group has been satisfactory in the circumstances the Group has faced in the last year and greater detail is set out in the Chief Financial Officer's report. I will restrict my comments to revenue.

The analysis of revenue below shows that the overseas offices have made good progress as the addition of partners over the last eighteen months has started to build revenue in all of the overseas offices. This progress continues and there will be further growth internationally. The UK business has suffered to a greater extent with Covid-19 restrictions. Transactional mandates (whether in real estate – particularly in the first half - or corporate areas) have seen reduced activity at times during the year. In addition, the restrictions on activities in the English Courts, and particularly for insolvencies, have limited our dispute resolution and family business in the period. These trends are starting to ease.

An analysis of the revenues for continuing activities for the year ended 31 March 2021 by service line is set out below. As I mention later in my report, the categories in this analysis are expected to evolve over future periods to better reflect how we are managing the business.

Year to 31 March	**2021** **£m**	2020 £m
Shipping & trade	**60.5**	55.7
Dispute resolution	**13.9**	17.0
Corporate & tax	**9.3**	9.6
Real estate	**6.7**	5.7
Family & private client	**3.7**	3.9
Other	**6.1**	4.4
	100.2	96.3

Geographically, the revenue for the year ended 31 March 2020 analysed by regions:

Year to 31 March	**2021** **£m**	2020 £m
UK	**58.7**	61.7
Asia	**25.3**	21.3
EMEA	**16.2**	13.3
	100.2	96.3

Operational performance

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

The Group's proprietary practice management system which is one of, if not the only, independent multi-office, multi-currency practice management systems available to UK based businesses which is not associated with a major data supplier has been developed and tested to the point where it has been installed in all the Group's UK and the last of the EMEA legal services operations will be migrated at the end of this month. Plans are in place to complete the installation into the Asian offices by the end of the year provided the practicalities of international travel do not make the ideally required local support during transition impossible. We believe that this will not only increase efficiency and reduce overheads but also enable us to consider whether the system can be profitably sold to other potential users.

Our core remuneration model continues to be a magnet for partners in other firms to join us. It focuses on professional practitioners being rewarded both for the billable work they do and for the income generated from their clients. We are undertaking an exercise to refine this model and potentially extend it to a wider group of fee earners as a tool to ensure the retention of non-partners. The refinement will continue to focus on hard work and the generation of fees from clients, the recovery of the full value of the work undertaken and the generation of gross margin from which to cover overheads and to generate profits for shareholders.

We have placed a lot of emphasis since the Ince acquisition on the development of a culture for the Group. This culture aims to provide an environment of trust for partners and colleagues which is open and transparent and in which everyone can perform to the best of their abilities. The stability of partners and other colleagues is, we believe, vital in delivering the continuing satisfaction of clients and we are, therefore, unsurprised by our clients being open to using the other strengths of the Group where appropriate.

Technology has always been a key feature of the Group's business model and the impact of the pandemic has emphasised how successful our programme has been as remote working has moved from a sometimes used facility to a natural way to work. That this was achieved a year ago when it became critical is a testament to out IT team. This has involved a financial commitment as well and we have spent ahead of budget to ensure the necessary functionality. It will however be key to our success and the minimisation of risk of disruption that we keep up with technological developments and this will involve further spend but not, we believe, at the rate of the last year.

The Key Account Management programme which was started during the year with a small number of our larger clients focussed on developing and broadening our relationships with key clients. This is a long-term programme and the benefits will accrue progressively rather than immediately, but the initial results are very encouraging and have led us to increase the number of clients in the programme.

The current year and the future

Very recently, the lift constraints in Aldgate Tower, our London head office, have been removed and we have re-opened our 15th floor offices there, It is clear that agile working is going to be a significant feature of our future operations, particularly in London, and we have concluded that we will not re-open one of the two floors we lease in Aldgate Tower.

Our immediate expansion focus is on steady progress through further lateral hires, continuing focus on driving collaboration between offices and business lines to increase the revenue processed through the established base and ensuring we address the range of our clients' needs with excellent service.

As the enlarged Group has settled and our focus on providing a broad range of professional services to our clients continues, we are refining the management structure of the Group to eliminate the separate management of legal and consulting services. Thus our Private Wealth division headed by Nick Rucker will coordinate private client law with our private wealth offerings. This structure is evolving and we expect that the sectoral analysis of revenue will be refined to follow the management structure as it is refined.

Our established platform easily absorbs additional partners and we believe that the financing we now have in place enables us to absorb new partners with the time it takes for them to become fully functioning and cash generating. We are as always in discussions with a number of senior lawyers and teams about joining the Group and expect to continue to steadily add partners to the business, with 6 new partners recruited since 31 March 2021.

We continue to develop the collaborative growth of the business from adding service lines supplied by new recruits in an office and from the ability to service additional needs of existing clients. This requires significant trust to be built up between partners and other colleagues across service lines and geographies. This is not an immediate given but we continue to work hard to establish and develop trust between partners and to communicate the specialisms of each individual partner notwithstanding the current lack of face-to-face meetings.

I must place on the record my thanks to David for his support over the eight years we have worked together and for his contribution during the not always easy periods through the flotation, the acquisition, and more particularly the integration, of the Ince businesses and the disruption from Covid-19. I am also grateful for his work with Simon Howard in identifying and recruiting our new non-executive directors. I am pleased that Simon Howard, with whom I have been a director for some four years, has agreed to become Chair of the Company in David's place from the Annual General Meeting to be held in September and wish David well for the future.

We have a fantastic business filled with fantastic people and I am totally committed to the success of the business. We will continue to succeed further and drive value for our shareholders by continuing to provide relevant and expert advice to our clients from understanding their business as a whole or their individual circumstances (rather than the particular legal issue they might expect to consult us on), therefore providing real value to our client.

Adrian Biles

26 July 2021

Year to 31 March	**2021** **£m**	2020 (Restated) £m	**% Movement**
Revenue	**100.2**	96.3	+0.4%
Operating profit before non-underlying costs *	**9.2**	9.2	(40)%
% margin	***9.2%***	*9.6%*	*(421)bps*
Profit for the period	**0.3**	5.0	(93)%
Diluted earnings before non-underlying costs (p) **	**8.1**	14.9	(35)%
Diluted earnings per share (p)	**0.5**	11.4	(96)%
Free cash flow ***	**4.4**	(16.9)	126%
Net debt *(1)*	**6.6**	6.9	

(1) Net debt in 2020 is presented excluding a one off in-year recurring annual operating cost loan in respect of certain insurances in 2020, which due to timing differences was recognised at 31 March 2020 but, since then, has been recognised and unwound within the relevant financial year.

Presentation of financials and alternative performance measures

During this financial year, we have continued to refine and improve our financial reporting. Our focus in doing this is on presenting a clear and easily understandable picture of the Group’s performance and the drivers behind this performance.

Partners’ costs are now presented as a production cost in the Consolidated Statement of Comprehensive Income. This change in accounting policy is to better present the true profit impact of partner remuneration, taking into account the contractual nature of agreements, and the board believes the updated presentation gives more relevant information to shareholders. Previously these costs were disclosed as non-controlling interests and presentation was clarified through “Adjusted profits before tax”. As a consequence of this changed treatment, amounts due to partners are now shown as a current liability in the Statements of Financial Position (having previously been shown as non-controlling interests in capital and reserves).

Prior year financial information is therefore presented on a restated basis for the above change and for the exclusion of the discontinued White & Black business, which was disposed of in October 2020 (as described in note 2.2 to the accounts).

The Group presents three Alternative Performance Measures (“APMs”). These APMs include adjustments for specific items in order to provide a balanced view of the underlying performance of the Group’s operations:

Operating profit before non-underlying costs* is calculated as operating profit after adding back costs which are identified as outside of or related to events outside of the normal scope of operation of the Group's business which are discussed below. This measure appears in the Consolidated Statement of Comprehensive Income and it replaces Adjusted profit before tax as a profit measure (the difference between the two measures being financing costs as shown in note 11 to the accounts).

*****Diluted earnings per share before non-underlying costs*** is calculated by adjusting profit for the period to add back non-recurring costs and dividing by the weighted average number of shares in issue for the period, on a diluted basis.

*** ***Free cash flow*** represents the cash flows of the Group excluding draw downs and repayments of external funding facilities, dividends paid to equity holders and proceeds from the issuance of shares and non-recurring acquisition / disposal cashflows. Management uses it as a key measure in assessing the cash performance of the Group, while it continues to unwind the cash costs of the acquisitions made over recent years.

Key Performance Indicators (KPIs)

To achieve profits for shareholders, we focus the business on a small number of KPIs which we consider essential business drivers of profit growth. The Group is now in a position that its operating cost base is sufficient to support significant top line growth without any increase. We therefore concentrate on growing revenues profitably, constraining (and, where appropriate, reducing) overheads and converting work done into cash.

In simple terms, delivering on these metrics will deliver sustainable profits for shareholders (as measured by operating profit before non-underlying costs) and we therefore monitor the progress of the business through four essential KPIs:

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

Year to 31 March	**2021**	2020
		Restated
	£m	£m
Revenue	**100.2**	96.3
Production costs – fee earner / partner costs	**(49.9)**	(48.1)
Production costs – other	**(5.9)**	(3.8)
Gross profit	**44.3**	44.4
Gross margin %	***44.3%***	*46.1%*
Administrative salaries and non-productive profit shares	**(14.8)**	(14.7)
Other overheads	**(20.4)**	(20.4)
Total overheads as % of revenue	***35.1%***	*36.5%*
Operating profit before non-underlying costs	**9.2**	9.2

* - this includes amortisation of client portfolio intangibles of acquired businesses, recognised in in line with relevant fee billings / cash collections

Revenue growth year on year was £3.9m (4%). The Group successfully achieved an uptick in trading in the second half of the year again, which represented 52% of total revenues for the year, and delivered an increase of revenue per fee earner year on year of 5.5%. Further details of the sector / territorial drivers of the Group's revenue profile and growth are set out in the Group Chief Executive's report above.

