

# *Resilience* through diversity

Annual Report  
for the year ended  
30 April 2021

Gateley



# Forward thinking

## Straight talking

### Why do we do what we do

Our purpose is to deliver results that delight our clients, inspire our people and support our communities.

### How do we do this

We do this by:

- › being forward thinking about the services that we deliver to our clients and the working environment we provide for our people;
- › being straight talking about what matters, inside and outside of our business; and
- › thinking differently about what we do and how we do it.

### What do we do

We deliver legal and professional services which enable our clients to solve the challenges that they are facing or to maximise the opportunities they are pursuing, without ever losing sight of what makes us Gateley: our Gateley Team Spirit values.



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Strong performance and growth demonstrating resilience through diversity

Gateley (AIM: GTLY), the legal and professional services group, is pleased to announce its audited results for the year ended 30 April 2021 (“FY21” or the “Year”). The results demonstrate a resilient double-digit revenue and profit growth, delivered through an increasingly diverse and successful business model, yielding strong and sustained cash generation, which enabled the reinstatement of dividend payments in the Year, with a total dividend of 7.5p (FY20: nil).



Rod Waldie, Chief Executive Officer of Gateley, said:

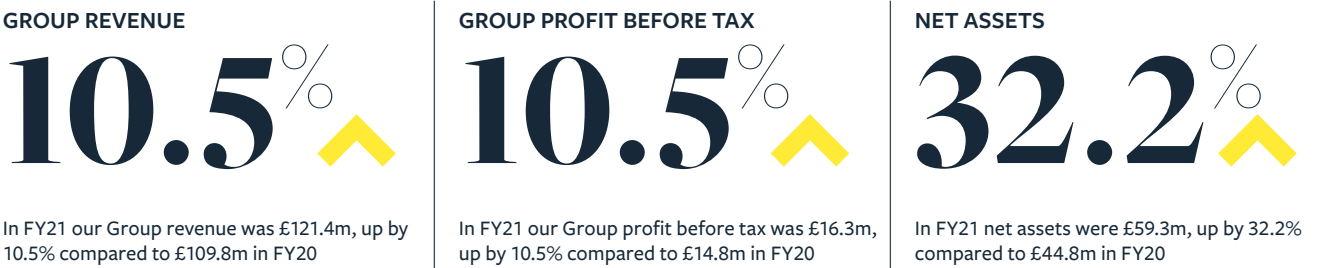
“I am delighted with the excellent FY21 outcome, a year in which we exceeded the pandemic adjusted performance expectations that we set at the start of the Year. This strong performance once again represents a continuation of the Group’s year-on-year revenue growth. It is testament to the Group’s long established and resilient business model enhanced by the increasing range of connected services offered to clients via our Platforms. These are market-facing structures on which we aggregate complementary legal and consultancy services. This, alongside our embedded culture and the outstanding collective contribution of our people, has been the driving force behind an excellent set of results in the context of an extremely disruptive year of uncertainty caused by the pandemic.

“I thank our fantastic people for their exceptionally hard work, commitment and can-do attitude. This includes the leadership team, whose priority has been the safety of our people throughout the Year and the smooth-running of our operational contingency plan resulting in the delivery of excellent service to our clients. The team was calm and pragmatic throughout and demonstrated good judgment in planning for the worst whilst managing for better.

“I also thank our clients for their support throughout the Year and for giving us the opportunity to work with them on high quality mandates in both legal and consultancy services, which we are increasingly providing in tandem to clients.

“Our focus on both new and existing clients remains at the heart of our strategy to continue to build a broader professional services business. Demand for our services remains strong and we are carrying a robust pipeline of work into FY22. We have not seen any evidence that our financial performance has been impaired by the recently reported and swiftly resolved cyber security incident. We remain excited by a wide range of opportunities and are looking forward to continuing to grow the Group, both organically and via acquisition, in line with our strategy.”

Highlights for the year



	FY21	FY20	Change
Group revenue	£121.4m	£109.8m	+10.5%
Group underlying operating profit before tax*	£20.5m	£18.7m	+10.0%
Group underlying profit before tax*	£19.3m	£18.1m	+7.1%
Group profit before tax	£16.3m	£14.8m	+10.5%
Group profit after tax	£13.2m	£11.7m	+12.2%
Underlying basic earnings per share ('EPS')	11.18p	10.34p	+8.1%
Adjusted fully diluted EPS**	13.17p	12.45p	+5.8%
Net assets	£59.3m	£44.8m	+32.2%
Net cash/(debt)***	£19.6m	£(0.9)m	+20.5m

Financial Highlights

- Strong financial performance with revenue and profit before tax up 10.5% yielding strong cash generation and a 32.3% increase in net assets
- Average fee earner headcount rose 9.1% to 770 in FY21 (FY20: 706)
- Non-legal revenues increased by 27.3%, as complementary consultancy businesses contributed £14m or 11.5% of total revenues (FY20: £11m or 10.0%)
- Overall activity levels increased by 8% YOY \*\*\*\*
- Cost-savings realised during the Year, as a result of its successful remote working arrangements
- Strong balance sheet and disciplined working capital management facilitating repayment of all bank debt
- Staff bonuses and dividend payments resumed with total dividend in the Year of 7.5p (FY20: nil)

Operational Highlights

- “One-team” culture and the retention of fee-earning capacity throughout the early stages of the pandemic enabled the Group to capitalise on the return of strong client demand in H2 21
- Progression of Platform strategy, to build market-facing structures onto which complementary legal and consultancy services are aggregated
- Net promoter score of +68 achieved from tri-annual client survey
- Gateley remains the UK’s most active M&A legal adviser by deal volume according to the latest Experian MarketIQ UK M&A league table
- Diversified and resilient business model reinforces the Board’s confidence in the future performance of the Group

Current Trading and Outlook

- Strong trading in the first two months of the new financial year with a good pipeline of new work in most units
- Acquisition activity recommenced after temporary COVID-19 pause, pipeline remains strong
- Platform strategy continues apace with on-going integration of all acquired businesses to widen and enhance pipeline activity in FY22 and beyond

\* Underlying operating profit before tax and underlying profit before tax excludes share based payment charges, amortisation and exceptional items  
\*\* Adjusted fully diluted EPS excludes share based payment charges, amortisation and exceptional items. It also adjusts for the future weighted average number of expected unissued shares from granted but unexercised share option schemes in issue based on a share price at the end of the financial year  
\*\*\* Net debt excludes IFRS 16 liabilities  
\*\*\*\* Activity levels are the utilisation of professional staff hours against budgeted hours



# At a *glance*

## What makes us *forward thinking*

- › The first UK commercial law firm to list on the London Stock Exchange in 2015
  - › A legal and professional services group which provides advice through the clustering of legal and consultancy services on Platforms directed at our chosen markets
  - › Forward thinking about the services that we deliver, helping our clients to solve challenges and to maximise opportunities
- › A responsible business committed to levelling up the world in which we work
  - › Being straight talking about what matters, inside and outside of our business; supporting diversity and inclusion, encouraging potential and ensuring a sustainable future
  - › Delivering results without ever losing sight of our Gateley Team Spirit values

## Working *together*



- › Proud that 50% of Gateley colleagues participate in our Sharesave Scheme vs. a UK average of 25%\*
- › Investors in People accredited
- › A Levelling Up Partner and member of the Levelling Up Measurement TaskForce
- › Signatory to the Better Business Act
- › Raised in excess of £1.5m over the past decade for charitable causes within our communities

## Room to *breathe*

- › Stonewall Diversity Champions and Law Society Gold Standard for our Diversity and Inclusion Charter
- › Active wellbeing programme and proud to be a signatory to the Mindful Business Charter
- › Engaged staff networks to support diversity and inclusion including Women in Leadership and Working Parents programmes
- › A Halo Code workplace
- › A Disability Confident Employer
- › Sustainable working practices including paperlite, recycling and use of virtual technology

## *Trusted* to do

In our last client satisfaction survey, we achieved a Net Promoter Score of 68.

The score measures how many of our clients would recommend us, with scores over 50 seen as a reflection of world class organisations.



said that our specialist knowledge was good or excellent.

## Ambitious for *success*

Double digit compound annual revenue growth in the last 6 years.



In FY21 turnover was up by 10.5% compared to FY20.

Sources: \*compared to other UK businesses offering a similar scheme Link Asset Services, as of 01/01/2018 [www.linkassetsservices.com](http://www.linkassetsservices.com)

# How we *support* clients

Gateley / **LEGAL**

Comprehensive legal and business advice for individuals and companies of all sizes.

Gateley / **CAPITUS**

Specialising in capital allowances on commercial property, land remediation relief and R&D/ innovation tax incentives.

Gateley / **HAMER**

Advice on easements and wayleaves for utilities infrastructure, CPOs, land referencing and public inquiries.

Gateley / **TWEED**

Specialist, multi-jurisdictional advice on reputation, media and privacy.

Gateley / **VINDEN**

Specialist corporate advisory, dispute resolution and property services consultancy to the built environment.

/ **ENTRUST**

An independent trustee to occupational pension schemes.

/ **INTERNATIONAL INVESTMENT SERVICES**

Supporting businesses to realise their international growth ambitions through inward investment consultancy.

/ **KIDDY & PARTNERS**

Specialists in leadership assessment and development.

/ **T-THREE**

Specialists in people and leadership development and behavioural change.



## Where you need us to be

With offices in 11 UK locations, and another in Dubai, we have the regional network to provide our clients with the advice they need on their doorstep.

## *The Gateley story*

# A legal and professional services group

Our story is one which starts in Victorian Birmingham when the city was the workshop of the world. Solicitors Stephen Gateley & Sons was founded to help forward thinking Victorians prosper.



*“Our historical resilience shown through numerous economic cycles and clear and meaningful strategy for the long-term development of our business, demonstrate to staff, clients and investors that their careers, instructions and investments are in safe hands.”*

**Rod Waldie**

Chief Executive Officer & Partner

## *Fast forward to the 1970s*

**1970**

Gateley joined forces with 12-strong Bernard Wareing to launch Gateley Wareing & Co.

**2015**

Our story entered a new chapter in 2015 when we did something no other law firm had done in the UK: we put aside our traditional equity partnership model and went Plc.

**2016**

Made our first two complementary business acquisitions with tax incentive specialists Capitus Ltd and property consultants Hamer Associates to form Gateley Capitus and Gateley Hamer.

**2018**

Acquired three more businesses; GCL Solicitors, specialists in legal advice on residential developments; business psychologists, Kiddy & Partners and inward investment and international expansion experts, International Investment Services.

**2019**

Gateley named UK Law Firm of the Year at the British Legal Awards; acquired land referencing experts, Persona Associates and leadership development specialists, t-three.

**2020**

Ranked number 1 in the UK for M&A activity by deal volume. Acquired brand and reputation management experts, Tweed Law, and built environment consultancy, The Vinden Partnership.

**2021**

35 years of increased revenue growth achieved. Named Professional Services Firm of the Year at the Birmingham Post Business Awards and shortlisted for Law Firm of the Year and Corporate Team of the Year at the forthcoming Legal Business Awards.



# Our people are our success

## People

- Resilience through ‘one-team’ culture
- Connectivity initiatives
  - Working from home
  - Workplace Wednesdays
- Recognition/industry awards

Our diversity, inclusion and wellbeing network groups provide support for our people through a number of initiatives and activities:

**thrive**  
Health and well being of all employees

**pride**  
LGBTQ+ community

**inspire**  
Nurture, develop and support all of our talent

**unity**  
Recognising, celebrating and supporting people from different cultures, religions, backgrounds and those with disabilities

## We are Gateley

We have great talent across our teams.

Our culture is an enormous source of comfort and its strength was at the core of our ability to successfully navigate through the pandemic. We maintained excellent client service throughout the financial year which is testament to the collective contribution of everyone working at Gateley.

Our culture is a product of the way we integrate our people and is built around our ‘one-team’ approach and what we call the ‘Gateley Team Spirit’: a set of behaviours that underpin who we are as a business. Never before has the power of the Gateley Team Spirit been more evident than in the last 18 months.