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

Gross margin is the fees charged to clients less direct production costs and is expressed as a percentage of revenue. Gross margin is in the control of the heads of each department or business unit and these individuals are rewarded with a participation in gross margin achieved in excess of 45%. In the current year gross margin of 44.2% is slightly below this target and behind the prior year (46.1% restated). This is attributed to:

- An increase in partner costs from hires made in the latter part of the last financial year, who have not yet been able to market to their client network as effectively as in normal circumstances, in the face of the travel restrictions and social distancing rules in particular for UK partner hires where their practices and clients are based internationally; and
- An increase in lock up levels and accordingly the formulaic doubtful and bad debt charge which rose to 4.1% in the year (prior year of 2.1%) and is the primary driver of increases in Production costs – other. Our policy remains to provide in full for all debtors over 180 days old, even though many of these debtors are likely to be ultimately recoverable.

As market conditions improve with the lifting of restrictions, in particular, in the UK we expect these trends to be reversed and accordingly, margin to improve.

Overheads represent the business support staff costs of the Group and all the other costs of running the business – premises, insurance, computing and telephones etc. In the year, overheads as a percentage of fees charged to clients were 35.1% (2020: 36.4%).

As noted below, in the year, business support services staff costs included grant income under a number of localised job retention schemes. The cost benefits of this income will be in part replaced by ongoing business efficiencies (reduced heads, floor space and greater centralisation of the Group's operations).

Additional cost reductions achieved through a supplier rationalisation review undertaken during the year were, in part, offset by increased IT infrastructure expenditure, which was required to support our switch to working from home at the beginning of the financial year.

Our target is to reduce these costs to 30% over the medium term. This can be achieved through revenue growth and further synergies – for example in reducing our premises footprint, where there are break clauses in the majority of our UK offices over the next 18-24 months and from the roll out of the Group's practice management system to the remaining offices.

Other profit & loss items

The Group incurred non-underlying costs in the year of £6.0 million (2020: £1.7 million), primarily in relation to future costs items. The most significant of these is the recognition of costs in relation to the abandonment of part of or UK office at Aldgate Tower of £3.2 million and details of this and the other non-underlying costs are set out in note 7 to the accounts.

Finance income and expense primarily relates to the interest costs of the Group's financing facilities and a charge levied in applying IFRS 16 on the right-of-use assets it holds for the property and other lease contracts it has entered.

(Loss)/profit from discontinued operations of £(0.9) million (2020: £0.3 million) relates to the results and disposal costs of White and Black limited (including £0.6 million of eliminated goodwill, described below).

Covid-19 response

In response to the Covid-19 pandemic, the Group took a number of proactive steps to minimise the risk of disruption to business operations:

- Discretionary expenditure across all locations was cancelled or deferred, unless an immediate, business critical requirement was identified.
- As noted above, the Group took advantage of the UK Government's Coronavirus Jobs Retention Scheme and similar schemes in Singapore and Hong Kong where staff members were unable to effectively work other than in the Group's offices, although this was gradually reduced from October onwards and ceased in full as at 31 March 2021. Grant income received for this totalled £2.1 million in the year (of which £1.5 million related to the UK scheme). The Group also removed 47 roles during the year, with an associated annual cost saving of £1.2 million.
- All Board and a number of UK colleagues' salaries were reduced on a temporary basis (in a number of instances for the duration of the financial year) and partners' drawings have been reduced and profit distributions deferred.

Lock up

Lock up is defined for our KPI as the value of trade debtors and work in progress compared with fees charged to clients, in each case excluding disbursements and VAT. Lock up days, which represents the time taken from the point work is performed by fee earners to the point the related cash is received, is the key measure of working capital performance of the Group. This measure is under the control of the lead partner (or Matter Partner) for each client and they are guided and assisted in this by our revenue management team.

Lock up as at 31 March 2021 was 118 days (96 days at 31 March 2020). The increased level of lock up days is a result of: (i) pressures on collections across the Group in the wake of the pandemic, as clients have attempted to minimise cash outflows while there has been considerable market uncertainty across the sectors / locations in which the Group operates; and (ii) the skew in revenue towards parts of the Group with structurally higher lock up days, in particular in Asia.

This lock up remains significantly better than typical industry levels but it remains a focus of management to reduce lock up in the UK-based elements of the business below 100 days, although we recognise overseas office lock up may remain above this level due to the above mentioned structural differences in collection patterns. Some of the recent increase is temporary and will reverse as market conditions continue to improve and, additionally, once travel restrictions ease and we can complete the roll out of the proprietary practice management software across the remain locations of the Group (including our practices in Asia).

External facilities and net debt

On 26 March 2021 the Group entered a financing facility of £17m with Investec plc, comprising a 3 year £9.0 million term loan and £8.0 million revolving credit facility, under the UK government's Coronavirus Large Business Interruption Loan ("CLBIL") scheme. Accordingly, the remaining Barclays Bank plc term loan and revolving credit facility (previously entered into by the Group in December 2018) were repaid in full.

The new facility increases the available funds for the Group while it continues to experience the temporary effects of Covid-19 upon its trading activity and continues to grow revenues (currently £2.5 million of the revolving credit facility is undrawn). The facility is also designed to be a facility for the full Group and will allow Management to more easily implement integrated treasury management across each of its entities and locations.

Furthermore, despite the increased size of facility now available to the Group, net debt did not increase through the year and was only £6.6 million at March 2021 (£9.0 million at March 2020, or £6.9 million excluding a one off in-year operating cost loan as discussed earlier).

Cash flow

The Group's cash balance increased by £3.1 million during the financial year to £8.3 million at 31 March 2021 (2020: £5.2 million). It had available cash and undrawn facilities at 31 March 2021 of £10.8 million (2020: £5.3 million). Free cash flow conversion (measured relative to operating profit before non-underlying costs) was 48%:

Year to 31 March	**2021** **£m**	2020 Restated £m
Cash generated by operations	**23.0**	1.1
Lease costs	**(5.6)**	(3.3)
Payment of contingent and deferred consideration	**(10.0)**	(10.1)
Purchase of PPE & intangible assets	**(1.9)**	(3.1)
Net interest received/(paid)	**(0.8)**	(0.7)
Tax paid	**(0.3)**	(0.9)
Free cash	**4.4**	(16.9)

As both the recent build-up of lock up (described above) and legacy liabilities from acquisitions and actions taken to respond to Covid-19 unwind, this free cash flow will significantly improve in the medium term.

Balance sheet

The acquisition of Ince gave rise to intangible assets which have been recognised in three ways – as goodwill, as client portfolio and as trademark, associated to the value of the Ince brand. An external third party valuation of the Ince brand has again been taken this year and the calculated valuation range is significantly in excess of the balance sheet asset value of £17 million, indicating post-acquisition investment efforts in developing the brand and its widening use within the Group is beginning to gain traction. An annual impairment review of goodwill has also been undertaken with no impairment identified (and significant headroom in the relevant CGU valuations), although £0.6 million of goodwill was eliminated with the disposal of White & Black Limited (the method for determining the elimination value is detailed in note 4.(i) to the accounts). The client portfolio value continues to be amortised in line with revenue generated over the three years of the Ince acquisition deal during which the deferred consideration is being earned by the former Ince partners (until December 2021), at an annual charge of some £2 million.

In the year, the Group has impaired the Right of Use asset for a floor of our main London office in Aldgate Tower and recognised a provision for future costs, for the remainder of the lease up to its next break date (in October 2022), with a total impact of £3.2 million taken to the profit and loss as a non-underlying cost (as detailed in note 7 to the accounts). Whilst the free cash benefits of exiting this lease will not be seen until the break date, no further costs will be incurred for this lease.

Additionally, in order to manage cash flow challenges in the first half of the year, the Group deferred certain liabilities with relevant third party suppliers including rental costs, rates and balances with HMRC. Repayment of these balances began in the second half of the year and will continue during the next financial year, with the outstanding balance totalling c. £5.8 million at 31 March 2021.

The effective rate of tax this year is 44.9% (2020: 21.9% restated) which, partly as a result of the disallowance of the amortisation of client portfolios as an expense, is higher than the standard UK rate. As this amortisation reduces over the next financial year, this rate is expected to reduce down closer to that standard rate.

Future

We have been pleased with the ongoing level of engagement and support we have received from colleagues and partners as well as our supplier network since Covid-19 first impacted the Group. We continue to monitor and follow the various national institutes' policies and advice. Our infrastructure investments over the past year allow us the flexibility to continue our operations in the best and safest way possible for all our stakeholders without jeopardising anyone's health whether that be through remote working or office-based working.

In the immediate future management are focused on working capital management as built up liabilities from the last year are unwound to cash whilst activity levels and collections begin to recover.

Q1 of the new financial year has already seen this unwind begin, whilst collection levels are still to fully recover. Therefore cash at the end of June 2021 was £4.7m and £2.5m of undrawn RCF remains available to the Group to assist manage short term working capital needs (available funds of £7.2m). Additionally, restrictions on commercial litigation activity (in relation to the suspension of elements of the Insolvency Act) in the UK have not reversed and travel restrictions continue to limit our ability to engage with our international clients. Despite this, there are early signs of activity levels starting to improve and Q1 revenue of £25.0m was 5% ahead of the prior year, in particular after a strong billing month in June 2021.

Whilst uncertainty temporarily persists we are cautiously optimistic for this current financial year, in particular for the expected opening up of a number of our UK markets in Q2, which is anticipated to reverse the above-mentioned freeze on commercial litigation activity in the UK, and the easing of international travel restrictions to allow us to travel between our offices (in particular in Asia) and therefore increase our active client engagement and collaboration across locations. Therefore we are reintroducing guidance at this stage.

The Group has the revenue generating capacity, external financing structure and sustainable, scalable support function in place to achieve these aims and targets and, in so doing, focus on building and delivering value for shareholders.

Simon Oakes

26 July 2021

Consolidated Statement of Comprehensive Income

	Note	Year ended 31-Mar-21 £'000	Restated Year ended 31-Mar-20 £'000
Continuing operations			
Fees and commissions	5	100,202	96,330
Production staff and partner costs	6	(49,939)	(48,113)
Other production costs		(5,920)	(3,841)
Gross Profit		44,343	44,376
Administrative staff and partner costs	6	(14,768)	(14,742)
Other operating expenses		(14,960)	(14,666)
Depreciation of property, plant and equipment		(1,422)	(1,473)
Depreciation of right-of-use assets		(4,179)	(4,556)
Amortisation		(290)	(83)
Other operating income		445	354
Operating profit before non-underlying costs		9,169	9,210
Non-underlying costs	7	(6,036)	(1,657)
Operating profit	8	3,133	7,553
Finance income	9	410	351
Finance expense – right of-use assets	9	(515)	(483)
Finance expense - other	9	(1,090)	(1,057)
Share of profit/(loss) of associates		18	(140)
Profit before income tax		1,956	6,224
Income tax expense	10	(690)	(1,530)
Profit from continuing operations		1,266	4,694
(Loss)/profit from discontinued operations	16	(919)	268
Profit for the period		347	4,962
Attributable to: -			
Equity holders of the Company		326	4,952
Non-controlling interests		21	10
Profit for the period		347	4,962
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations		(67)	35
Other comprehensive income for the period		(67)	35
Total comprehensive income for the period		280	4,997
Attributable to: -			
Equity holders of the Company		259	4,987
Non-controlling interests		21	10
Total comprehensive income for the period		280	4,997
Earnings per share			
Basic earnings per share (pence)	11	0.48	11.78
Basic earnings per share before non-underlying costs (pence)	11	8.36	15.35
Diluted earnings per share			
Diluted earnings per share (pence)	11	0.46	11.42
Diluted earnings per share before non-underlying costs (pence)	11	8.11	14.88

There is no tax on any component of other comprehensive income or expense. The attached notes are an integral part of these consolidated financial statements.

Statements of Financial Position

The Ince Group plc (Registered number: 03744673)

	Note	Group 31-Mar-21 £'000	Restated Group 31-Mar-20 £'000	Company 31-Mar-21 £'000	Company 31-Mar-20 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	2,813	3,761	52	90
Right-of-use assets	14	10,562	17,441	496	696
Intangible assets	15	79,612	80,825	-	-
Investments	16	-	470	47,607	47,607
		92,987	102,497	48,155	48,393
Current assets					
Trade and other receivables	17	46,131	44,412	36,264	38,886
Corporation tax		-	-	-	-
Cash in hand and at bank	18	8,307	5,250	1	3
		54,438	49,662	36,265	38,889
Total assets		147,425	152,159	84,420	87,282
EQUITY					
Capital and reserves attributable the Company's equity holders					
Share capital	19	686	686	686	686
Share premium	20	24,126	24,126	24,126	24,126
Reverse acquisition reserve	20	(24,724)	(24,724)	-	-
Foreign exchange translation reserve	20	(32)	35	-	-
Other reserves	20	785	634	3,611	3,460
Distributable reserves	20	41,853	41,527	12,570	18,894
		42,694	42,284	40,993	47,166
Non-controlling interest		50	29	-	-
Total equity		42,744	42,313	40,993	47,166
LIABILITIES					
Non-current liabilities					
Trade and other payables	21	14,536	22,453	-	-
Borrowings	22	13,092	10,400	13,045	10,400
Provisions	23	2,377	2,189	40	-
Lease liabilities	14	7,774	13,284	151	370
		37,779	48,326	13,236	10,770
Current liabilities					
Trade and other payables	21	41,664	39,325	28,316	27,756
Corporation tax		1,787	1,372	295	-
Borrowings	22	1,804	3,829	1,200	1,200
Provisions	23	2,838	2,407	-	-
Lease liabilities	14	4,863	5,552	380	390
Amounts due to partners		13,946	9,035	-	-
		66,902	61,520	30,191	29,346
Total liabilities		104,681	109,846	43,427	40,116
Total equity and liabilities		147,425	152,159	84,420	87,282

The Company has taken advantage of the exemption contained in S408 Companies Act 2006 and has not presented a separate income statement for the Company. The Company recorded a loss of £6,324,000 for the 12-month period ending 31 March 2021.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 26 July 2021 by S. Oakes - Director. The attached notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Group 12 months to 31-Mar-21 £'000	Restated Group 12 months to 31-Mar-20 £'000	Company 12 months to 31-Mar-21 £'000	Company 12 months to 31-Mar-20 £'000
Cash flows from operating activities				
Profits before tax from continuing operations	1,956	6,224	(5,966)	(9,269)
(Loss)/profits before tax from discontinued operations	(978)	281	-	-
Adjustments for:				
Finance income	(410)	(352)	(56)	-
Finance expense	1,619	1,571	292	-
Non-underlying costs	6,036	1,657	-	391
Depreciation, amortisation and impairment	9,070	8,279	367	294
Share options expense	151	172	151	172
Loss/(gain) on sale of discontinued operations	757	(51)	-	-
Share of (loss)/profit of associates	(18)	140	-	-
Net exchange differences	266	(323)	-	-
Changes in operating assets and liabilities (net of acquisitions):				
(Increase)/decrease in trade and other receivables	(717)	(9,616)	12	(731)
(Decrease)/increase in trade and other payables	6,522	(466)	348	292
(Decrease)/increase in provisions	(1,254)	(6,380)	40	-
Cash generated by operations	23,000	1,136	(4,812)	(8,851)
Interest and other finance costs paid	(1,082)	(1,054)	(272)	(370)
Tax paid	(257)	(896)	(63)	-
Net cash generated/(absorbed) by operating activities	21,661	(814)	(5,147)	(9,221)
Cash flows from investing activities				
Cash paid on acquisitions (net of cash acquired)	449	2,078	-	-
Payment of contingent and deferred consideration	(9,985)	(10,126)	-	-
Payment of acquisition related costs	(2,250)	(1,657)	-	-
Purchase of PPE	(825)	(1,436)	-	(116)
Proceeds from disposal of PPE	-	2	-	-
Purchase of intangible assets	(1,123)	(1,627)	-	-
Disposal of a subsidiary, net of cash disposed of	(127)	(191)	-	-
Interest received	238	352	56	-
Net cash absorbed by investing activities	(13,623)	(12,605)	56	(116)
Cash flows from financing activities				
Proceeds from new borrowings	14,886	9,630	14,500	6,500
Repayment of borrowings	(13,975)	(3,497)	(11,855)	(900)
(Advances to)/repayments by subsidiaries	-	-	2,822	(8,073)
Proceeds from issuance of shares	-	14,046	-	14,048
Transaction costs relating to issue of shares	-	(800)	-	(800)
Dividends paid	-	(2,197)	-	(2,197)
Direct cost of leases	(30)	(24)	-	(17)
Payment of lease liabilities	(5,534)	(3,268)	(378)	(208)
Net cash absorbed from financing activities	(4,653)	13,890	5,089	8,353
Net increase/(decrease) in cash and cash equivalents	3,385	471	(2)	(984)
Cash and cash equivalents at beginning of period	5,191	4,720	3	987
Effects of exchange rate changes on cash	(271)	-	-	-
Cash and cash equivalents at end of period (note 18)	8,305	5,191	1	3

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

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Foreign exchange translation reserve £'000	Other reserves £'000	Distributable reserves £'000	Non-Controlling Interest £'000	Total equity £'000
Balance at 1 April 2019 (restated)	370	11,192	(24,724)	-	48	38,787	19	25,692
Profit for the period	-	-	-	-	-	4,952	10	4,962
Other comprehensive income	-	-	-	35	-	-	-	35
Dividend paid	-	-	-	-	-	(2,212)	-	(2,212)
Shares issued in period	316	13,734	-	-	414	-	-	14,464
Credit to equity for equity-settled share-based payments	-	-	-	-	172	-	-	172
Share issue transactions costs	-	(800)	-	-	-	-	-	(800)
Balance at 31 March 2020 (restated)	**686**	**24,126**	**(24,724)**	**35**	**634**	**41,527**	**29**	**42,313**
Balance at 1 April 2020	686	24,126	(24,724)	35	634	41,527	29	42,313
Profit for the period	-	-	-	-	-	326	21	347
Other comprehensive income	-	-	-	(67)	-	-	-	(67)
Credit to equity for equity-settled share-based payments	-	-	-	-	151	-	-	151
Balance at 31 March 2021	**686**	**24,126**	**(24,724)**	**(32)**	**785**	**41,853**	**50**	**42,744**

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

Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Other reserves £'000	Distributable reserves £'000	Total equity £'000
Balance at 1 April 2019	370	11,192	2,874	30,543	44,979
Profit/(loss) and total comprehensive income/(expense) for the period	-	-	-	(9,437)	(9,437)
Dividend paid	-	-	-	(2,212)	(2,212)
Shares issued in period	316	13,734	414	-	14,464
Credit to equity for equity-settled share-based payments	-	-	172	-	172
Share issue transactions costs		(800)	-	-	(800)
Balance at 31 March 2020	**686**	**24,126**	**3,460**	**18,894**	**47,166**
Balance at 1 April 2020	686	24,126	3,460	18,894	47,166
Profit/(loss) and total comprehensive income/(expense) for the period	-	-	-	(6,324)	(6,324)
Credit to equity for equity-settled share-based payments	-	-	151	-	151
Balance at 31 March 2021	**686**	**24,126**	**3,611**	**12,570**	**40,993**

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

Notes to the Financial Statements

1. GENERAL INFORMATION

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 26 July 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements of The Ince Group plc are for the 12-month period to 31 March 2021. The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the going concern basis. In deciding this, the directors have considered the detailed budgets for the current financial year and high-level budgets for the succeeding two years including in both cases cash flows. The Group secured new funding in March 2021 which are considered to be sufficient for the Group's purposes based on current projections. Financial forecasts project the Group to be fully compliant with the covenants associated with these facilities.

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

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

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

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

2.2 Restatement of prior year

Previously remuneration under partner profit share arrangements was classified as non-controlling interests and excluded as a cost item in the Consolidated Statement of Comprehensive Income and classified within Equity in the Statements of Financial Position. Remuneration earned under these arrangements represents a contractual cost of operation of the Group and, in this year's financial statements these costs have been presented in the Consolidated Statement of Comprehensive Income (included within Production staff and partner costs and Administrative staff and partner costs) and as a liability in the Statements of Financial Position (included within Current liabilities under the heading Amounts due to partners) with an according restatement of the prior year comparatives for this reclassification.