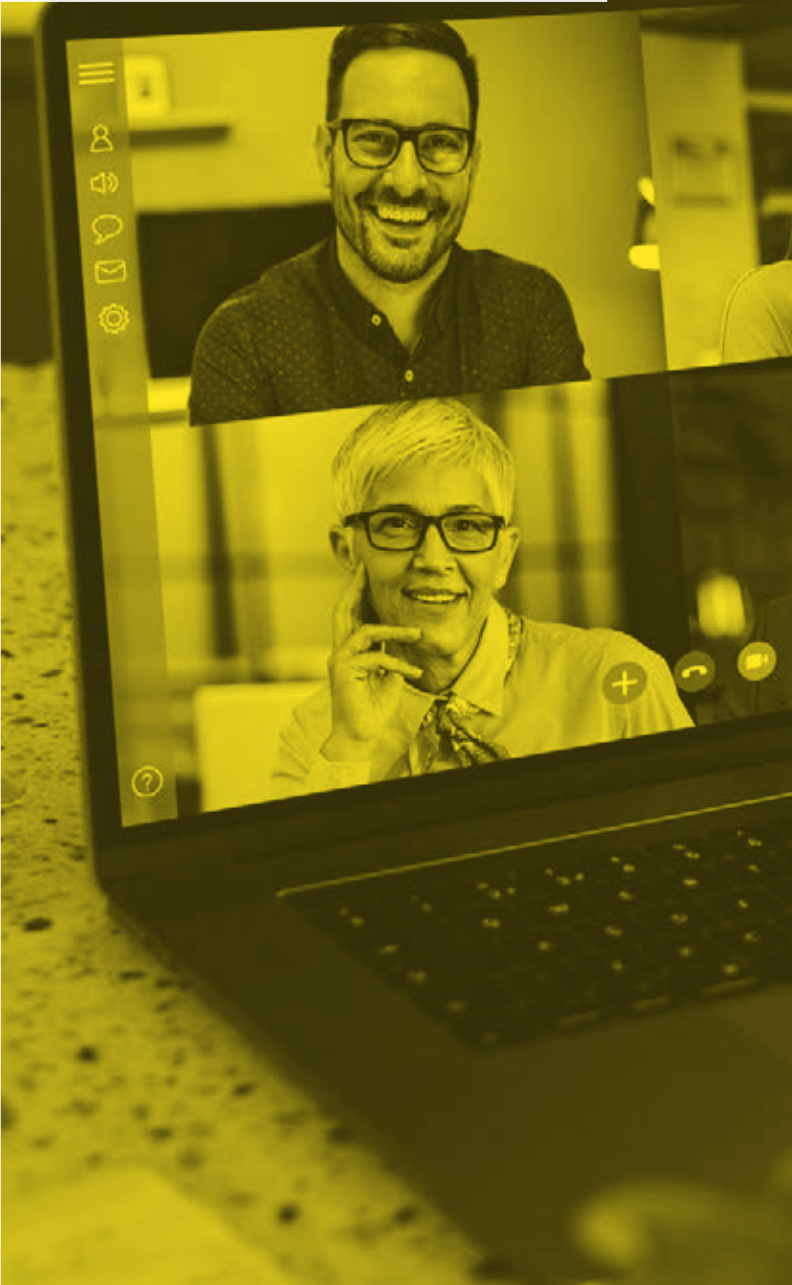
At Gateley we have an environment in which everyone is welcome and valued. This allows people to play to their strengths in a business which has an infrastructure for opportunity and fair career progression. We also have internal networking groups that promote awareness, education and understanding and that drive positive change, including further advances in our diversity and inclusion efforts.

**UK’s most active M&A legal adviser**  
by deal volume according to the latest Experian MarketIQ UK M&A league table

**Professional Services Firm of the Year**  
at the 2021 Birmingham Post Business Awards

**Excellence in Sales and Marketing & Contribution to the Community**  
at the Greater Birmingham Chamber of Commerce Awards

**Law Firm of the Year**  
at the Thames Valley Business Awards



## Gateley Agile

Gateley Agile is our vision for a meaningful return to the office.

The pandemic and a shift to remote working has enabled us to rethink how we work and how our environment is organised. This presents a huge opportunity to think expansively and strategically about how we will work in the future for our own benefit and that of our clients.

### How our Gateley Agile strategy will benefit our people and clients

We recognise that seeing each other face to face is important. So, our agile strategy will ensure that activities which include being together in the same place physically still take place, but they will be scheduled to optimise the use of our office capacity. Shaped by our Gateley Team Spirit we are creating a working environment that will bring out the best in our teams so that we can deliver the collective best to our clients including:

- Greater flexibility in where our people work and when they are physically in the office
- Improvements in well being
- Enhanced working environment and a greater emphasis on communication and collaboration
- Enhanced client experience and more choice in how they interact with Gateley
- A reduced carbon footprint with less daily commuting and fewer trips between offices
- Opportunities to refresh our spaces with an eye on sustainability options

### Our people said:

We surveyed our teams in the Summer of 2020 and again in January 2021 to find out how they felt about remote working and how they wanted to shape their working patterns when a return to the office was possible.

91%

said their clients received the same or better service when we are working from home

85%

said they felt equally well connected or better connected with clients and colleagues when working from home

62%

said they would like to work between 40-80% of their time at home

# Our Platform strategy

A diverse, distinctive and differentiated offering driving both growth and resilience.

Our Platforms are market-facing structures on which we aggregate complementary legal and consultancy services. The expanding depth and breadth of our offering through our Platforms is becoming increasingly attractive to existing and new clients due to our ability to deliver multiple legal and consultancy services on projects in a coordinated and well-managed way.

A core part of our strategy remains *growth* and *diversification* via acquisitions which enhance quality and expertise in our chosen locations and expand our Platforms. Our Plc status and established reputation help us to attract and retain first class professionals who are the backbone of those Platforms.

Our strategy differentiates our business from “single discipline” competition, whilst at the same time offering a higher-value, more relevant service as we seamlessly deliver Platform focused legal and consultancy services. It also makes us more indispensable to our existing clients and more attractive to potential new clients. This is because we can help them with a wider range of complex stand-alone or inter-related issues that need to be navigated to deliver desired outcomes. Our service lines continue to evolve based, in part, on what our clients tell us they need.

We have successfully established our Property Platform and our People Platform since our 2015 IPO and during FY21 we won a significant mandate to our Corporate Platform via our International Investment Services (IIS) business. Following a competitive tender process, IIS were appointed Project Manager and Inward Investment adviser for Cambridge & Peterborough Combined Authority’s (CPCA) new economic growth programme, a programme designed to identify and attract 1,000 innovative and high-growth SMEs and 125 new inward investors to the CPCA region. We have also undertaken significant research across our Business Services Platform in preparation for its expansion in FY22.

We took a conscious decision not to make any acquisitions during FY21. Having completed four earnings-enhancing acquisitions during FY20, we focused on integrating those acquired businesses during that period. However, our strong performance during FY21 and our confidence in our strategy to build a broader professional services group means that we now intend to resume acquisition activity to further strengthen and diversify our services.

## Platform composition

Property Platform
Gateley Legal Gateley Capitus Gateley Hamer Persona Associates Gateley Vinden
People Platform
Gateley Legal Kiddy & Partners t-three Entrust
Corporate Platform
Gateley Legal Gateley Capitus International Investment Services
Business Services Platform
Gateley Legal Gateley Omega

# Responsible Gateley

Delivering our purpose-led ESG framework

## Purpose and impact

- Values manifested in Purpose
- Levelling Up Goals
- Responsible Business report

As a listed business, delivering results is a must. However, it is not just about delivering strong financial results. We also believe that we can be a force for good, benefiting our people, clients, communities and the environment whilst also delivering profit. By balancing these needs, we will be an employer of choice, an attractive investment opportunity, an organisation that clients are proud to collaborate with and a responsible business.

It may sound like a cliché, but we are on a journey when it comes to our responsible business strategy and our ESG framework. We will shortly be publishing our first Responsible Business Report where we will outline in more detail how we have aligned our strategy to the UK’s Levelling Up Goals.

The Levelling Up Goals were established this year by former Education Secretary Rt Hon Justine Greening with input from businesses, universities and policymakers, to create a 14-point framework designed to tackle the challenges facing the UK post COVID-19. There are 14 goals ranging from Goal 1: Strong Foundations in Early Years; to Goal 14: Equality through Diversity and Inclusion.

The focus of the framework is to unite businesses, civil society and policymakers in levelling up the nation with a clear set of objectives to address. The ultimate aim is to drive equality of opportunity in the UK at key life stages, from early years through to adulthood alongside other barriers such as healthcare and fair career progression.

The Goals are the first major piece of work by This is Purpose, which includes some of the UK’s most purpose-led businesses, universities and public sector organisations, such as Amazon, BP, Direct Line Group, the BBC, Compass Group, University Hospitals Birmingham NHS Foundation Trust, Manchester United Foundation, University of Bradford and many others.

## Levelling Up Goals



As part of our work on the Levelling Up Goals, we will be working on a Levelling Up Impact Report, setting out our own contribution to the levelling up agenda in the UK. For each of these goals, we are making good progress, and we recognise that we have more work to do as defined in our action plans.

We were also pleased to be one of the first businesses in the legal sector to sign-up to the Better Business Act. Through the Act we join a coalition of like-minded businesses lobbying to transform the way business is done, so that every single company in the UK, whether big or small, takes ownership of its social and environmental impact. Together, we’re taking a straightforward ask to government: change Section 172 of the Companies Act to ensure that company directors are responsible for advancing the interests of shareholders alongside those of wider society and the environment.

In addition, we have pledged our commitment to address the avoidable stresses in our working practices and to promote healthier and more effective ways of working both internally and when working with clients and other professional advisers. We recently became signatories of the Mindful Business Charter and have rolled out our own toolkit and action plan internally to implement best practice behaviours that can positively influence the way we work. The Mindful Business Charter has the support of mental health charity, Mind, the City Mental Health Alliance, the International Bar Association, Law Societies of England and Wales and the Solicitors Regulation Authority.





# Five key reasons to invest

Our business model creates a platform for scalable and sustainable growth.

## 1 Growth and income

- First 6 full years since IPO we have grown revenue by 99.3 % (a compound annual growth rate (CAGR) of 12.2%) and PBT by 65.7% (CAGR 8.8%).
- Continued expansion and diversification via our Platform strategy, being the acquisition of and investment in legal and complementary professional consultancies facing common industries, sectors or markets.
- Excellent cash generation averaging 90% per annum since IPO, supporting organic and acquisitive growth, investment in the business and an attractive dividend policy.

## 2 Sustainable earnings and resilience

Legal and consulting revenues having the following characteristics:

- Business lines capable of operating in all economic environments including: Banking and Restructuring, Corporate and Inward Investment Services, Litigation and Alternative Dispute Resolution Services, Employment and People Services and Property.
- No reliance on any one area of law, sector, industry or individual client.
- Scale, breadth and depth, and national geographic coverage.
- Continuous revenue and profit growth, regardless of economic cycle, including throughout the Global Financial Crisis and COVID-19 pandemic.

## 3 A scalable business model

- A strategy leveraging organic and acquisitive growth potential.
- Proven ability in establishing and growing new offices. In the last decade we have opened and grown eight new offices in London, Manchester, Leeds, Reading, Belfast, Guildford, Bolton and Newcastle.
- Proven track record of successfully integrating acquisitions. Post-IPO we have successfully integrated 9 businesses into the Group, including a mix of complementary businesses and specialist law firms.
- Significant organic and acquisitive potential to grow, enhance and develop each of our four Platforms (Business Services, Corporate, People and Property).

## 4 Excellence

- A reputation for excellence, built over many years, through quality service delivery, industry accolades and rankings.
- Industry ranked market-leading legal and consultancy professionals.
- Most active M&A legal adviser in the UK by deal volume according to Experian MarketIQ.
- More than 30 industry awards since IPO.

## 5 Management

- Proven track record and stability - a team with a successful track record of delivering growth both organically and through acquisition for more than 30 years.

# Strategic report

This report has been prepared by the Directors in accordance with the requirements of Section 414 of the Companies Act 2006.



# Chairman's statement

## Introduction

I am pleased with the performance of the business during the past financial year, a Year in which we have successfully navigated the disruption and uncertainty caused by the COVID-19 pandemic.

## Summary of the year

Gateley has demonstrated the resilience of its operating model and diversification strategy whilst delivering excellent financial results in exceptional circumstances and emerging stronger out of the pandemic. The services we offer to clients are critical to their operations, emphasising just how important our legal and complementary professional services are with our wide, multi-sectoral, client-base.

The second half of the Year was extremely strong with high levels of activity that more than repaired the impact of the pandemic at the start of the Year and justified our decision to retain staff during the early stages of the pandemic. Our business adjusted exceptionally well to working from home and servicing clients in a very different way. It was clear to the Board that the effect of the pandemic would be dramatic, so we took immediate steps to preserve the Group's liquidity by reducing costs and postponing cash outgoings until the uncertainty cleared and we could support a return to more normal activity. The turning point arose just before the half year as we saw activity levels returned and our pipeline strengthen significantly.

Rod Waldie took the reins from Michael Ward on 1 May 2020. In his first year as Chief Executive Officer, Rod has had to make some tough decisions as a result of the pandemic, whilst at the same time leading the business and executing our strategy. Under his leadership, Gateley is emerging from the pandemic in an excellent position, with a strong pipeline of work, a host of growth opportunities and generally buoyed by the opportunities which we believe the exit from lockdown presents.

## People and commitment to diversity

Our people and long-established 'one-team' culture are central to the Group's success. The team has risen to the challenges presented by the pandemic, showing immense dedication to the business, to their colleagues and to our clients.

The Group is committed to ensuring diversity, equality and inclusion. Our goal is to foster a positive work ethic, while remaining results and client focused, and demonstrate our commitment to doing the right thing. Promoting our diverse backgrounds, skill sets and experiences, delivers better results for everyone. Our actions and ambitions in the journey to deliver this goal are set out within the Environmental, Social and Governance ("ESG") section of our Annual Report and accompanying Responsible Business statement, that we have recently adopted using a framework established through the Government initiative "Levelling Up".

Our listing on AIM allows us to share the value created by the Group and recognise the efforts of our teams. We have issued SAYE, CSOP and our first Long Term Incentive Plan during the Year supporting further our belief that Group-wide share ownership creates strong alignment across all shareholders and colleagues connected with the business.

## Dividends

Due to our strong performance in FY21 and our confidence in prospects for the business, the Board has reinstated its dividend policy during the Year, subject to approval at the forthcoming AGM.

An interim dividend of 2.5p per share was paid on 28 June 2021 to shareholders on the register at the close of business on 3 June 2021. The Board is pleased to propose a final dividend of 5.0p per share, giving a total dividend for the year of 7.5p per share (FY20: nil). This final dividend will be paid in mid-October 2021 to shareholders on the register at the close of business on 27 August 2021. The shares will go ex-dividend on 26 August 2021.

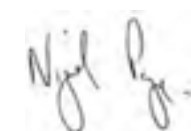
The Board's dividend policy remains to distribute up to 70% of profit after tax (PAT) to shareholders, typically one third following its half year results and two thirds after the full year results are known. The Board intends to return to more normal payment timings during FY22.

## Summary and outlook

In what has been a uniquely challenging Year, our people have excelled in client delivery, have conquered every challenge presented to them, and have delivered further strategic progress for the business, all of which has combined to generate a solid set of results.

Our acquisition pipeline presents many interesting opportunities to enhance our service lines, with our clients' needs always in mind, and fulfil our strategy to build a broader professional services group.

We look forward to the future with confidence.



**Nigel Payne**  
Chairman

19 July 2021

“

***“Our people and long-established culture are central to the Group's success.”***



**Nigel Payne**  
Chairman

# Chief Executive Officer’s review

## Introduction

I am delighted with the Group’s resilience and achievements during FY21. We exceeded our own pandemic adjusted performance expectations that we set at the start of the Year by taking sensible steps to plot a steady and conservative course through the pandemic.



*“We are guided by our purpose – we exist to deliver results that delight our clients, inspire our people and improve our communities.”*

Our key priorities were to maintain excellent service delivery to our clients, whilst ensuring the safety and well being of our people, and I believe that we succeeded in achieving this.

By the beginning of H2 21 it was clear that demand for our services was strengthening significantly, and this remains the case with a good pipeline of work into FY22.

The expanding depth and breadth of our offering through our Platforms is becoming increasingly attractive to existing and new clients due to our ability to deliver multiple legal and consultancy services to projects in a coordinated and well-managed way. Our Platforms are market-facing structures on which we aggregate complementary legal and consultancy services. I am excited about our opportunity to further expand these both organically and via acquisition in FY22 and beyond.

Owing to our excellent performance and disciplined working capital management in FY21, coupled with our confidence in the business, we are pleased to confirm the resumption of our stated dividend policy subject to approval at the forthcoming AGM.

### Results overview

Our FY21 revenue performance increased by 10.5% to £121.4m (FY20: £109.8m) which, alongside our swiftly implemented cost-management initiatives, predominantly arising from agile working arrangements, have yielded an increase of 10.5% in profit before tax to £16.3m compared with £14.8m for the prior year.

Underlying adjusted profit before tax increased by 7.1% to £19.3m (FY20: £18.1m) and the Group has also increased profit after tax by 12.2% to £13.2m.

Our resilient revenue performance is a product of the breadth and balance of the Group’s legal and consultancy service lines. After a significant reduction during H1 21, corporate transactional activity returned in H2 21, and has since been relentless, as business owners and Private Equity reassessed the impact of the pandemic and their appetite for deal-making. In property, our legal and consulting teams, working together on our Property Platform, traded strongly throughout the Year. In addition, many of the Group’s counter-cyclical service lines, including Dispute Resolution, also performed extremely well.

We concluded the Year with a significant pipeline of activity across most of our units, further evidencing our wider reach across our client-base via our Platforms.

Cash generation during the Year remained strong, as net cashflows from operating activities of £25.4m (FY20: £13.3m) represented 193.2% (FY20: 113.5%) of profit after tax. The Group ended the Year with net cash of £19.6m compared to net debt of £0.9m in the prior period as a result of our strategy to conserve cash at the outset of the pandemic.



**Rod Waldie**  
Chief Executive Officer & Partner

## Key priorities in first year as Chief Executive Officer

- 1 Guide the business through a year like no other and emerge stronger out of the pandemic;
- 2 Ensure the well being of our people while continuing to deliver a first-class level of service to our clients and shareholders;
- 3 Lay sensible foundations at the start of the financial year to minimise spending and conserve cash while focusing on delivering excellent financial results;
- 4 Help the business adapt to the remote working model and develop an agile working strategy to capitalise on the benefits and operational gearing opportunities the new way of working has presented;
- 5 Ongoing integration of existing acquisitions through our Platform strategy to widen and enhance pipeline activity into FY22;
- 6 Demonstrate our commitment as a responsible business. Start to implement our purpose-led ESG framework in a way that contributes to the wider levelling-up agenda in the UK.



# Chief Executive Officer’s review continued

## People and culture

We have great talent across our teams. Our ‘one-team’ culture and focus on excellence are enormous sources of comfort and strength as we successfully navigate the pandemic. We maintained excellent client service throughout the Year which is testament to the collective contribution of everyone working at Gateley. The way the team works together, supporting each other and our clients, has been inspiring. Never before has the power of the Gateley team spirit been more evident.

At Gateley we have an environment in which everyone is welcome and valued. This allows people to play to their strengths in a business which has an infrastructure for opportunity and fair career progression. We have internal networking groups that promote awareness and understanding and can drive positive change, including further advances in our diversity and inclusion efforts.

Our culture is a product of the way that we integrate our people. Traditionally, we are an office-based organisation and we are looking to return to our offices as soon as we sensibly can in a safe and efficient way in order to optimise induction, training and the day-to-day management of the delivery of our services. However, we will be doing this alongside further, and likely permanent, agile working in order to capture some of the positive working practices realised by us during the pandemic.

We are guided by our Purpose: we exist to deliver results that delight our clients, inspire our people and improve our communities.

We are now committed to implementing our purpose-led ESG framework in a way that contributes to the wider levelling-up agenda in the UK. Therefore, we were delighted to recently announce that we are partnering in the development of a set of fourteen Levelling Up Goals, as established earlier this year by former Education Secretary, Justine Greening. The Goals are the first major piece of work by This is Purpose, which includes some of the UK’s most purpose-led businesses, universities and public sector organisations. Gateley’s contribution will be aimed at driving change in those areas in which we can legitimately make an impact including in diversity and inclusion and fair career progression, good health and well being and other goals closely linked to our people and business model.

## Operational review

Our operational contingency plan did not include a reduction in fee earner headcount. Our strategy throughout the pandemic was to maintain our fee earner capacity so that we had sufficient resources to service projects as the market recovered. This proved to be a good strategy, in addition to which it did not constrain us from continuing with strategic investment in people. During the Year, we made some key new appointments across the Group including six senior lateral hire recruits to niche areas of our service offering. Our average fee earner headcount was 770 which is an increase from 706 at the end of FY20, mainly as a result of a full year of staff additions from acquisitions made at the end of FY20.

We have a strong balance sheet and we remain focused on investing in the right businesses and people to join our team. At Gateley, there is an opportunity to pursue a career in a dynamic professional services group whose development and growth is underpinned by the investment opportunities which our Plc status affords us. Our ability to incentivise people through Plc share ownership provides an attractive alternative to traditional professional services ownership models. During the year staff exercised SAYE and CSOP options to further widen our staff shareholder base.

We have spent many years building and growing our physical footprint across the UK, matching our office locations with opportunities that we see available to the Group. As a result, we currently provide our services from most of the major commercial centres in the UK. Our office network remains an important asset to us but a key decision made during the Year was to flex the use of our office space, maximising the benefits of agile working developed during the pandemic. This will enable us to on-board new people and businesses in our existing locations without necessarily needing to extend the overall size of our office portfolio. This enables us to grow and strengthen our business from existing locations, realising operational gearing opportunities.

During FY21 we continued to develop our market-facing Platforms on which we aggregate complementary legal and consultancy services. We have spent a considerable amount of time promoting the Platforms internally and externally. I am delighted with how well our legal and consulting businesses are combining to win multi-disciplinary work from existing and new clients. This gives us increased confidence to continue to invest in broadening and strengthening our Platforms as part of our strategy for profitable growth.

Our segmental performance is dealt with in our Finance Director’s review. In particular, our Property teams traded well throughout the Year and our Corporate and Business Services Teams were extremely busy during H2 FY21, and remain so.

Our Dispute Resolution teams have also been busy. In particular, our International Dispute Resolution practice gained further momentum in FY21 in winning new mandates for complex, top-tier multi-disciplinary international work alongside mainstream insolvency and liquidator appointments and tax avoidance recovery work. This is highly specialist work, delivered through the expertise of a team who have long-established credentials in complex recovery cases in the UK and overseas. This is a good example of the returns that we are able to generate through our strategy to invest in niche, highly specialised services and our ability to leverage counter-cyclical opportunities with established expertise. To assist in winning more of this type of work, we have very recently committed to a new litigation funding facility for long term complex projects.

## Client and industry recognition

We conducted our Group-wide tri-annual client survey during the Year, scoring extremely highly (net promoter score +68). We were delighted with this result, which is in excess of the industry average.

Gateley remains the UK’s most active M&A legal adviser by deal volume according to the latest Experian MarketIQ UK M&A league table. We are currently ranked first in the Midlands and the North West. In difficult times, this is a resounding testament to our referral network, staff and service delivery capabilities.