Prior year comparatives have also been re-stated for the impact of discontinued operations (note 16.3).

Notes to the Financial Statements (continued)

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

Consolidated Statement of Comprehensive Income extract:

	Group 2020 £'000	Reclassification £'000	Partner remuneration presentation change £'000	Discontinued Operation Restatement* £'000	Restated Group 2020 £'000
Fees and commissions	98,478	-	-	(2,148)	96,330
Production staff and partner costs	-	(31,536)	(17,493)	916	(48,113)
Other production costs	-	(4,180)	-	339	(3,841)
Administrative staff and partner costs	-	(13,617)	(1,387)	262	(14,742)
Staff costs	(45,153)	45,153	-	-	-
Other operating expenses	(19,182)	4,180	-	336	(14,666)
Depreciation of property, plant and equipment	(1,487)	-	-	14	(1,473)
Depreciation of right-of-use assets	(4,663)	-	-	107	(4,556)
Amortisation	(2,129)	-	2,046	-	(83)
Other operating income	354	-	-	-	354
Operating profit before non-underlying costs	26,218	-	(16,834)	(174)	9,210
Non-underlying costs	-	(1,657)	-	-	(1,657)
Operating profit	26,218	(1,657)	(16,834)	(174)	7,553
Finance income	352	-	-	(1)	351
Finance expense – right of-use assets	(514)	-	-	31	(483)
Finance expense - other	(1,057)	-	-	-	(1,057)
Non-recurring costs	(1,657)	1,657	-	-	-
Share of loss of associates	(140)	-	-	-	(140)
Profit before income tax	23,202	-	(16,834)	(144)	6,224
Income tax expense	(1,543)	-	-	13	(1,530)
Profit from continuing operations	21,659	-	(16,834)	(131)	4,694
Profit from discontinued operations	137	-	-	131	268
Profit for the period	21,796	-	(16,834)	-	4,962
Attributable to: -					
Equity holders of the Company	4,952	-	-	-	4,952
Non-controlling interests	16,844	-	(16,834)	-	10
Profit for the period	21,796	-	(16,834)	-	4,962
Basic earnings per share (pence)	11.78	-	-	-	11.78
Diluted earnings per share (pence)	11.42	-	-	-	11.42

Details of the change in Alternative Performance Measures are included in note 11.

Details of non-recurring costs and non-underlying costs are included in note 7.

Notes to the Financial Statements (continued)

Statement of Financial Position extract:

	Group 2020 £'000	Partner remuneration presentation change £'000	Discontinued Operation Restatement* £'000	Restated Group 2020 £'000
Non-controlling interest	9,064	(9,035)	-	29
Amounts due to partners	-	9,035	-	9,035
Total	9,064	-	-	9,064

Consolidated Statement of Cash Flows extract:

	Group 2020 £'000	Partner remuneration presentation change £'000	Discontinued Operation Restatement* £'000	Restated Group 2020 £'000
Profits before tax from continuing operations	23,202	(16,834)	(144)	6,224
Profits before tax from discontinued operations	137	-	144	281
(Decrease)/increase in trade and other payables	(1,787)	1,321	-	(466)
Transactions with non-controlling interests	(15,513)	15,513	-	-
Total	6,039	-	-	6,039

Consolidated Statement of Changes in Equity extract:

	Group 2020 £'000	Partner remuneration presentation change £'000	Discontinued Operation Restatement* £'000	Restated Group 2020 £'000
Total equity - balance at 1 April 2019	31,480	(5,788)	-	25,692
Profit for the period	21,796	(16,834)	-	4,962
Transferred to members	(13,587)	13,587	-	-
Total equity - balance at 31 March 2020	51,348	(9,035)	-	42,313

*As noted above, further details of this change are included in note 16.3

Notes to the Financial Statements (continued)

2.3 Adoption of new and revised standards

During the financial year, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

Standard	Effective date, annual period beginning on or after
Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 Business Combinations	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Interest Rate Benchmark Reform: amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

2.4 Standards issued but not yet effective

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

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases, these standards and guidance have not been endorsed for use in the European Union.

Standard	Effective date, annual period beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Covid 19-Related Rent Concessions (Amendment to IFRS 16 Leases)	1 April 2021 (previously 1 June 2020)
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
Annual improvements 2018-2020 cycle	1 January 2022
Classification of Liabilities as Current or Non-Current: amendments to IAS 1	1 January 2023
IFRS 17 - Insurance Contracts	1 January 2023

2.5 Consolidation

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

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

The Company's accounting period date 31 March is in line with its subsidiaries.

2.6 Investments in subsidiaries

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

2.7 Investments in associates

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

2.8 Business combinations

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

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

2.9 Intangible assets

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

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

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

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

The remaining amortisation period of these assets varies from 1 year - 5.5 years.

2.10 Goodwill

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

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

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

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

Where goodwill can be allocated to a single CGU, impairment is tested at the CGU level. Otherwise, goodwill is allocated across a group of CGUs and tested for impairment in aggregate. This was carried out at 31 March 2021. The carrying value of goodwill and the key assumptions used in performing the annual impairment assessment are disclosed in note 15.

2.11 Impairment of assets

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

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

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

Critical estimates and assumptions made

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

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

Notes to the Financial Statements (continued)

2.12 Financial instruments

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

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

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

(a) Trade receivables

Trade receivables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. The Group recognises a provision against receivables being an estimate based on prior experience of credit losses for irrecoverable amounts adjusted for known foreseeable estimated losses.

(b) Trade payables

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

(c) Interest-bearing borrowings

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

2.13 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Subsidiary accounts denominated in foreign currency

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

2.14 Property, plant and equipment

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

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

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

Computer equipment	3-10 years
Office equipment and fixtures and fittings	3-5 years
Leasehold improvements	3-5 years
Land and freehold buildings	Indefinite useful life

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

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

2.15 Cash and cash equivalents

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

2.16 Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.17 Deferred income tax

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

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

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

2.18 Pension obligations

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

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

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

2.19 Profit-sharing and bonus plans

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

2.20 Provisions

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

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

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

2.21 Revenue recognition

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

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

(a) Legal & professional services

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

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

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

(b) Employee benefits and financial advisory

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

(c) Interest income

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

(d) Government grants

During the year, the Group has received Government support. A Government grant is recognised in the statement of financial position within other receivables when there is a reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. Grants are netted off against the related costs in the income statement at a point in time to match the timing of the recognition of the related expenses for which they are intended to compensate.

2.22 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the group.

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

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

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

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

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

2.23 Dividend distribution

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

2.24 Share-based payments

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Further details are set out in notes 27 to 32.

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

(a) Credit risk

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

(b) Liquidity risk

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

(c) Cash flow and fair value interest rate risk

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

The Group's cash flow interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group aims to maintain the majority of its borrowings in variable rate instruments. At March 2021, 97 per cent of borrowings were at variable rates and 3 per cent were at fixed rates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated and a key judgement is the determination of the associated allocation of goodwill to these cash generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate. Further details are included in note 15.

(b) Accrued income

Accrued income represents unbilled amounts for client work and are measured initially at fair value and held at amortised cost less provisions for foreseeable losses that are estimated based upon current observable data and historical trend. Further details are included in note 17.

(c) Impairment of receivables

Receivables are held at cost less provisions for impairment. Provisions for impairment represent an allowance for doubtful debts that is estimated, based upon current observable data and historical trend. Details of receivables are included in note 17.

(d) Valuation of intangible assets

Business combinations are accounted for at fair value. The valuation of goodwill and acquired intangibles is calculated separately on each individual acquisition. In attributing value to intangible assets arising on acquisition, management has made certain judgements in relation to expected growth rates, profitability, length of key customer relationships and the appropriate discount rate. Intangible assets relating to brands and trademarks, which the Group has acquired, are assessed for impairment on annual basis. The value of intangible assets at 31 March 2021 was £76,612,000 *(2020: £80,825,000)*.

(e) Brand valuation

The valuation of the Ince Brand is a key estimate due to judgement involved in the assumptions used to value the asset. Further details can be found in note 15.

(f) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discontinued to present value where the effect is material. The value of provisions at 31 March 2021 was £5,215,000 *(2020: £4,596,000)*. Further details can be found in note 23.

(g) Amortisation of intangible assets other than goodwill

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. Further details are included in note 15.

(h) Classification of non-controlling interests

As described in note 2.2, non-controlling interests related to partner profit share arrangements have been presented as a cost within the Consolidated Statement of Comprehensive Income and as a liability within the Statements of Financial Position to better represent the commercial nature of these arrangements.

(i) Goodwill valuation of discontinued operation

During the year the Group disposed of White & Black Limited, an operation within the Legal & Business Services CGU group. Management considered the retained value of the business of ongoing technical expertise, integrated services and clients and concluded that goodwill could not be non-arbitrarily allocated to White & Black Limited. In assessing the impact of the disposal Management considered the relative value of the operation against the value of the remaining CGUs, using judgment in identifying appropriate valuations, and allocated goodwill to the disposal in line with these valuations (as disclosed in note 16.3).

Notes to the Financial Statements (continued)

5. SEGMENTAL REPORTING

Group

The Board of Directors, as the chief operating decision-making body, reviews financial information for and makes decisions about the Group's overall business and has identified a single operating segment, that of legal and professional services.

The legal and professional services business operates through a number of different service lines and in different locations. However, management effort is consistently directed to the firm operating as a single segment. No segmental reporting disclosure is therefore provided as all revenue is derived from this single segment.

Revenue by Region

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

	2021 £'000	Restated 2020 £'000
UK	58,734	61,712
Europe, Middle East & Africa	16,189	13,328
Asia	25,279	21,290
Total Revenue	100,202	96,330

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

Notes to the Financial Statements (continued)

6. STAFF AND PARTNER COSTS

Group

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

	No. of employees	
		Restated
	2021	2020
Fee earners	349	333
Direct support staff	114	134
Support staff	238	251
Total	701	718

The aggregate employment costs of these persons were as follows:

		Restated
	2021	2020
	£'000	£'000
Wages and salaries	35,349	37,266
Social security costs	3,409	3,368
Employee benefits costs	2,643	2,088
Pension costs	1,323	1,253
Redundancy costs	216	-
Total staff costs	42,940	43,975
Partner remuneration	20,334	16,834
Deferred consideration revaluation	(1,472)	-
Amortisation - relating to partner payments	3,121	2,046
Total staff and partner costs	64,923	62,855

Wages and salaries include a material credit of £2,106,000 (*2020: £Nil)* in connection with the UK Coronavirus Job Retention Scheme Government grants and other similar grants in Singapore and Hong Kong received in the period.