We were proud to be awarded ‘Professional Services Firm of the Year’ at the 2021 Birmingham Post Business Awards in June. We have also picked up a number of other awards this Year including ‘Excellence in Sales and Marketing’ and ‘Contribution to the Community’ at the Greater Birmingham Chamber of Commerce Awards; ‘Law Firm of the Year’ at the Thames Valley Business Awards and in ‘The Times Best Law Firms 2021’ league table, where we featured across a number of categories. We await the outcome of a number of shortlists including ‘Law Firm of the Year’ and ‘Corporate Team of the Year’ at the 2021 Legal Business Awards.

## Our acquisitions and Platform strategy

A core part of our strategy remains growth and diversification via acquisitions which enhance quality and expertise in our chosen locations and expand the market-facing Platforms on which we aggregate and offer leading legal and consultancy services.

We believe that our strategy differentiates our business from “single discipline” competition, whilst at the same time offering a higher-value, more relevant service as we seamlessly deliver Platform focused legal and consultancy services to our clients. It also makes us more indispensable to our existing clients and more attractive to potential new clients. This is because we can help clients with a wider range of complex stand-alone or inter-related issues that need to be navigated to deliver desired outcomes. Our service lines continue to evolve based, in part, on what our clients tell us they need. Our Plc status and established reputation help us to attract and retain first class professionals who are the backbone of our Platforms.

To this point we have successfully established our Property Platform and our People Platform, on which we have previously reported. During FY21 we won a significant mandate to our Corporate Platform via our International Investment Services (IIS) business. After a competitive tender process IIS were appointed Project Manager and Inward Investment adviser for Cambridge & Peterborough Combined Authority’s (CPCA) new economic growth programme, a programme designed to identify and attract 1,000 innovative and high-growth SME’s and 125 new inward investors to the CPCA region. We have also undertaken significant research across our Business Services Platform in preparation for focused expansion in FY22.

We took a conscious decision not to make any acquisitions during FY21, having completed four earnings enhancing acquisitions during FY20, we focused on integrating the businesses acquired during FY20. However, our strong performance during FY21 and our confidence in our strategy to build a broader professional services group means that we now intend to resume acquisition activity to further strengthen and diversify our services. I am pleased to report that the acquisition pipeline is strong and we remain committed to and excited by acquisition opportunities that may present in FY22 and beyond.

## Current trading and outlook

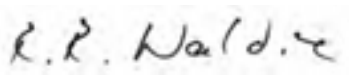
The Group was profitable and cash positive throughout FY21 and we are seeing strong activity levels carry through into FY22 and a good pipeline of new work in most of our units. We are also seeing an increasing trend in larger and longer-term mandates in both legal and consultancy services, including new roles in longer-term programmes delivered via our People Platform to businesses that are now implementing post-pandemic operational reviews. Our recent investment in this Platform and the related opportunities that are now available, encourage us to continue to invest in new capabilities across our Platforms in a way that complements our core legal services.

The stability resulting from decisions that we took in H1 FY21, together with significantly improved trading conditions in H2 FY21, have laid the foundations for a good start to the current year. Our in-built resilience through our balanced business model, allied to our strong culture means that we head into FY22 with confidence, which is unaffected by the recently reported and swiftly contained cyber security incident. There is no evidence that this has impaired the Group’s financial performance.

Our historic performance and our clear and meaningful strategy for the long-term development of our business demonstrate to our people, our clients and investors that their careers, instructions and investments are in safe hands irrespective of macro-economic conditions.

Looking forward, opportunities undoubtedly exist to grow the business and continue to broaden our range of professional services through acquisitions that enhance our client offering and deliver strong returns.

We look forward to the future with confidence.



**Rod Waldie**  
Chief Executive Officer

19 July 2021

# Chief Executive Officer’s Q&A



*“I am pleased with all aspects of the Group’s performance in the year under review, a period during which we successfully navigated the disruption and uncertainty caused by the COVID-19 pandemic. Gateley has demonstrated the resilience of its operating model and diversification strategy, delivering excellent financial results under exceptional circumstances and emerging stronger out of the pandemic.”*

New Chief Executive Officer, Rod Waldie, talks here about how he will ensure that the business will meet the challenges ahead.

**Rod Waldie**  
Chief Executive Officer & Partner  
19 July 2021



## What is your vision for the business?

Our strategy for the business is very clear in terms of a diverse, distinctive and differentiated offering which drives both growth and resilience. Part of that growth is moving towards becoming a wider professional services business where the balance is more pronounced between our consultancy services and our legal business. We believe this makes for a more interesting and rewarding proposition for the people who work in our business as well as our clients and investors.



## What has changed for the business since the pandemic?

Difficult times can also present opportunities and many positives have come out of the pandemic for us as a business and as a team. The global pandemic forced all of us to pause and quite literally, stop. When the economy went into lockdown – something that no Board of Directors could have predicted or planned for - we were all forced to stop what we were doing personally and professionally. For many of us, this has been an opportunity to reflect, recalibrate and reconsider what we do and why we do it. As a team we have emerged stronger and as a business we are confident about the future.

Traditionally, we are an office-based organisation and we are looking to return to our offices as soon as we sensibly can in a safe and efficient way in order to optimise induction, training, and the day-to-day management of the delivery of our services. However, we are doing this alongside further, and likely permanent, agile working in order to capture some of the positive working practices realised during the pandemic.



## How would you describe Gateley’s culture?

We are guided by our purpose - we exist to deliver results that delight our clients, inspire our people and improve our communities. Our culture is inclusive, empowering and builds trust and in an environment in which everyone is welcome and valued. This allows people to play to their strengths in a business which has an infrastructure for opportunity and fair career progression. We have internal networking groups that promote awareness and understanding and drive positive change, including further advances in our diversity and inclusion efforts.

In addition, our culture is a product of the way we integrate our people and is built around our ‘one-team’ approach and what we call the ‘Gateley Team Spirit’; a set of behaviours that underpin who we are as a business. We encourage these behaviours internally and recognise those people who are living and breathing them every day through our annual Gateley Team Spirit Award programme.



## How is the business approaching its ESG responsibilities?

As we have mentioned earlier in this report, we are on a journey when it comes to developing our responsible business strategy and our ESG framework. We will soon be publishing our first Responsible Business Report which will outline our commitment in this area. We are absolutely committed to implementing our purpose-led, ESG framework in a way that contributes to the wider levelling up agenda in the UK and have aligned our strategy to the UK’s 14 Levelling Up Goals. For each of these goals, we are making good progress, and we recognise that we have more work to do as defined in our action plans. Whether you are considering Gateley as an investment opportunity, a future employer, a supplier or as a community partner, we would like to invite you to join us on our journey.



## What are the opportunities for Gateley this year?

Our historical resilience shown through numerous economic cycles combined with a clear and meaningful strategy for the long-term development of our business, demonstrate to staff, clients and investors that their careers, instructions and investments are in safe hands despite the macro-economic environment. Looking to the future, opportunities undoubtedly exist to broaden our range of professional services through acquisitions that enhance our client offering and deliver strong returns and we are very much focused on our growth strategy organically and acquisitively.



## How do you see the legal sector changing in the next 5-10 years?

Taken as a whole, the UK legal services sector is proven to be agile and resilient. We have some of the best law firms in the world and our laws remain the governing laws in many international contracts, allied to a trusted legal system. So, there are good reasons for the sector to remain optimistic and, as always, there are growth opportunities out there.

I think that the biggest changes will be operational. Like us, many businesses have been at the forefront of investment in new technologies and processes to create a better working model. I anticipate deeper investment here as the sector adapts to new ways of working, partly as a consequence of efficiencies that have been realised via agile working due to the pandemic and which I think will shape the “new norm”. This will continue to challenge the traditional operational model in a positive way from my point of view.

I expect that the top 100 firms will continue to outperform the sector as a whole and that there will be further consolidation in core consumer legal markets. For Gateley, our position as a listed professional services business gives us a different and exciting foundation from which to confront change and realise opportunities.



# Finance Director’s review



*“Our track record of delivering profitable annual results, supported by strong cash generation and attractive investment returns, is based on being a responsible business with a strong focus on social and governance objectives.”*



### Financial overview

Activity levels have recovered well from the pandemic-affected start of the Year. As client confidence quickly returned to the UK economy the Group’s activity levels recovered at the half year from 2% down against the prior half year, to positively concluding the Year 8% ahead of FY20. This extremely strong second half of the Year enabled the Group to repair, in full, cuts in pay made in H1 FY21 and to award staff an annual bonus in recognition of their hard work, dedication and contribution to the overall performance of the Group.

The measures taken by the Group to embrace changes in working practices driven by the pandemic resulted in a lower cost-base to carry into FY22, and demonstrate how agile we can continue to be as a professional services business.

Our strategy to conserve cash throughout the Year and wait until the FY21 outcome was known before declaring internal and external stakeholder rewards, from a robust financial position, has proven to be the right decision, and enables us to plan for future growth with confidence in our established, resilient and well-balanced business model.

Our track record of delivering profitable annual results, supported by strong cash generation and attractive investment returns, is based on being a responsible business with a strong focus on social and governance objectives.

**Neil Smith**  
Finance Director

### Revenue

Group total revenue grew by 10.5% (FY20: 6.1%) to £121.4m (FY20: £109.8m). Revenue from core legal service lines grew organically by 5.5% (FY20: 3.5%) and rose by a further 1.0% through increased year-on-year revenue from the acquisition of Tweed. In addition, revenue from complementary consultancy businesses grew by 27.3% to £14.0m or 11.5% of total revenues (FY20: £11.0m or 10.0%), highlighting the on-going success of our Platforms diversification strategy.

With legal and consultancy service lines working increasingly closer together we finished the Year in a stronger position than we started it, with a significantly enhanced pipeline of activity and unbilled work in progress.

Our Property reporting segment performed consistently well throughout the Year, while our Corporate segment navigated unprecedented H2 FY21 increases in transactional activity that did not abate when the UK’s anticipated Capital Gains Tax changes did not materialise. Our legal Corporate reporting segment generated revenue growth of 10.5% (FY20 17.1%) as we remain at the top of deal-volume league tables, as a result of our expertly delivered services to our Private Equity and M&A clients.

Our Property reporting segment grew strongly by 17.0% (FY20: 3.8%) as we took advantage of opportunities generated by our most mature Platform operating at regional and national levels in the UK’s construction, property development and housing markets, which rely upon long-term specialist legal support.

In contrast, whilst litigation activity lines grew within our Banking and Financial Services segment and Business Services segment, the extension of UK-wide government stimulus and support continues to dampen the need for traditional restructuring and recovery activities. The broad balance of services the entire Group provides, however, supports our confidence that we remain well-placed in FY22 to advise clients if difficulties emerge as government support is gradually withdrawn.

Our Employment, Pensions and Benefits segment grew by 4.6% (FY20: 22.8%), as our People Platform consultancy businesses t-three and Kiddy & Partners (‘Kiddy’) in particular needed time to adjust as people interactions were severely impacted by the pandemic. Both t-three and Kiddy have now successfully introduced virtual delivery products and services, to complement their traditional delivery models. Although the immediate effects of the pandemic challenged these businesses, their focus on talent assessment and development and cultural change, represents strong future sales propositions to a client-base inevitably needing to adjust and change as a result of the pandemic. Both businesses are confident of a return to growth in FY22. Employment legal services advice at the end of FY20 was also boosted by furlough advice to clients which was not repeated again in FY21.

### Underlying operating profit before tax

The Group has recorded strong underlying operating profit before tax of £20.5m which has increased by 10.0% from £18.7m in FY20. This resulted in the Group maintaining a consistent trading margin performance of 16.9% (FY20: 17.0%). Despite disruption throughout the Year I am pleased with the Group’s ability to turn improved activity levels across the business into fees, and sensibly manage costs at both personnel and operating expense levels. Our strategy to maintain fee earner headcount in order to service the now visible increase in client activity, as capacity in H2 FY21 reached 98%, and to maximise any cost savings resulting from our agile working strategy, have proven to be the correct strategies to deploy. The table below highlights the significant change we experienced in the second half of the year.

	H1 20 £m	H2 20 £m	FY20 £m	H1 21 £m	H2 21 £m	FY21 £m	FY variance %
Revenue	51.8	58.0	109.8	50.5	70.9	121.4	+10.5%
Other income	0.1	0.6	0.7	1.9	0.6	2.5	257.1%
Personnel costs	(32.0)	(31.5)	(63.5)	(30.7)	(46.8)	(77.5)	+22.0%
Overheads and depreciation	(13.0)	(15.3)	(28.3)	(13.6)	(12.3)	(25.9)	-8.5%
Underlying operating profit before tax	6.9	11.8	18.7	8.1	12.4	20.5	+9.6%
Margin (%)	13.3%	20.3%	17.0%	16.0%	17.5%	16.9%	0.1%
Utilisation (%)	81%	79%	80%	79%	98%	88%	+8.0%
Organic growth (%)	10.5%	2.8%	3.5%	(9.5)%	20.0%	4.7%	+1.2%

## Finance Director’s review continued

Underlying operating profit before tax excludes amortisation of acquired intangibles, impairment of intangibles and all share-based charges. Underlying operating profit before tax has been calculated as an alternative performance measure, in order to provide a more meaningful measure and year-on-year comparison of the profitability of the underlying business.

Extract of UK statement of comprehensive income	2021 £’000	2020 £’000
Revenue	121,375	109,838
Operating profit	17,505	15,361
Operating profit margin (%)	14.42%	13.99%
Reconciliation to alternative performance measure: underlying operating profit before tax		
Operating profit	17,505	15,361
Non-underlying items		
Share based payment charge – Gateley Plc	956	821
Share based payment charge – Kiddy & Partners	-	534
Amortisation of intangible assets	2,073	1,375
Exceptional items		
Acquisitions costs	-	107
Impairment of software development costs	-	463
Underlying operating profit before tax	20,534	18,661
Adjusted underlying operating profit margin (%)	16.92%	16.99%

### Personnel costs and operating expenses

Our total personnel costs increased by 21.9% to £77.5m (FY20: £63.5m) due to the full-year cost of staff introduced to the business through acquisitions made at the end of FY20, and the reinstatement of Group-wide bonuses to all staff following cancellation of all bonuses in FY20 caused by the uncertainty of the COVID-19 pandemic.

Prior to the pandemic, our headcount was increased organically to meet client demand and as a result of making four acquisitions, and notwithstanding the pandemic we took the decision to continue to strengthen our legal and consultancy teams with key hires throughout the Year. Six (FY20 11) new legal partners joined the business and we made nine (FY20 six) internal promotions to legal partner.

Average numbers of legal and professional staff rose by 9.1% (FY20: 15.7%) to 770 (FY20: 706), whilst support staff numbers remained static at 343 (FY20: 341). Personnel costs as a percentage of fees increased to 63.8% of revenue from 57.8% in FY20, excluding share-based payment charges, due to the Board’s decision to retain fee earning staff at the start of the pandemic, together with the reinstatement of Group-wide bonuses in FY21. COVID-19 Job Retention Scheme income totalling £1.9m (FY20: £0.4m) was received during the Year and disclosed within other income. Furlough income has been repaid to HMR&C in respect of those roles that we did not retain in the business beyond 1 November 2020.

Other operating expenses reduced by £2.7m or 11.5% (FY20: increased 8.5%) to £21.0m (FY20: 23.8m) as the cost of travel, marketing and premises reduced following a full year of remote working in line with UK Government policy. Operating expenses as a percentage of revenue decreased by 4.3% to 17.3% (FY20: 21.6%).

### Earnings Per Share (EPS)

Basic EPS increased by 8.1% to 11.18p (FY20: 10.34p). Basic EPS before non-underlying and exceptional items increased by 4.5% to 13.26p (FY20: 12.69p). Diluted EPS increased by 9.5% to 11.10p (FY20: 10.14p). Diluted EPS before non-underlying and exceptional items decreased by 5.8% to 13.17p (FY20: 12.45p).

### Long-Term Incentive Plan (‘LTIP’)

The Group introduced a new LTIP share scheme at the start of the Year that aligns share option rewards with compound annual growth in EPS over a three-year vesting period based on underlying trading profit after tax rather than share price. The LTIP scheme uses EPS growth based on underlying profit after tax, as the most appropriately aligned profit measure that staff participating within the scheme can be held accountable for, and is referred to as underlying fully-diluted EPS starting with the closing performance of the FY19 year. Profits used to calculate underlying EPS each year are disclosed below:

	2021 £’000	2020 £’000	2019 £’000
Reported profit after tax	13,157	11,723	13,041
Adjustments for non-underlying and exceptional items:			
- Anticipated impact of IFRS 16 if it had been adopted in earlier years	-	-	(313)
- Amortisation of acquired intangible assets	2,073	1,375	1,406
- Share-based payment adjustments	956	1,355	655
- Impairment of software development costs	-	463	-
- Acquisition-related costs	-	107	61
Underlying profit after tax	16,186	15,023	14,850
Weighted average number of ordinary shares for calculating diluted earnings per share	118,508,833	115,599,727	112,280,569
Underlying adjusted fully diluted EPS	13.66p	13.00p	13.23p

### Taxation

The Group’s tax charge for the Year was £3.2m (FY20: £3.0m) which comprised a corporation tax charge of £3.8m (FY20: £3.4m) and a deferred tax credit of £0.6m (FY20: credit of £0.4m).

The deferred tax charge arises due to a combination of credits in respect of the share schemes that have vested in past years and the release of deferred tax on brands. The total effective rate of tax is 19.3% (FY20: 20.6%) based on reported profits before tax. The decrease is partially as a result of the decrease in marketing and entertaining costs incurred during the Year that are typically not tax deductible.

The net deferred taxation liability was £0.9m (FY20: £1.2m).

### Dividend

The Board reinstated dividends following the successful outcome of the Year and paid an interim dividend of 2.5p on the 28 June 2021, and proposes a full year final dividend at the Company’s Annual General Meeting on 1 October 2021 of 5.0p (FY20: nil) per share, which if approved, will be paid in mid-October 2021 to shareholders on the register at the close of business on 17 September 2021. The shares will go ex-dividend on 16 September 2021.

### Balance sheet

The Group’s net asset position has increased by £14.4m (FY20: £14.3m) to £59.3m (FY20: 44.8m), due to the following movements:

There was a £22.1m increase in total current assets, resulting from £3.1m additional trade and other receivables available for collection, a £2.2m increase in contract assets (unbilled revenue) and a £16.7m increase in cash at bank. The strong end of year cash position is as a result of conservation of cash at the outset of the pandemic which included the cancellation of all bonuses and dividends payable on the FY20 outturn. This cash policy enabled the Group to repay all outstanding term debt and finish the Year with net cash of £19.6m (FY20: Net debt £(0.9)m). Debt at the Year-end comprised unsecured term loans of £nil (FY20: £3.1m), whilst loans to former partners of acquired businesses totalled £nil (FY20: £0.7m).

Non-current assets increased by £1.0m mainly as a result of an increase of £4.1m from new right of use assets less a £2.7m decrease in intangible assets and goodwill as a result of the reassessment of earn-out payments due to Kiddy and t-three that were deemed no longer due and payable at the end of FY21 due to the effect COVID-19 has had on their ability to meet earn-out conditions previously set.



Finance Director’s review  
continued

The Board has carefully considered the impact of COVID-19 on the future forecasts used in assessing the value in use of the cash generating units to which the goodwill and intangibles relate and determined that despite short term reductions such forecasts are more than sufficient to justify the carrying value of goodwill. Therefore, as at 30 April 2021, the Board concluded that the goodwill and intangible assets do not require impairment.

Total liabilities increased by £8.7m, as the Group reinstated bonuses, that were accrued at the Year-end, but also repaid all deferred government taxes from FY20 and term bank loans in full towards the end of the FY21 year.

Working capital and cash flow

After increasing overdraft facilities at the start of the Year to £20m as a precautionary measure at the outset of the pandemic, they reduced back down to pre-pandemic levels of £10m by the end of the Year.

The Group is confident its strong cash generation supports the day-to-day working capital needs of the Group and is seeking to provide longer-term committed facilities for acquisitions and expansion in FY22. The Group has also agreed terms for a litigation funding facility that will commence in early FY22.

At the Year-end, unbilled revenue recognised in the Group’s statutory accounts; from time recorded on non-contingent work totalled £13.9m or 11.5% of revenue recognised over the Year (FY20: £11.7m or 10.6%) unbilled revenue represented 49 days compared to 48 days of Pro-forma net revenue. Group debtor days remained consistent at 104 days compared to 103 days in FY20 of Pro-forma net revenue and are typically at their peak on the last day of the financial year due to billing activity towards the end of the financial year. Pro-forma net revenue includes revenue from acquisitions on a full year pro-forma basis.

Free cashflow during the Year from operations (post cashflow from IFRS 16 leases) was £20.8m (FY20: £10.6m) which represents 158.2% (FY20: 90.2%) of profit after taxation.

	2021 £’000	2020 £’000
Net cash generated from operations	29,457	15,229
Tax paid	(4,039)	(2,767)
Net interest (paid)/received	(1,197)	97
Cash outflow from IFRS 16 leases (rental payments excluded from operating cash flows under IFRS 16)	(2,890)	(801)
Purchase of property, plant and equipment	(503)	(857)
Purchase of other intangible assets	(10)	(329)
Free cash flow	20,818	10,572
Underlying profit after tax	13,151	11,723
Free cash flow	158.2%	90.2%

Summary

After laying sensible foundations at the start of the Year to minimise spending and conserve cash, the Group has successfully navigated through the financial effects of COVID-19 on the business. We have seamlessly adapted to agile working and as activity levels strengthened, we have returned pay cuts to staff and benefitted from the cost-savings opportunities that have arisen. We conclude another Year of growth with significant net cash, a strong pipeline of activity and renewed confidence in our strategy to diversify further and become a wider professional services group.

Neil Smith  
Finance Director  
19 July 2021

Principal objectives,  
strategy and outlook

The principal activity of the Group during the year was the provision of commercial legal services together with complementary professional consultancy services.

The Group delivers its services through 23 business lines, grouped into five operating segments. Dependent on a client’s requirements, any given instruction or assignment can involve more than one business line with fee earning staff being provided across one or more geographical office location.

The Group’s services are tailored to those required by local, regional and national clients and are provided from 10 offices across the UK, as well as an office in Dubai. Gateley also maintains informal, non-exclusive, relationships with a number of law firms (30+) around the world, enabling it to provide clients access to a global legal solution.

Gateley became an Alternative Business Structure (“ABS”) with effect from 1 January 2014. Non-lawyers are permitted to own and invest in ABS law firms. The Board believes a combination of the ABS structure and admission to trading on AIM provides a platform for the continued profitable growth and future diversified development of the business. It enables the business to differentiate itself from its competition through an enhanced service-offering and unique career opportunity, to diversify its revenue streams through the acquisition of additional complementary legal and professional consultancy service businesses and finally to incentivise its people offering wider and earlier ownership to staff of a more modern, dynamic business.

The Group’s current areas of focus are:

- Enhanced opportunities to grow Gateley organically – including lateral hires of individuals or teams
- Making selective acquisitions, including (i) other legal firms which offer geographical expansion or additional specialist services and (ii) professional consultancy service businesses offering complementary services
- Building out the Group’s Platforms which comprise clusters of complementary group services presenting a broader and more compelling offering
- Alignment through share participation, of the interests of shareholders (including employee shareholders) with those of the business, aiding retention of staff and enhancing Gateley’s recruitment appeal.

# Principal objectives, strategy and outlook continued

## Organic growth strategy

The UK legal services market continues to exhibit growth and clear opportunities exist for Gateley to continue to differentiate its service offering and grow organically, in particular from:

- The retention of existing employees, working together to deliver 100% client satisfaction by looking after our clients’ businesses as if they were our own;
- Attracting new talent wishing to be a part of a pioneering legal and professional services group;
- We will continue to provide enhanced cross-selling opportunities through collaborative working via our Group-wide Platforms;
- Continued strengthening of our national network, offering a quality, value-for-money legal service to mid-market clients at home, in the markets in which they trade;
- Continue to build upon our straight talking mid-market corporate service offering;
- Maintaining and building upon Gateley’s bank panel representation and “own account” work for banks; and
- Extending Gateley’s relationships with the UK’s leading house builders and in particular in those divisions and regions where Gateley does not currently act.