Company

The Company has no employees (excluding Directors) *(2020: none)*; all personnel are employed by subsidiary entities.

Directors' remuneration

Total Directors' remuneration was as follows:

	2021	2020
	£'000	£'000
Salaries, fees, bonuses and benefits in kind	1,271	1,000
Pension costs	6	-
	1,277	1,000

The number of Directors to whom benefits are accruing under money purchase pension schemes is 2 *(2020: none)*.

Further details of the remuneration of and transactions with directors are included in the Directors' Remuneration Report accompanying these financial statements.

Key management personnel comprise of the Board of Directors.

7. NON-UNDERLYING COSTS

	Group 2021 £'000	Group 2020 £'000
Property abandonment costs	3,197	-
Litigation	1,560	95
Restructuring	485	-
Acquisition / onboarding costs	440	1,437
Re-financing costs	354	-
Equity fund raise	-	125
Total non-underlying costs	6,036	1,657

Costs and income are assessed by Management as non-underlying where they are considered outside of or related to events outside of the normal scope of operation of the Group's business, non-recurring in nature in the financial period:

- Property abandonment costs relate to costs for the lease of one floor of Aldgate Tower (the Group's head office), which as a result of restrictions resulting from the Covid-19 has not been usable since March 2020. This floor is not planned for re-use before the next break clause in its lease which is in October 2022 (note: the other floor in that premises, separately leased by the Group, is expected to be re-opened as restrictions ease during this financial year). As a result of this restriction on access, the right of use asset for the lease is identified as impaired and accordingly associated rate and service charge costs to the break clause date have been provided in full.

- Litigation relates to the final settlement (and associated legal fees) of disputes with former partners of the Ince & Co Singapore LLP and Herring Parry Khan Giomelakis Le-Du Law Office (the Group's Greek entity), who did not join the Group as part of the Ince acquisition.

- In the year, Covid-19 caused significant disruption to the Group's business. As a result, various non-recurring restructuring costs were incurred, including a redundancy programme undertaken across September to November 2020 which reduced UK head count by 47 - and additional costs for the back-office support to the old Ince practice management system which were incurred as travel to overseas offices was restricted, delaying the planned overseas rollout of the Group's proprietary practice management system.

- Acquisition / onboarding costs include principally certain costs relating to the merger of Ince & Co Singapore LLP and Incisive Law LLC (Singapore), which took place in May 2020.

- Re-financing costs relate to various advisory and other costs incurred as part of the Group's refinancing with Investec Bank Plc (undertaken in March 2021).

Items set out above for the prior financial year were classified as non-recurring costs and disclosed in a different position on the Consolidated Statement of Comprehensive Income. These items all meet the criteria set out above for inclusion as non-underlying costs (in line with changes in presentation of Alternative Presentation Measures for profits, outlined in note 11). Note 2.2 shows the impact of this reclassification.

Notes to the Financial Statements (continued)

8. OPERATING PROFIT

Operating profit is stated after charging/ (crediting):

	Group 2021 £'000	Group 2020 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	75	70
Fees payable to the company's auditor and its associates for other services:		
- audit of the accounts of subsidiaries	201	241
- audit fees in respect of the prior year	95	-
- audit-related assurance services	99	47
- other assurance services	-	33
Depreciation of tangible fixed assets		
- continuing operations	1,422	1,473
- discontinued operations	5	14
Depreciation of right-of-use assets		
- continuing operations	4,179	4,556
- discontinued operations	53	107
Amortisation / impairment of intangible assets:		
- turnover related	3,121	2,046
- other	290	83
Bad debt expense	4,116	2,041
Hire of plant and equipment	102	94
Employee benefits (note 6)	42,940	43,975
Share based payment expense	151	172

Fees payable to the company's auditor for audit-related assurance services includes non-underlying costs of £82,000 *(2020: £54,000)*.

9. FINANCE INCOME AND EXPENSE

	Group 2021 £'000	Restated Group 2020 £'000
Finance income		
Bank interest receivable	25	346
Net change in fair value of contingent deferred consideration liabilities	172	-
Other finance income	213	5
	410	351
Finance expense		
Bank interest payable	(2)	(11)
Hire purchase	(1)	(3)
Finance charge on leases	(515)	(483)
Loan interest	(393)	(519)
Other interest	(43)	(8)
Unwind of discounting on financial liabilities	(539)	(516)
Other finance expense	(112)	-
	(1,605)	(1,540)
Net finance income/(expense)	(1,195)	(1,189)

Notes to the Financial Statements (continued)

10. TAXATION

i. Analysis of charge in the period

	Group 2021 £'000	Restated Group 2020 £'000
The charge for taxation comprises:		
Taxation charge for the current period	879	1,362
Adjustment in respect of prior periods	(189)	168
	690	1,530

ii. Factors affecting the tax charge for the period:

	Group 2021 £'000	Restated Group 2020 £'000
Profit on ordinary activities before taxation	1,956	6,224
Less: (profit)/loss arising in partnerships, on which tax is payable by the members personally	(111)	807
Profit on ordinary activities of corporate entities before taxation	1,845	7,031
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%)	351	1,336
Effects of:		
Impact of tax-exempt items	470	(98)
Losses (utilised) / carried forward	8	-
Difference in overseas tax rates	50	124
Total taxation charge for the current period	879	1,362

Notes to the Financial Statements (continued)

11. EARNINGS PER SHARE

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

1 April 2019	36,976,730	Being the Company's issued shares at that date
27 November 2019	37,326,730	Being the Company's issued shares following new shares issued as consideration on acquisition of Ince Compliance Solutions Limited
3 February 2020	68,540,912	Being the Company's issued shares following new shares issued as part of an equity placing exercise

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

	Group 2021 £'000	Restated Group 2020 £'000
Earnings from continuing operations for the purpose of basic and diluted earnings per share	1,245	4,684
Earnings from discontinued operations for the purpose of basic and diluted earnings per share	(919)	268
Earnings from all operations for the purpose of basic and diluted earnings per share	326	4,952

	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	68,540,912	42,043,732
Effect of dilutive potential ordinary shares:		
Future exercise of share awards and options	2,143,044	1,335,472
Weighted average number of ordinary shares for the purposes of diluted earnings per share	70,683,956	43,379,204
Earnings from continuing operations per share attributable to the owners of the parent:		
Basic earnings per share (pence)	1.82	11.14
Diluted earnings per share (pence)	1.76	10.80
Earnings from discontinued operations per share attributable to the owners of the parent:		
Basic earnings per share (pence)	(1.34)	0.64
Diluted earnings per share (pence)	(1.34)	0.62
Earnings from all operations per share attributable to the owners of the parent:		
Basic earnings per share (pence)	0.48	11.78
Diluted earnings per share (pence)	0.46	11.42

Basic earnings before non-underlying costs is calculated as follows:

	Group 2021 £'000	Group 2020 £'000
Profit for the period attributable to equity holders of the Company	326	4,952
Add back: Non-underlying costs (note 7)	6,036	1,657
Deduct: tax impact of non-underlying costs	(629)	(155)
Basic earnings before non-underlying costs	5,733	6,454

Notes to the Financial Statements (continued)

Previously the Group disclosed Adjusted profit before tax in this note. This profit measure is no longer used by Management but a bridge from Operating profit before non-underlying costs (disclosed in the Consolidated Statement of Comprehensive Income) is set out below:

	Group 2021 £'000	Group 2020 £'000
Operating profit before non-underlying costs	9,169	9,210
Finance income	410	351
Finance expense - right-of-use asset	(515)	(483)
Finance expense - other	(1,090)	(1,057)
Share of (loss)/profit of associate	18	(140)
Non-controlling interests	(21)	(10)
Adjusted profit before tax	7,971	7,871
White & Black discontinued items		144
Adjusted profit before tax per prior year financial statements (before restatement)		8,015

Accordingly Adjusted basic earnings per share (15.39p) and Adjusted diluted earnings per share (14.92p) reported in the prior year, which were calculated with reference to the above figure, are superceded respectively in presentation by Basic earnings per share before non-underlying costs (15.35p) and Diluted earnings per share before non-underlying costs (14.88p) disclosed below the Consolidated Statement of Comprehensive Income.

12. SHARE-BASED PAYMENT ARRANGEMENTS

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

As part of the consideration for the acquisition of the members' interests of Ince & Co LLP, the members of Ince & Co LLP were collectively granted 2,392,846 ordinary shares of 1p each in the Group as part of the Plan on 31 December 2018. The options have a vesting period of 3 years from issue and a contractual life of 10 years.

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

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

During the year, 142,856 ordinary shares of 1p at an exercise price of 140p were forfeited by resigning members of Ince & Co LLP.

At 31 March 2021 the carried forward number of ordinary shares of 1p at an exercise price of 140p was 2,035,706.