## Acquisitive growth

Gateley believes that it can strengthen its business by broadening its service offering through the acquisition of complementary legal and consultancy service businesses. A broader set of services create additional channels to market, increase cross-sales potential, facilitate a more flexible sales model and enhance client retention. To owners of target complementary professional services businesses Gateley offers a platform for their continued growth, drawing upon Gateley’s established national office network and supporting back-office infrastructure and access, via Gateley’s existing “sales force” of partners and other lawyers, to Gateley’s existing client-base. Gateley will expand by:

- being well positioned, as a result of its more flexible corporate structure, to take advantage of anticipated consolidation within the UK legal services industry;
- acquiring legal teams or firms offering new niche services, sector specialism, or an opportunity to enter new geographic markets deemed strategic; and
- acquiring complementary professional services businesses (facilitated by the Group’s alternative business structure).

## Incentivisation

Gateley operates a range of employee share schemes that ensure all staff can acquire shares and participate in the financial success of our business.

The aim of encouraging earlier and widespread equity ownership in the business is to attract, retain and motivate talent and to ensure all employees can benefit from the Group’s longer term success.

## Overview for the year

See Finance Director’s review on pages 22 to 26 for a summary of key financial highlights during the year.

Management uses a number of financial and Non-GAAP alternative performance measures to assess the performance of the Group which are detailed below.

### Financial Measures

- Revenue up 10.5% (2020: 6.1%) to £121.4m (2020: £109.8m)
- Profit before tax up 10.5% (2020: down 7.5%) to £16.3m (2020: £14.8m)
- Profit after tax up 12.2% (2020: down 10.0%) to £13.2m (2020: £11.7m)
- Operating profit margin 14.4% (2020: 14.0%) – Operating profit as a percentage of revenue
- Basic Earnings per share (EPS) up 8.1% (2020: down 12.6%) to 11.18p (2020: 10.34p)
- Total dividend declared up 100% to 2.5p (2020: down 100% to nil)

### Alternative Performance Measures (APMs)

- Operating profit before non-underlying charges up 10.0% to 20.5m (2020: £18.7m). Operating profit before non-underlying charges excludes income or expenses that relate to amortisation, share based payment charges and non-underlying and exceptional items, see reconciliation on page 24. This measure is used as it removes the impact of non-cash items charged to the income statement, giving a more representative view of the Group’s performance for the year;
- Operating profit margin before non-underlying charges 16.9% (2020: 17.0%) – Operating profit before non-underlying charges as a percentage of revenue;
- Revenue per pound of salary cost £1.57; (2020: £1.73): Employees are the driving force behind revenue earned and also the largest operating expense within the Group. Therefore this measure is vital in monitoring the ratio between the two;

- Revenue days 92 (2020: 102): This measure expresses year end trade receivables (excluding unbilled disbursements and expenses) as the number of preceding days’ gross revenue. The measure is used to monitor the cash generation and working capital cycles of the business with the view to minimise the average days taken to collect revenue once it is billed;
- Utilisation 88% (2020: 80%): Utilisation represents an average of the total hours billed as a percentage of total budgeted hours for each employee. The measure is used by Management to ensure efficient people management across the various segments and an early indication of Group activity levels;
- Gearing ratio 0.0% (2020: 8.5%): This ratio shows the proportion of total debt to total equity within the business. The business monitors this ratio to ensure that the liquidity and funding of the business continues to fall in line with its overall strategy to maintain a low level of gearing; and
- Net cash/(debt) £19.6m (2020: £(0.9)m): Net debt is calculated by subtracting the cash balance from the amount of other interest-bearing loans and borrowings. The measure is used to monitor the level of debt within the Group and ensure that this remains in line with the adopted business strategy.

## Earnings per share (EPS)

Basic EPS was 11.18p (2020: 10.34p). Diluted EPS was 11.10p (2020: 10.14p). Adjusted, fully diluted EPS was 13.17p (2020: 12.45p).

## Cash flow generated and net debt position

Net cash generated from operating activities was £24.8m (2020: £12.5m).

The Group’s net cash/(debt) position as at 30 April 2021 was £19.6m (2020: £(0.9)m).

## Going concern

The Group’s business activities, together with the factors likely to affect its future development, performance and position, are set out in the Finance Directors review, together with the financial position of the Group, its cash flows, liquidity position and borrowing. Financial projections have been prepared to April 2022 which show positive earnings and cash flow generation. The COVID-19 situation at the start of the year created an unprecedented and constantly changing challenge to all businesses. Management successfully navigated the business through the impact of the pandemic on the Group’s financial performance.

The Group has applied sensitivities (informed by the past experiences of the Group since the onset of the pandemic, including the Group’s time recording activity, fee generation and cash collections) to the current financial projections based on various downside scenarios to illustrate the potential impact from a downturn in client activity. Over the last 12 months the Group has proven that its business model can operate in an agile way to allow staff to work 100% of the time from home. Therefore, Management does consider there would be any loss of utilisation in the Group’s personnel from home working or a loss of capacity from staff being unable to work due to sickness.

This process included a reverse ‘stress test’ used to inform downside testing which identified the break point in the Group’s liquidity. Whilst the sensitivities applied do show an expected downside impact on the Group’s financial performance in future periods, in all scenarios modelled the Board has identified the appropriate mitigating actions in order for the Group to maintain a robust balance sheet and liquidity position. In addition, the Board has also considered mitigating actions such as lower capital expenditure, reductions in personnel and overhead expenditure and other short-term cash management activities within the Group’s control as part of its assessment of going concern.

Furthermore, as an extra safeguard to support the Group’s liquidity position the Board has worked closely with its supportive banks in order to find the right balance between overdraft and other longer term funding facilities. As at 30 April 2021 the Group operates an unsecured overdraft facility of up to £10m, it has repaid all term debt during the year totalling £2.4m and is currently in discussions regarding a litigation funding facility of up to £20m to support the working capital needs of large litigation work streams and an acquisition funding facility alongside a revolving credit facility. Due to its sensibly managed cash position resulting in net cash at the 30 April 2021 of £19.6m these new facilities have not yet been finalised but the Group aims to have these in place by 31 October 2021.

The Group expects to be able to operate within the Group’s existing financing facilities for the foreseeable future and currently demonstrates significant debt capacity headroom based on its strong financial performance. Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis of accounting in preparing the annual Group financial statements.



# Principal risks and uncertainties

The Board monitors both existing and emerging risks. The operational Risk Committee identifies risks facing the business, recording these in the risk register and regularly assesses the status of these risks. Many of the risks faced by the Group are similar to those risks faced by any business but those considered to be key risks for the Group are detailed below. Due to the nature of the business and the markets in which it operates, many of the risks it faces are ongoing, proving relevant to more than one single year.

Details of Risk	Mitigating Factors
Ongoing economic impact of COVID-19 pandemic	
Whilst the COVID-19 pandemic has created an unprecedented and constantly changing challenge to all businesses since its onset in the UK around March 2020, Gateley has established over that period that COVID-19 carries a relatively low risk impact due to the nature of the Group’s business model, its work streams and its ability to adapt to homeworking. We believe the risks to the Group posed by the COVID-19 pandemic are as follows:	The Group has proven that it is well positioned to withstand the effects of the COVID-19 pandemic and any resultant downturn. This is believed to be due to the broad-based nature of the Group’s activities; comprising legal and non-legal services delivered to a diverse well spread client base. The balance between transactional services and litigation services effectively hedges the position of the business. Whilst lockdown restrictions initially impacted clients the ability of clients and the Group to adapt to the home working environment has reduced the impact over time.
<b>Liquidity risk</b> <ul style="list-style-type: none"><li>Elements of any potential future disruption could impact the Group’s ability to convert unbilled time into fees as client activity is affected by the pandemic which could slow down collection of cash as forecast; and</li><li>Slow-down in business development activity may reduce future forecast fees and cash flow, however it is likely that this would be mitigated by a slow-down in recruitment activity.</li></ul>	The Group has demonstrated that it is prepared to take steps to preserve the liquidity of the business including cancelling dividends, cancelling bonuses, freezing pay and reducing non-essential expenditure. The Company remains confident that other mitigating actions are available alongside alternative sources of funding should further action be needed.
<b>Risk of loss of efficiency</b> <ul style="list-style-type: none"><li>Disruption impacting clients causing delays in concluding ongoing work due to change in their working practices.</li></ul>	In the last financial year the reduction on efficiency was minimal and staff have adapted exceptionally well to home working. Our Learning and Development and IT teams have been extremely active in ensuring staff are supported in the use of IT and the new ways of working whilst our Business Development team have expanded the use of social media and webinar platforms to reach out to existing and new clients in order to protect against any decline in client activity.
<b>Risk of loss of projected capacity</b> <ul style="list-style-type: none"><li>Team members being incapacitated or having to care for other family members;</li><li>The slow-down in recruitment which is likely to be partially offset by lower attrition;</li><li>Risk in winning and mobilising new projects;</li><li>Some clients and sectors slowing down due to further social distancing and government restrictions; and</li><li>Practical challenges in planning and starting projects that have historically used physical presence in areas such as People consultancy or land and building inspections.</li></ul>	
<b>Risk in IT &amp; security</b> <ul style="list-style-type: none"><li>A possible breach of IT security through remote working, although significant activity has been undertaken by the business over a number of years to mitigate this risk.</li></ul>	
<b>M</b> Chance: Medium (changed from High last year)	
<b>L</b> Impact: Low (changed from High last year)	
<b>=</b> Change in risk: No change	
Economic impact of ‘Brexit’	
The United Kingdom stopped being a member of the European Union on 31 January 2020 with minimal impact on the economy. However, with an exit agreement to be finalised the impact of Brexit continues to be unclear.	The Group considers that it is well positioned to withstand an economic down-turn that may result from Brexit by virtue of the broad-based nature of the Group’s activities; comprising legal and non-legal services delivered to a diverse client base. The balance between transactional services and litigation services effectively hedges the position of the business. In addition, the Group believes that regardless of the outcome of Brexit, English Law will remain one of, if not the pre-eminent legal code, protecting demand for UK legal services even in economically challenging times.
<b>L</b> Chance: Low (changed from undetermined last year)	
<b>L</b> Impact: Low (changed from Medium last year)	
<b>=</b> Change in Risk: No change	

Details of Risk	Mitigating Factors
Reputation	
The success of the Group’s business depends on the maintenance of good client relationships and its reputation for providing high-quality professional services. If a client’s expectations are not met, or if the business is involved in litigation or claims relating to its performance in a particular matter, the Group’s reputation could be significantly damaged.	The Group constantly endeavours to maintain its reputation as a provider of client focused commercial advice and has adopted internal management processes and training programmes to support this. Its legal services are Lexcel accredited (the SRA’s quality standard). These standards are applied across the non-legal parts of the business where applicable.
The Group’s reputation could also be damaged through Gateley’s involvement (as an adviser or as a litigant) in high-profile or unpopular legal proceedings. The Group may incur significant reputational and financial harm if such litigation is successful or if there is negative press coverage.	New clients and matters go through an internal acceptance process that includes a comprehensive risk assessment. This includes consideration of potential impact of each engagement on the Group’s integrity and reputation.
The Group regards its brand names, trademarks, domain names, trade secrets and similar intellectual property as important to its success. Its businesses have been developed with a strong emphasis on branding. Should the brand name of Gateley be damaged in any way or lose market appeal, the Group’s businesses could be adversely impacted.	While the Group will use all reasonable endeavours to protect its intellectual property rights should this be required, it may not be able to prevent any unauthorised use or disclosure of its intellectual property having an adverse effect on operating, marketing and financial performance of the Group.
<b>M</b> Chance: Medium	
<b>H</b> Impact: High	
<b>=</b> Change in risk: No change	
Operational & IT risk	
The Group places significant reliance on its IT systems, any loss of these facilities or provisions would have a serious impact on the Group’s operations. Due to the nature of this risk no assurances can be given that all such risks will be adequately covered by its existing systems.	The Group monitors the resilience of its information systems and other facilities on an ongoing basis, working with external partners to support the delivery of its internal and client facing IT provision.
The Group is in the process of transitioning to a new practice management system (“PMS”). With any transition of this nature there is a risk to data retention and integrity as well as business continuity.	The Group has in place a business continuity plan and an IT disaster recovery plan that are reviewed as appropriate.
<b>M</b> Chance: Medium	The Group, and external partners assisting in the development and implementation of the new system, have undertaken risk assessments and have concluded that adequate safeguards are in place to minimise the risk of loss or disruption to the business.
<b>H</b> Impact: High	
<b>=</b> Change in risk: No change	
Cyber risk	
Due to the nature of the Group’s business and its reliance on IT platforms, the Group is at risk of cyber attack. The risk of cyber attack continues to increase not just within the legal and other professional services sectors but for all businesses operating via the internet across the world. The risk to the Group relates primarily to the risk of malicious hacking of the Group’s systems with consequent risk to client data or of ransom attacks.	The Group and the Risk Committee are aware of the increasing cyber risk. The risk cannot be avoided as IT systems are fundamental to the delivery of the Group’s services. Accordingly the Group has an ongoing programme based on the adoption and continual improvement of IT security controls and business procedures to mitigate this risk.
<b>H</b> Chance: High (changed from Medium last year)	The Group regularly reviews and tests its security arrangements, for example implementing regular third party penetration tests, in order to identify and subsequently address possible weaknesses within the current systems.
<b>H</b> Impact: High	In June 2021 the Group experienced a cyber attack. Fortunately the attack was identified quickly, and significant disruption was avoided. A full review of the incident has been carried out and enhancements to the Group’s IT security arrangements are being and will continue to be implemented as part of the Group’s ongoing programme to mitigate this risk.
<b>^</b> Change in risk: This risk continues to increase as demonstrated by the regular reporting of attacks experienced by other businesses.	

Principal risks and uncertainties continued

Details of Risk	Mitigating Factors
Professional liability and uninsured risks	
<p>The Group provides professional services, predominantly legal advice. Like all providers of professional services, it is susceptible to potential liability from negligence, breach of client contract and other claims by clients. The professional indemnity insurance held by the Group may not be adequate to indemnify the Group for all liability that may be incurred (or loss which may be suffered). Any liability or legal defence expenses that are not covered by insurance or are in excess of the insurance coverage could have a materially adverse effect on the Group's business and financial condition.</p>	<p>The Group is advised by market leading insurance brokers and the Directors believe that it holds comprehensive professional liability insurance. Any claims are defended strongly by senior members of the business at all stages and external advice is sought where appropriate. The Group works hard to ensure its employees provide excellent advice and services to its clients, underpinned by quality processes and bespoke training programmes. In the opinion of the Directors the Group has a good claims history.</p>
<div><div>L</div>Chance: Low</div> <div><div>M</div>Impact: Medium</div> <div><div>=</div>Change in risk: No change</div>	
Regulatory Compliance	
<p>The Group, like all businesses, is subject to a range of regulations, for example, AIM Rules and the Solicitors Regulation Authority's ("SRA") Code of Conduct for Firms. Failure to comply with these could have significant implications for the business ranging from reputational damage to criminal prosecution and sentencing. The Group operates in a regulated market which imposes additional regulation, including restrictions on holdings of 10% or more under the Legal Services Act 2007. This Act dictates that the acquisition by any non-deemed approved lawyer of a restricted interest (a shareholding of 10% or more) in Gateley Plc, (which is an SRA Licenced Body) without the prior consent of the SRA would be treated as a criminal offence. The SRA also has the power to force the divestment of any shareholding that breaches the rule or revoke the Licenced Body status of Gateley Plc which would have a serious effect on the Group.</p> <p>The SRA also regulates the use and disclosure of client information. The Group is exposed to the risk of employees engaging in misconduct, including the improper use or disclosure of confidential client information. Employee misconduct could result in considerable harm to the Group's reputation, as well as regulatory sanctions and financial damage.</p>	<p>The Directors are in a dialogue with the SRA to minimise such risk and as far as they are able, ensure that this particular regulation is made known to shareholders.</p> <p>Staff are trained and reminded of these duties and file management processes are in place to mitigate this risk, but it cannot be removed in full.</p>
<div><div>L</div>Chance: Low</div> <div><div>M</div>Impact: Medium</div> <div><div>=</div>Change in risk: No change</div>	

Details of Risk	Mitigating Factors
Employees	
<p>Well trained and experienced employees are essential for the delivery of excellent professional services. The market for such employees remains competitive and the loss of or failure to recruit and retain such employees could impact on the Group's ability to deliver professional services and financial performance.</p> <p>A failure to implement effective succession planning throughout the business could also adversely affect financial performance.</p> <p>The geographical spread of management and the development of new offices and operations could compromise effective communication and responsiveness impacting the Group's strategic goals.</p>	<p>Recruitment is led by senior members of the business with all professional staff being interviewed by partners and senior managers.</p> <p>Remuneration arrangements include a range of benefits and are considered to be highly competitive.</p> <p>Employee contracts include appropriate provisions to protect the business where possible.</p> <p>A comprehensive training programme is in place for all staff providing management, leadership, technical and skills training.</p> <p>The Board and the Boards of the Group companies are responsible for the implementation of succession plans for each of the businesses and investment continues to be made in the recruitment of appropriate staff where required.</p> <p>Use of internal communications systems are continuously reviewed and developed to meet staff needs.</p> <p>The Group has a vision statement which sets out the core values and behaviours expected of staff.</p>
<div><div>M</div>Chance: Medium</div> <div><div>H</div>Impact: High</div> <div><div>=</div>Change in risk: No change</div>	
Acquisition risk	
<p>The Group's strategy is for growth, both organically and by acquisition. Acquisitions may not always realise the benefits expected at the time of completion.</p> <p>A failure to successfully integrate acquisitions may impact on Group profitability.</p> <p>The availability of viable acquisition opportunities may decrease.</p>	<p>The Group will consider complementary and earnings enhancing acquisitions as part of its overall growth strategy. Acquisitions may not always realise the benefits expected at the time of completion.</p> <p>Integration plans are formulated as part of the acquisition process and executed in anticipation of and following acquisition as appropriate.</p> <p>The Board considers that the recent consolidation within the professional services market will continue and that as a result there will be continuing availability of businesses for acquisition.</p>
<div><div>L</div>Chance: Low</div> <div><div>M</div>Impact: Medium</div> <div><div>=</div>Change in risk: No change</div>	

Management have considered the principal risks and uncertainties faced by the Group for the year and not felt the need to add or remove any risks to those disclosed last year.



Section 172(1) statement

The Directors consider that they have acted in the way most likely to promote the success of the Group for the benefit of its members.

In doing so the Directors have paid regards to key stakeholders and other matters set out in s172(1) of the Act when making decisions in the year, including:

- likely consequences of any decisions in the long term;
- interests of the Group’s employees;
- need to foster the Group’s business relationships with clients, suppliers, and others;
- impact of the Group’s operations on the community and environment;
- Group’s reputation for high standards of business conduct; and
- need to act fairly between members of the Group.

The disclosures set out below are some examples of how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) when discharging their section 172 duties and the effect of that on certain decisions taken by them. More detail on how our Board operates can be found in the Corporate Governance Report on pages 39 to 62. Illustrations of how section 172 factors have been applied by the Board can be found throughout the Strategic Report. For example, details of how we have considered the impact of the Company’s operations on the environment are set out below. Details of stakeholder engagement, including clients and employees, can be found under Principle 3 of the Corporate Governance Statement, on pages 48 to 59.

Board decision made in the year	Application of s.172
<b>Strategy:</b> Acquisition of businesses during the year	The Group has an acquisitive growth strategy. In the 2021 financial year however, the Board made the decision not to progress any further acquisitions as a result of the COVID-19 pandemic. In reaching this decision the Board considered potential worse-case-scenario cash flows and concluded that it was appropriate to preserve cash reserves to ensure the continued ability to pay suppliers and employees in the event of an economic downturn.
<b>Strategy:</b> Dividend	The Board has declared an interim dividend of 2.5p per share and proposes a final dividend of 5.0p per share. In reaching this decision the Board considered its shareholders’ requirements and the fact that no dividend had been paid in the previous financial year in order to preserve cash reserves at the outset of the COVID-19 pandemic. The Board determined closing cash reserves to be sufficient to ensure the continued ability to meet future employee and creditor liabilities based on the results of FY21, and agreed it was appropriate to return to the business’s original dividend strategy.
<b>Governance:</b> Board effectiveness	The Group evaluates the performance and effectiveness of the Board, its Directors and Chair each year to ensure the right balance of skills, experience and knowledge is maintained in order for each to perform their duties effectively and deliver strong continued growth.
<b>Finance:</b> Approval of 2021/22 budget	The Group’s business plan is to drive sustainable growth in the long term, which is in the interest of all stakeholders. The Board has paid close consideration to this objective in establishing and approving the FY22 year -end budget. In the current economic climate this has involved close monitoring of the impact of COVID-19 on each sector in which the Group operates, ensuring no over reliance on a single market or client; ensuring the Group is well placed to continue to deliver a high standard of client service through new ways of working; and increasing focus on minimising our environmental impact.

Environmental actions statement

The Board believes good environmental practices, such as the recycling of paper waste and conservation of energy usage, will support its strategy by enhancing the reputation of the Group. However, due to the nature of its business generally, the Group does not have a significant environmental impact.

UK energy consumption and Greenhouse Gas disclosure

The Companies Act 2006 (Strategic Report and Directors’ Report) Regulation 2018 requires Gateley (Holdings) Plc to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been calculated using previously set guidance from an independent third party consultancy.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held –this includes electricity, natural gas, and business travel in company-owned or grey-fleet vehicles. The table below details the regulated SECR energy and GHG emission sources for the current reporting period 1 May 2020 to 30 April 2021 and shows a comparison against last year 1 May 2019 to 30 April 2020.

Gateley (Holdings) Plc is committed to reducing its environmental impact and contribution to climate change and has identified an Energy Manager to review environmental initiatives as appropriate, beginning with the creation of an energy-saving action plan to identify areas of the business where energy can be saved. During the year the Group has implemented changes including the introduction of an extensive paper light initiative contributing to a decrease in printing and paper waste; the provision of further recycling bins in our offices and a change to energy saving LED lights.

	2021	2020	Change
<b>Energy (thousand kWh)</b>			
Natural Gas	1,131	1,313	(13.9)%
Electricity	2,300	5,020	(54.2)%
Transport	122	311	(60.8)%
<b>Total energy (thousand kWh)</b>	<b>3,553</b>	6,644	(46.5)%
<b>Emissions (tCO2e)</b>			
Natural Gas	208	241	(13.7)%
Electricity	536	1,421	(62.3)%
Transport	29	73	(60.3)%
<b>Total SECR emissions</b>	<b>773</b>	1,735	(55.4)%
<b>Intensity metrics</b>			
£m turnover	121.4	109.8	10.6%
<b>tCO2e per £m of turnover</b>	<b>6.4</b>	15.8	(59.7)%
Average headcount	1,113	1,047	7.2%
<b>tCO2e per employee</b>	<b>0.7</b>	1.7	(58.8)%
Square footage (thousand sq.ft)	125	125	0.0%
<b>tCO2e per square foot</b>	<b>6.2</b>	13.9	(55.4)%

Environmental actions statement continued

COVID-19 Pandemic

The Group’s ‘normal’ business operations were significantly impacted by the COVID-19 pandemic. As of 23rd March 2020 the Group has drastically reduced the number of employees working in our offices by implementing a working from home where possible policy. A small number of staff, essential to business continuity, continued to work from the office in a COVID secure environment.

This policy has resulted in a significant decrease in the Group’s actual emissions, however as this does not provide a true comparison of the year-on-year changes, the Group has undertaken an analysis of the 2020 financial year consumption to determine an illustration of the emissions should the Group have continued to operate as normal.