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

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

Notes to the Financial Statements (continued)

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

Group

	Land and buildings £'000	Furniture fittings and equipment £'000	Leasehold Improvements £'000	Total £'000
Cost				
Balance at 1 April 2020	230	4,771	3,439	8,440
Acquisition of subsidiary (note 16.2)	-	29	-	29
Additions	-	403	251	654
Disposals	-	(174)	-	(174)
Exchange differences	-	(242)	(261)	(503)
Balance at 31 March 2021	230	4,787	3,429	8,446
Depreciation				
Balance at 1 April 2020	-	3,134	1,545	4,679
Acquisition of subsidiary (note 16.2)	-	29	-	29
Disposals	-	(158)	-	(158)
Exchange differences	-	(218)	(126)	(344)
Charge for the period	-	760	667	1,427
Balance at 31 March 2021	-	3,547	2,086	5,633
Carrying value				
At 31 March 2020	230	1,637	1,894	3,761
At 31 March 2021	230	1,240	1,343	2,813

The figures for the previous period are as follows: -

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

Notes to the Financial Statements (continued)

Company

	Furniture fittings and equipment £'000	Leasehold Improvements £'000	Total £'000
Cost			
Balance at 1 April 2020 and 31 March 2021	2	114	116
Depreciation			
Balance at 1 April 2020	1	25	26
Charge for the period	1	37	38
Balance at 31 March 2021	2	62	64
Carrying value			
At 31 March 2020	1	89	90
At 31 March 2021	-	52	52

14. LEASES

14.1 Right-of-use assets

Group

	Land and Buildings £'000	Furniture fittings and equipment £'000	Total £'000
Balance at 1 April 2019	9,958	283	10,241
Additions	5,734	292	6,026
Acquisition of subsidiaries	5,945	-	5,945
Disposals	(297)	-	(297)
Exchange differences	189	-	189
Depreciation charge for the year	(4,563)	(100)	(4,663)
Balance at 31 March 2020	16,966	475	17,441
Additions	1,045	129	1,174
Revaluation	(345)	-	(345)
Disposals	(775)	-	(775)
Impairment losses	(1,916)	-	(1,916)
Transfer/reclassification	(89)	-	(89)
Exchange differences	(696)	-	(696)
Depreciation charge for the year	(4,102)	(130)	(4,232)
Balance at 31 March 2021	10,088	474	10,562

Notes to the Financial Statements (continued)

Company

	Land and Buildings £'000	Furniture fittings and equipment £'000	Total £'000
Balance at 1 April 2019	-	-	-
Additions	964	-	964
Depreciation charge for the year	(268)	-	(268)
Balance at 31 March 2020	696	-	696
Additions	-	129	129
Depreciation charge for the year	(322)	(7)	(329)
Balance at 31 March 2021	374	122	496

14.2 Lease Liabilities

	2021 £'000	Restated 2020 £'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	5,200	5,968
One to five years	7,827	12,804
More than five years	353	1,583
Total undiscounted lease liabilities at 31 March	13,380	20,355
Effect of discounting	(743)	(1,519)
Lease liabilities included in the statements of financial position at 31 March	12,637	18,836
Current	4,863	5,552
Non-current	7,774	13,284
	12,637	18,836

14.3 Amounts recognised in profit or loss

	2021 £'000	2020 £'000
Interest on lease liabilities	515	514
Expenses relating to short-term leases	287	336
Expenses relating to leases of low-value assets	102	94

Total cash outflow for leases in the year was £5,564,000.

Termination options are included in a number of property leases across the Group. As at 31 March 2021, potential future cash outflows of £22,876,000 *(2020: £24,072,000)* (undiscounted) have not been included in the lease liability because it is not reasonably certain that the lease will not be terminated.

The impairment recognised during the year relates to the right of use asset associated to part of Aldgate Tower offices (occupied under a discrete lease agreement), which as a result of the Covid-19 pandemic is now deemed not operable for the ongoing business use of the Group. Impairment of £1,916,386 is recognised in non-underlying costs on the statement of comprehensive income.

Notes to the Financial Statements (continued)

15. INTANGIBLE ASSETS

Group

	Goodwill £'000	Client Portfolio £'000	Brand & trademarks £'000	Internally generated software £'000	Intellectual Property £'000	Total £'000
Cost						
At 1 April 2020	55,047	15,467	17,000	2,284	189	89,987
Acquisition of subsidiary	1,698	-	-	-	-	1,698
Additions	-	-	-	1,123	-	1,123
Effect of movements in exchange rates	(3)	-	-	-	-	(3)
Disposal of subsidiary	(620)	-	-	-	-	(620)
At 31 March 2021	56,122	15,467	17,000	3,407	189	92,185
Amortisation and impairment						
At 1 April 2020	-	8,864	-	232	66	9,162
Charge for period	-	3,121	-	271	19	3,411
At 31 March 2021	-	11,985	-	503	85	12,573
Carrying value						
At 31 March 2020	55,047	6,603	17,000	2,052	123	80,825
At 31 March 2021	56,122	3,482	17,000	2,904	104	79,612

Client portfolio represents the acquisition of the business and certain assets from other professional services firms. The client portfolio intangible asset is carried at cost less accumulated amortisation. Amortisation is provided for in line with the fees billed and cash collections generated by the client portfolio acquired. Amortisation of client portfolio intangibles of £3,121,000 *(2020: £2,046,000)* is recognised in production staff and partner costs on the statement of comprehensive income.

Brands and trademarks £17,000,000 *(2020: £17,000,000)* relate to the value attributed to the Ince brand that the Group acquired on 1 January 2019. This was determined on acquisition based on an external valuation report, as detailed in note 2.9. The carrying value of the brand is subject to annual impairment reviews on the reporting date. These reviews are similarly undertaken based on external valuations.

The above valuations are performed by a third party who use a discounted cash flow model based on the relief from royalty method. Assumptions for value calculations of the Ince Brand on this basis include forecast revenues for Ince to 31 March 2024, forecast revenues after 31 March 2024 increasing at 1.5% per annum indefinitely, royalty rate of 2%, corporation tax of initially 19% then increasing to 25% and a discount rate of 7.3% after tax.

Internally generated software includes development costs relating to development of software applications. The directors have considered the carrying value of internally generated software of £2,904,000 *(2020: £2,052,000)* as appropriate as it is expected to create future economic benefit.

Intellectual property carrying amount includes £104,000 *(2020: £123,000)* of intellectual property acquired on the acquisition of certain assets and liabilities of Prolegal Limited from its administrator.

Notes to the Financial Statements (continued)

The intangible assets of the group for the prior year were as follows: -

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

Goodwill

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

	CW Energy	Legal & Business Services	Total Goodwill
	£'000	£'000	£'000
Cost			
At 1 April 2020	6,464	48,583	55,047
Acquisitions	-	1,698	1,698
Effect of movements in exchange rates	-	(3)	(3)
Disposal of subsidiary	-	(620)	(620)
Balance at 31 March 2021	6,464	49,658	56,122
Impairment			
At 1 April 2020 and 31 March 2021	-	-	-
Carrying value			
At 31 March 2020	6,464	48,583	55,047
At 31 March 2021	6,464	49,658	56,122

The Directors believe that the increasingly inter-connected nature of the business units means the majority of operations benefit from the synergies of the various business combinations and therefore the goodwill now spans the entire group (2020: allocated over 6 CGUs or groups of CGUs), except in the case of CW Energy where more operational separability exists. The value in use of each CGU or group of CGUs is determined using cash flow projections derived from financial plans. This reflects management's expectations of future revenue growth, operating costs and cost reductions due to synergies, profit margins, operating cash flows based on past performance and future expectations of business performance. The cash flows have then been extended for five years or longer where the expected duration of the client relationships of the CGU supports it.

In respect of the above, income budgets are based on historic results adjusted for experience and capacity level of fee earning staff and known changes in circumstances. These are reviewed with the heads of department for each fee earning area. Average annual growth rate of 0.09% has been applied as a prudent precaution based on past performance during the recent pandemic.

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

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

Company

There are no intangible assets held by the company *(2020: None)*.

16. INVESTMENTS

The carrying value of investments held by the group and company were as follows:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Investments in group undertakings	-	-	47,607	47,607
Interests in associates	-	470	-	-
	-	470	47,607	47,607

16.1 Investments in group undertakings

Company

	Investments in group undertakings £'000
Cost	
Balance at 1 April 2020	51,125
Additions	-
Balance at 31 March 2021	51,125
Impairment and provisions	
Balance at 1 April 2020	3,518
Impairment	-
Balance at 31 March 2020	3,518
Carrying value	
At 31 March 2020	47,607
At 31 March 2021	47,607

Notes to the Financial Statements (continued)

On 31 March 2021, The Ince Group plc had control for the purposes of IFRS 10 of the following subsidiary undertakings which are included in the consolidated financial statements.

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

UK Limited Liability Partnerships	Principal activity	Interest held	Registered office
Ince Gordon Dadds Holdings LLP	Intermediate holding LLP	Note 3	(b)
Ince Private Wealth LLP	Professional services	Note 3	(a)
Ince Gordon Dadds LLP	Legal services	Note 3	(a)
Ince Gordon Dadds AP LLP	Professional services	Note 4	(b)
Ince Gordon Dadds CP LLP	Professional services	Note 4	(b)
CW Energy LLP	Professional services	Note 3	(b)
IGD International LLP	Professional services	Note 3	(b)

Overseas Companies	Location	Principal activity	Interest held	Registered office
Ince (Gibraltar) Limited	Gibraltar	Legal services	Note 1	(e)
IGD (Company) Limited	Guernsey	Professional services	Note 1	(f)
Ince Consultancy (Gibraltar) Limited	Gibraltar	Professional services	Note 1	(e)
G. Zambartas LLC	Cyprus	Legal services	Note 1	(k)
Ince Consulting Hong Kong Limited	Hong Kong	Professional services	Note 1	(g)
Incisive Law LLC (Singapore)	Singapore	Legal services	Note 4	(h)
Incisive Limited	Hong Kong	Management services	Note 1	(g)
Ince Consultancy Cyprus Limited	Cyprus	Professional services	Note 1	(k)
Ince Consulting Middle East Limted	Abu Dhabi	Professional services	Note 1	(l)
James Stocks & Co (Holdings) Limited	Gibraltar	Intermediate holding company	Note 1	(c)
Ince Germany Rechtsanwaltsgesellschaft mbH	Germany	Legal services	Note 4	(m)
Ince Consultancy UG	Germany	Professional services	Note 4	(m)

Notes to the Financial Statements (continued)

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

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

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

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

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

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

Registered offices of all subsidiaries:

(a) Aldgate Tower, 2 Leman Street, London, United Kingdom, E1 8QN
(b) Llanmaes, Michaelston Road, St Fagans, Cardiff, United Kingdom, CF5 6DU
(c) 57/63 Line Wall Rd, PO Box 199, Gibraltar
(d) Leconfield House, Curzon Street, London, United Kingdom, W1J 5JA
(e) 6.20 World Trade Center, 6 Bayside Road, Gibraltar
(f) P.O. Box 661, St. Peter Port, Guernsey, GY1 3PW
(g) Suites 4404-10, 44/F, One Island East, 18 Westlands Road, Taikoo Place, Hong Kong
(h) 5 Shenton Way #19-01, V on Shenton, Singapore (068808)
(i) The Livanos Building, 47-49 Akti Miaouli, Piraeus 18536, Greece
(j) Gildo Pastor Center, 7 Rue du Gabian, 98000 Monaco
(k) 82 Spyrou Kyprianou Street, Euro House, 1st Floor, Limassol, 4042, Cyprus
(l) 35th Floor, Office No. 3252, Al Maqam Tower, ADGM Square, Abu Dhabi
(m) Grosse Elbstrasse 47, Hamburg, 22767, Germany

16.2 Business combinations and acquisitions

The details set out below provide the information required under IFRS 3 'Business Combinations' for the acquisitions that occurred during the year ended 31 March 2021.

The total amount of revenue and associated profit derived from acquired entities in the year was £5,673,000 and £1,469,000. An estimate of the annualised revenue and associated profit/(loss) (based on pro-rated figures) had the acquisitions occurred at the start of the year is £7,219,000 and £1,753,000.

Incisive Law LLC (Singapore)

On 1 June 2020, Incisive Law LLC, a law firm based in Singapore, became a Group company for the purposes of IFRS 10. Debt instruments consideration of £1,001,000 and goodwill of £1,000,000 was recognised in accounting for the acquisition.

James Stocks & Co

On the 7 October 2020, the Group increased its shareholding in James Stocks & Co (Holdings) Limited which resulted in a change of ownership from an associate to a subsidiary.

Debt instruments consideration of £249,000 and goodwill of £698,000 was recognised in accounting for the acquisition.

16.2.1 Identifiable assets acquired and liabilities assumed

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

	Incisive Singapore £'000	James Stocks & Co £'000	Total Acquisitions £'000
Trade and other receivables	1,887	323	2,210
Cash and cash equivalents	49	400	449
Trade and other payables	(1,935)	(680)	(2,615)
Borrowings	-	(25)	(25)
Net identifiable assets and liabilities	1	18	19
Goodwill	1,000	698	1,698
Non-controlling interest in the recognised amounts of identifiable assets and liabilities	-	(50)	(50)
Fair value of previously held interest at acquisition date	-	(417)	(417)
Total consideration	1,001	249	1,250
Satisfied by:			
Debt instruments	1,001	249	1,250
Total consideration transferred	1,001	249	1,250
Net cash outflow arising on acquisition:			
Cash consideration	-	-	-
Less: cash and cash equivalent balances acquired	(49)	(400)	(449)
Net cash outflow/(inflow)	(49)	(400)	(449)

Notes to the Financial Statements (continued)

16.3 Discontinued operations

On 22 October 2020, the Group sold 100% of its shareholding in White & Black Limited for consideration of £416,000.

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

	White & Black 2021 £'000
Results of discontinued operation:	
Revenue	595
Production staff and partner costs	(366)
Other production costs	(83)
Gross profit	146
Administrative staff and partner costs	(121)
Operating expenses	(174)
Depreciation of property, plant and equipment	(5)
Depreciation of right-of-use asset	(53)
Operating loss	(207)
Finance income	-
Finance expense - right-of-use asset	(14)
Loss before tax	(221)
Income tax expense	59
Loss after tax of discontinued operation	(162)
Loss on disposal of the subsidiary after income tax	(757)
Loss from discontinued operation	(919)
Consideration received or receivable:	
Cash	416
Total consideration	416
Less: carrying amount of net assets sold	(553)
Less: goodwill eliminated on disposal	(620)
Add back: non-controlling interest	-
Loss on disposal of the subsidiary after income tax	(757)
Consideration received, satisfied in cash	416
Cash and cash equivalents disposed of	(543)
Net cash outflow	(127)

Notes to the Financial Statements (continued)

Restated financial information relating to discontinued operations for the prior period is set out below:

	White & Black 2020 £'000	Allium Law 2020 £'000	GD Financial Markets 2020 £'000	Total discontinued operations 2020 £'000
Results of discontinued operation:				
Revenue	2,148	-	1,052	3,200
Production staff and partner costs	(916)	-	(247)	(1,163)
Other production costs	(339)	-	(493)	(832)
Gross profit	893	-	312	1,205
Administrative staff and partner costs	(262)	-	(129)	(391)
Operating expenses	(336)	-	(97)	(433)
Depreciation of property, plant and equipment	(14)	-	-	(14)
Depreciation of right-of-use asset	(107)	-	-	(107)
Operating profit	174	-	86	260
Finance income	1	-	-	1
Finance expense - right-of-use asset	(31)	-	-	(31)
Profit before tax	144	-	86	230
Income tax expense	(13)	-	-	(13)
Profit/(loss) after tax of discontinued operation	131	-	86	217
Profit/(loss) on disposal of the subsidiary after income tax	-	84	(33)	51
Profit from discontinued operation	131	84	53	268

16.4 Interests in associates

On the 7 October 2020 The Ince Group plc increased its shareholding in James Stocks & Co group from 30.0% to 97.2%, which resulted in a change of ownership from an associate to a subsidiary. As a result of this, the carrying value of the group's interest in the associate was disposed of and reacquired as a subsidiary under IFRS 3. The fair value gain/(loss) impacting the statement of comprehensive income for this disposal can be seen below:

Group

	2021 £'000	*2020 £'000*
Cost of investment in associate	549	621
Share of post-acquisition loss net of dividends received	(132)	(151)
Disposal of interest in associates during the year	(417)	-
Carrying value of interests in associates	-	470

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

	2021 £'000	*2020 £'000*
Net profit/(loss)	50	(467)
Net assets	153	192

Fair value gain/loss on disposal of interest in associate:	£'000
Fair value of interest held in JSC Group at disposal	417
Less: carrying amount of interest held in JSC Group at disposal	(417)
Fair value gain/(loss) charged to statement of comprehensive income	-

17. TRADE AND OTHER RECEIVABLES

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade receivables	26,933	26,870	-	-
Accrued income	12,436	5,925	-	-
Other receivables	3,208	4,033	546	518
Amounts due from subsidiaries	-	-	35,367	37,977
Prepayments	3,554	7,584	351	391
	46,131	44,412	36,264	38,886

Trade receivables are stated including £3,651,000 *(2020: £3,481,000)* of VAT and £3,274,000 *(2020: £3,412,000)* of disbursements.

18. CASH AND CASH EQUIVALENTS

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Cash in hand and at bank	8,307	5,250	1	3
Total	8,307	5,250	1	3

Cash and cash equivalents include the following:

Cash as above	8,307	5,250	1	3
Bank overdrafts	(2)	(59)	-	-
Total	8,305	5,191	1	3

19. SHARE CAPITAL

	%	2021 Number	2021 £'000	*2020 £'000*
Authorised				
Ordinary shares of 1p each	100	68,540,912	686	686
			686	686

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

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

	2021 Number	2021 £'000
Ordinary shares of 1p each		
At 1 April	68,540,912	686
Shares issued during the year	-	-
At 31 March	68,540,912	686

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

20. RESERVES

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

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

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

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

21. TRADE AND OTHER PAYABLES

	Group 2021 £'000	Restated Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Current:				
Trade payables	13,012	12,263	709	524
Amounts due to subsidiaries	-	-	27,258	27,046
Other taxes and social security	8,925	3,445	118	36
Other payables	2,553	3,133	1	-
Deferred consideration	11,054	14,608	-	-
Unpaid dividends	15	15	15	15
Accruals	6,105	5,861	215	135
	41,664	39,325	28,316	27,756
Non-current:				
Other payables	1,045	1,391	-	-
Deferred consideration	13,491	21,062	-	-
	14,536	22,453	-	-
Total	56,200	61,778	28,316	27,756

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

22. BORROWINGS

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Bank overdrafts	2	59	-	-
Bank loans	14,460	11,651	14,245	11,600
Other loans	434	2,519	-	-
Total borrowings	14,896	14,229	14,245	11,600
Current	1,804	3,829	1,200	1,200
Non-current	13,092	10,400	13,045	10,400
Total	14,896	14,229	14,245	11,600

The Group has a secured bank loan with Investec Bank Plc with a carrying value of £9,000,000 at 31 March 2021. The loan was entered into on 26 March 2021, has a term of three years (to be repaid in quarter end instalments which will commence in September 2021) and carries interest at bank base rate + 3.50% per annum. A £8,000,000 revolving credit facility was also entered into with Investec Bank Plc at 26 March 2021, of which £5,500,000 has been drawn down. The loan and the revolving credit facility are both secured against certain entities within the Group and are subject to covenants which are assessed each quarter starting in September 2021 (no current or forecast breaches have been identified).

The Group has a secured bank loan with Commerz Bank with a carrying value of £27,000 at 31 March 2021. The Group acquired the loan through the acquisition of Ince & Co Germany LLP. The loan was entered into on 1 October 2016, has a term of 4 years (to be repaid in monthly instalments which commenced from June 2017) and carries interest at 1.65% per annum. During the year the loan term has been extended to 30 November 2021.

The Group has a £188,000 credit line with Bank of China, with a carrying value of £188,000 at 31 March 2021. The loan was drawn down on 8 January 2021 (to be repaid over 18 months in monthly instalments which commenced from March 2021) and carries interest at 2.25% per annum.

Other loans of £434,000 *(2020: £2,519,000)* are unsecured and carry interest at between 3.0 per cent and 10 per cent per annum. Other loans are repayable within 12 months.

23. PROVISIONS

Group

	Onerous property related contracts & dilapidations £'000	Legacy acquisition costs & employment contracts £'000	Uninsured excess on potential claims £'000	Other Provisions £'000	Total £'000
Balance at 31 March 2019	423	8,969	723	20	10,135
Provisions made	-	-	562	-	562
Subsidiaries joining the group	325	504	-	-	829
Unwinding of discount	-	12	-	-	12
Utilised during the year	(340)	(3,787)	(208)	-	(4,335)
Amounts released	-	(2,494)	(113)	-	(2,607)
Balance at 31 March 2020	408	3,204	964	20	4,596
Provisions made	1,198	1,118	120	-	2,436
Unwinding of discount	-	33	-	-	33
Utilised during the year	(16)	(1,147)	(248)	-	(1,411)
Amounts released	(72)	(291)	(93)	(4)	(460)
FX gains/(losses)	24	-	(3)	-	21
Balance at 31 March 2021	1,542	2,917	740	16	5,215
Current	486	1,596	740	16	2,838
Non-current	1,056	1,321	-	-	2,377

Company

	Onerous property related contracts & dilapidations £'000
Balance at 31 March 2020	-
Provisions made	40
Balance at 31 March 2021	40
Current	-
Non-current	40

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

Provisions for onerous property related contracts and dilapidations includes provisions for rates and service charges up to break clause on the Aldgate Tower 14th floor lease; and dilapidation reserves for office premises occupied by the Group. Further details are included in note 7.

Provisions for legacy acquisition costs and employment contracts relate to contractually agreed payments to third parties, including vendors, primarily in relation to the Ince acquisition; and the expected settlement of disputes with former partners of Ince & Co Singapore LLP and Herring Parry Khan Giomelakis Le-Du Law Office.

Provisions for uninsured excess on potential claims relates to potential claims brought against the Group in relation to work performed for clients. These provisions are quantified based on the estimated cost of settlement.

24. PENSIONS

The Group participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in a fund administered by Options Corporate Pensions UK. Contributions from employers and employees totalling £150,000 *(2020: £176,000)* were payable to the fund at the year end and are included in payables.

25. ULTIMATE CONTROLLING PARTY

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

26. RELATED PARTY TRANSACTIONS

Group

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

The Group occupies office accommodation at Llanmaes, St Fagans, Cardiff under arrangements with Juratone Limited, a company of which A J Biles is a director. Rent and service charges of £221,000 *(2020: £207,000)* were charged during the year under these arrangements and the Group charged Juratone amounts of £20,000 *(2020: £23,000)*. At the statement of financial position date an amount due to Juratone Limited of £15,000 *(2020: £Nil)* is included in payables and an amount due from Juratone Limited of £127,000 *(2020: £104,000)* is included in receivables.

A J Biles is a designated LLP member of ACR Professional Services LLP. Professional services of £467,000 *(2020: £240,000)* and reimbursed expenses of £9,000 (2020: £Nil) were charged from ACR Professional Services LLP to the Group during the year. Fees and reimbursed expenses of £10,000 (2020: £20,000) were charged from the Group to ACR Professional Services LLP during the year. At the statement of financial position date, the Group was owed £125,000 *(2020: £291,000)* from ACR Professional Services LLP.

The Group charged Stann Marine Limited, a company in which a former designated member of Ince Gordon Dadds AP LLP is a Director, fees under a management agreement totalling £Nil *(2020: £211,000)*.

The Group charged fees to James Stocks & Co Group of £48,000 *(2020: £49,000)* and were charged fees of £Nil *(2020: £Nil)* during the year. At the statement of financial position date, the Group was owed £8,000 *(2020: £119,000)* from James Stocks & Co Group.

Company

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

The Company charged reimbursed expenses of £439,000 *(2020: £692,000)* to subsidiary undertakings during the year. At the statement of financial position date an amount due from subsidiary undertakings of £Nil *(2020: £Nil)* is included in trade receivables.

The Company was charged fees and reimbursed expenses of £933,000 *(2020: £910,000)* by subsidiary undertakings during the year. At the statement of financial position date an amount due to subsidiary undertakings of £Nil *(2020: £Nil)* is included in trade payables.

Notes to the Financial Statements (continued)

27. FINANCIAL RISK MANAGEMENT

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

Fair value of financial instruments

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

	Note	Group 2021 £'000	Restated Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Loans and receivables:					
Trade receivables	17	26,933	26,870	-	-
Accrued income	17	12,436	5,925	-	-
Cash and cash equivalents	18	8,307	5,250	1	3
Other receivables	17	3,208	4,033	546	518
Amounts due from subsidiaries	17	-	-	35,367	37,977
Total financial assets		50,884	42,078	35,914	38,498
Financial liabilities measured at amortised cost:					
Borrowings	22	14,896	14,229	14,245	11,600
Lease Liabilities	14	12,637	18,836	531	760
Trade payables	21	13,012	12,263	709	524
Other payables	21	3,598	4,524	1	-
Deferred consideration	21	6,339	8,494	-	-
Amounts due to subsidiaries	21	-	-	27,258	27,046
Amounts due to partners		13,946	9,035	-	-
		64,428	67,381	42,744	39,930
Financial liabilities measured at fair value:					
Deferred consideration	21	18,206	27,176	-	-
Total financial liabilities		82,634	94,557	42,744	39,930
Total financial instruments		(31,750)	(52,479)	(6,830)	(1,432)

The aggregate gain on financial instruments held at fair value in the year was £1,644,000 (2020: £Nil).

28. CREDIT RISK

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

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

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

Analysis of trade receivables:

	30 days or less	31-60 days	61-90 days	90-180 days	>180 days	Total Gross	Bad debt provision	Total Carrying Amount
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2021	13,605	4,599	3,415	5,314	13,119	40,052	(13,119)	26,933
2020	15,105	5,544	2,836	3,385	9,653	36,523	(9,653)	26,870
2019	10,435	2,889	1,606	668	5,351	20,949	(5,351)	15,598

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

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

Trade receivables that are neither impaired nor past due are made up of 1,678 receivables' balances *(2020: 2,832).* The largest individual debtor corresponds to 4.3% *(2020: 3.8%)* of the total balance. Historically these receivables have always paid balances when due. The average age of these receivables is 98 days *(2020: 100 days).* No receivables' balances have been renegotiated during the year or in the prior year.

The group individually impaired no net balances *(2020: £Nil).* The group does not hold any collateral over any balances.

29. INTEREST RATE RISK

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

Interest rate exposure and sensitivity analysis:

The following sensitivity analysis has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

An increase of 50 basis points in interest rates and all other variables held constant, would result in the Group's profit for the year ended 31 March 2021 decreasing by £72,000 *(2020: £58,000)*. This is attributable to the Group's exposure to interest rates on its variable rate borrowings. A decrease of 50 basis points in interest rates would have the equal but opposite effect to the amounts shown above.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in the borrowings of the Group.

30. FOREIGN CURRENCY RISK

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

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

Notes to the Financial Statements (continued)

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

	Functional currency of individual entity					
	GBP		EUR		HKD	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Net foreign currency financial assets/(liabilities)						
GBP	-	-	(115)	(44)	6	(76)
EUR	127	434	-	-	(20)	(2)
AED	216	-	-	-	-	-
HKD	(30)	(115)	-	-	-	-
CNY	8	574	-	-	15	-
USD	886	1,901	141	129	2,517	3,254
Other	145	11	(1)	(1)	1	-
	1,352	2,805	25	84	2,519	3,176

	CNY		AED		SGD	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Net foreign currency financial assets/(liabilities)						
GBP	1	(1)	(199)	(23)	552	187
EUR	13	18	1	(5)	-	-
AED	-	-	-	-	-	-
HKD	361	399	-	-	-	-
CNY	-	-	-	-	-	-
USD	557	647	679	325	1,330	287
Other	37	18	(19)	(4)	13	(9)
	969	1,081	462	293	1,895	465

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

		Increase/(decrease) in income before taxation		Increase/(decrease) in net assets	
	Change in rate	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Appreciation against GBP of:					
EUR	4%	17	30	75	75
HKD	8%	(3)	(4)	217	137
CNY	3%	-	41	(193)	(92)
AED	8%	3	-	23	-
SGD	4%	(308)	-	36	-
USD	8%	104	151	(5)	-

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

31. LIQUIDITY RISK

The group seeks to maintain sufficient cash balances.

Management reviews cash flow forecasts on a regular basis to determine whether the group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 114 days *(2020: 113)*.

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

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

	Less than 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows
	£'000	£'000	£'000	£'000	£'000
31 March 2021					
Variable interest bearing	46	1,321	2,247	10,846	14,460
Fixed interest rate instruments	88	213	118	15	434
Lease liabilities	1,216	3,647	3,998	3,776	12,637
	1,350	5,181	6,363	14,637	27,531
31 March 2020					
Variable interest bearing	300	951	1,200	9,200	11,651
Fixed interest rate instruments	1,061	1,458	-	-	2,519
Lease liabilities	1,381	4,140	5,508	7,807	18,836
	2,742	6,549	6,708	17,007	33,006

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

The group has also access to financing facilities of £8,250,000 *(2020: £250,000)* as described below.

Unsecured bank overdraft facility (£250,000 of which £Nil was drawn down at 31 March 2021), reviewed annually and payable at call, and a revolving credit facility (£8,000,000 of which £5,500,000 was drawn down at 31 March 2021), described in note 22.

	Group 2021	Group 2020	Company 2021	Company 2020
	£'000	£'000	£'000	£'000
Amount used	5,500	-	-	-
Amount unused	2,750	250	-	-
	8,250	250	-	-

32. CAPITAL MANAGEMENT

The company's objectives when managing capital are:

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

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

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

Debt-to-adjusted capital ratios

The debt adjusted capital ratios at 31 March 2021 were as follows:

	Group 2021 £'000	Restated Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Total debt	14,896	14,229	14,245	11,600
Less: cash and cash equivalents	(8,307)	(5,250)	(1)	(3)
Net debt	6,589	8,979	14,244	11,597
Total equity	42,744	42,313	40,993	47,166
Add: subordinated debt instruments	-	-	-	-
Adjusted capital	42,744	42,313	40,993	47,166
Debt-to-adjusted capital	1:6.5	1:4.7	1:2.9	1:4.1

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Group 2020 £'000	Cash flows £'000	non-cash changes Acquisitions £'000	Disposals £'000	Other £'000	Group 2021 £'000
Borrowings	14,229	911	25	(250)	(19)	14,896
Lease liabilities	18,836	(5,564)	-	(859)	224	12,637
	33,065	(4,653)	25	(1,109)	205	27,533