Total consumption for the Group is likely to have increased due to the increase in average headcount of 66 people. The estimated emissions therefore are based on an estimated increase of 2020 electricity consumption within the offices due to increased

occupancy. This has resulted in increased Scope 2 consumption, however, due to reductions in the electricity conversion factors, as decrease in Scope 2 emissions. It is expected that measures by the business such as LED lighting refurbishment in offices will have reduced energy consumption, however, the Group has not been able to robustly quantify this reduction.

Gas consumption and business travel is not expected to have altered significantly should the Group have continued normal operations through the reporting year and as such consumption values for the 2020 financial year have been used in the analysis.

The Group anticipates increased occupancy within the offices over the coming months, whilst this will see an increase in actual consumption, the Group is committed to managing this increase and implementing necessary strategies to help achieve its environmental goals.

UK emissions (tCO2e)	2021 Emissions (actual)	2020 Emissions	Percentage change 2021 v 2020	2021 Estimated emissions	Estimated percentage change
Natural gas	108	241	(13.7)%	241	0.0%
Electricity	536	1,421	(62.3)%	1,304	(8.2)%
Transport	29	73	(60.3)%	71	(2.7)%
Total	773	1,735	(55.4)%	1,616	(6.9)%

Data records and methodology

Metered kWh consumption taken from supplier or landlord invoices is reported where possible. An exception to this is the energy consumption at the Group’s London premises, which has been calculated using manual meter readings. Where no data was available, energy consumption has been estimated based on an average kWh/ft2 for the portfolio data that has been collected.

Scope 1,2 and 3 consumprion and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting years ending 30 April 2020 and 30 April 2021 respectively:

- Database 2029, Version 1.3
- Database 2020, Version 1.0

Social matters

We believe that running a profitable and growing business, which creates jobs and contributes to the economic success of the communities in which it operates, is a platform for good corporate social responsibility.

We have a long-standing commitment to support our staff in engaging with their local communities and charities. This social awareness is present throughout the business, from our employees to our clients, our professional connections and the suppliers we work with. Our ongoing contribution through the commitment of our people to their local community continues to improve lives and build these communities.

Sustainability

To deliver strong, sustainable shareholder returns over the long-term the operation of a profitable business is a priority and that means investing for growth. To achieve this, the Group recognises that it needs to operate in a sustainable manner and therefore has adopted core principles to its business operations which provide a framework for both managing risk and maintaining its position as a good ‘corporate citizen’.

Charities and communities

We have a high level of engagement within our local communities. Each year, we sponsor business, sports and community awards. Our business has benefited greatly from winning numerous awards and we feel it’s right to help other businesses reap the rewards of such accolades. In addition, we sponsor a variety of local clubs, business and sports related events across the country. We believe this brings many benefits to the local community and beyond. Our staff vote annually to choose local office charities to support throughout the year with fund raising activities engaging staff, clients and communities in a number of enjoyable events.

Developing our people

The Group continues to create opportunities for staff at all levels of the Group. We have a strong track record as an employer of choice in the provision of legal graduate traineeships and apprenticeship schemes highlighting our motivation to ‘grow our own’. Trainees work alongside qualified professionals in completing a period of recognised training (often known as a training contract) giving individuals supervised experience in legal practice. This is the final stage of the process of qualification as a solicitor where they refine and develop their professional skills.

For our non-lawyer employees we offer both internal and external routes to qualifications and accreditations within their chosen sector and area of expertise.

In order to oversee our people development we have a dedicated internal training team on hand with soft skills and professional course guidance to enhance staff careers and upskill our staff at all levels throughout the year.

Diversity and inclusion

We are an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of race, sex, marital/civil partnership status, age, disability, religious belief, pregnancy, maternity, paternity, gender identity or sexual orientation. We have four employee network groups providing support to staff.

- **Unity** – Unity recognises, celebrates and supports employees from all different cultures, religions, backgrounds and those with disabilities. Our Unity network group highlights and celebrates events across all our offices to ensure we have an environment where all employees have room to breathe and feel comfortable bringing their full selves to work;
- **Thrive** – Our Thrive network group supports the health and well being of all employees to promote high levels of performance both physically and mentally across the Group. The Thrive group runs a series of events and training programmes throughout the year to raise awareness and to inspire our people to take care of themselves and those around them;
- **Inspire** – Our Inspire network group has been set up to nurture, develop and provide support to all of our talent with a particular focus on career milestones and enabling our people to carve the careers they want successfully; and
- **Pride** – The Pride network group provides a welcoming, supportive, safe and confidential space for staff affected by sexual orientation and gender identity issues to share experiences, ideas or concern.

Modern slavery

We are committed to preventing acts of modern slavery and human trafficking from occurring within our business and supply chain, and expect our suppliers to adopt the same high standards. As part of our commitment to combating modern slavery, the Directors have approved the adoption and implementation of a specific modern slavery policy. We expect all of our suppliers to adhere to our Anti-Slavery Policy and will not tolerate slavery and human trafficking within our supply chains.

Our slavery and human trafficking statement, made in accordance with section 54(1) of the Modern Slavery Act 2015 can be found on our website, [www.gateleyplc.com](http://www.gateleyplc.com).



Social matters  
continued

Anti-bribery policy

We value our reputation for ethical behaviour and upholding the utmost integrity and we comply with the FCA’s clients’ best interests rule. We recognise that in addition to the criminality of bribery and corruption, any such crime would also have an adverse effect on our reputation and integrity and we do not tolerate bribery and corruption in our business. We limit our exposure to bribery and corruption, we ensure all our employees are adequately trained and our suppliers are aware of our position, by:

- Setting out clear anti-bribery and corruption policies;
- Providing mandatory training to all employees;
- Encouraging our employees to be vigilant and report any suspected cases of bribery in accordance with the specified procedures; and
- Escalating and investigating instances of suspected bribery and assisting the police or other appropriate authorities in their investigations.

Gender pay reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires all employers with 250 or more employees in the UK to publish details of their gender pay gap. Its aim is to achieve greater transparency about gender pay difference. The analysis is based on data as at 5 April of each year and shows the differences in the average pay between men and women. The Group has submitted its data on gender pay to the government and published these details on our website.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged and support provided. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed regularly on matters directly affecting them and Group wide developments. This is achieved through informal discussions between Management and other employees at a local level after Board meetings which are held across our office network, in annual briefing presentations to each office location and through the formation of committees and Boards at different levels across the Group together with

an active social events calendar. The Group further encourages employee involvement in the performance of the business through participation in share schemes, including the SAYE and CSOP schemes. Our internal digital communication platform, refreshed in 2019, is now a hub of activity and communication across the Group and used extensively for social interaction as well as internal training, policy updates, cross selling activity and recognition of recent successes from around the Group.

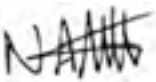
Political donations

The Group made no political donations in the year (2020: £nil).

Approval

The strategic report contains certain forward-looking statements, which are made by the Directors in good faith based on the information available to them at the time of their approval of this annual report. Statements contained within the strategic report should be treated with some caution due to the inherent uncertainties (including but not limited to those arising from economic, regulatory and business risk factors) underlying any such forward-looking statements. The strategic report has been prepared by Gateley (Holdings) Plc to provide information to its shareholders and should not be relied upon for any other purpose.

Pages 13 to 38 constitute the strategic report, which has been approved by the Board of Directors and signed on its behalf by:



Neil Smith  
Finance Director

19 July 2021

Corporate  
governance



# Board of Directors

Details of the Directors’, their roles and their backgrounds are as follows:

1	2	3	4
<b>Nigel Payne</b> Non-Executive Chairman	<b>Rod Waldie</b> Chief Executive Officer	<b>Peter Davies</b> Chief Operating Officer	<b>Neil Smith</b> Finance Director and Company Secretary
aged 61	aged 53	aged 63	aged 45

Nigel has extensive experience of listing companies, fund raising on the public markets and acting as either Chairman or Non-Executive Director of public and private companies. In addition to his Gateley responsibilities as Chairman, Nigel is also presently the Non-Executive Chairman of Main Market quoted Braemar Shipping Services Plc, a Non-Executive Director of AIM quoted GetBusy Plc, as well as being the Non-Executive Chairman of Green Man Gaming (Holdings) Plc, a Non-Executive Director of Ascot Racecourse Betting and Gaming Limited and Non-Executive Director of Kwalee Limited.

Previously Nigel was the Chief Executive Officer of Sportingbet Plc, one of the world’s largest internet gaming companies. Nigel has also previously been the Non-Executive Chairman of AIM quoted EG Solutions Plc, the Non-Executive Chairman of AIM quoted Stride Gaming Plc, the Non-Executive Chairman of AIM quoted Hangar8 Plc, the Non-Executive Chairman of AIM quoted ECSC Plc and a Non-Executive Director of AIM quoted Gama Aviation Plc.

Rod was appointed to the position of Chief Executive Officer on 1 May 2020. He has been a key member of the Group’s Strategic Board since joining the business via the acquisition of the Manchester office of Halliwell’s LLP in 2010. Prior to his appointment as Chief Executive Officer, Rod was the Senior Office Partner of the Manchester office and led the Group’s national property services team. He has been involved in the successful integration of a number of Gateley’s post IPO acquisitions.

Rod has over 25 years’ experience as a real estate lawyer. He has considerable experience in real estate investment acquisitions, and disposals, estate management, development and landlord and tenant. Clients include off-shore investors, on-shore real estate companies and developers, real estate asset management companies, high net-worth individuals, retail and leisure operators and specialist providers of supported living accommodation.

Peter has over 30 years’ experience as a dispute resolution lawyer. He has considerable experience in construction disputes, acting for developers, contractors, sub-contractors and construction professionals.

More recently he has concentrated on providing advice to the Group’s house-builder clients. He is a member of the Law Society and a CEDR accredited mediator. He was involved in the management of Gateley LLP for over 20 years. He sits on the Strategic Board and Chairs the Operations Board.

Neil has more than 25 years’ experience working in the accountancy profession where he specialised in the professional services industry. Initially, Neil spent 14 years at a major accounting practice where he gained considerable experience of auditing and advising a wide range of privately owned and publicly listed businesses across many sectors. He joined Gateley LLP in 2008, was appointed as Finance Director in 2011 and became the first non-lawyer to be appointed as Partner within Gateley LLP following its successful application to become an Alternative Business Structure in January 2014. Neil was a member of the Management team on Gateley LLP’s acquisition of the commercial law business from Halliwell’s LLP in 2010 and, following his involvement in Gateley (Holdings) Plc’s admission to AIM, was appointed to the Plc Board in 2015. As well as Company Secretary for the Group he is also the Group’s Compliance Officer for Finance and Administration (“COFA”) and a fellow of the Association of Certified Chartered Accountants.

5	6	7
<b>Suzanne Thompson</b> Non-Executive Director	<b>Michael Ward</b> Executive Director	<b>Joanne Lake</b> Non-Executive Director
aged 53	aged 62	aged 57

Suki (Suzanne) is an entrepreneur and transformational business leader. Founder and Chief Executive Officer, of Let’s Reset she specialises in cultural change and marketing transformation, pioneering new performance based well being programmes linked to commercial outcomes and new ways of working, post COVID-19. She has advised 80% of the FTSE 250, leading global communications networks and technology groups. Centaur Media acquired her previous marketing consultancy, Oystercatchers in September 2016 and she remains Chair of the business and Exec Director of the Xeim Group.

Suki was a Board Trustee of Macmillan Cancer Support and is an Addidi Angel Investor for Small Businesses. She is a long standing member of WACL, MGGB and AllBright. Suki also holds an honorary Doctorate from Coventry University for services to Entrepreneurship and International Business. She was awarded Small Business Entrepreneur of the Year and is the Author of Let’s Reset and Creative Influence.

Mike (Michael) has over 30 years’ experience as a corporate lawyer, advising private and public companies, management teams and private investors. He joined Gateley in 1987 and has been instrumental in the development of Gateley. He was Senior Partner from 2001 to 2015 when he became Chief Executive Officer. Mike is a former President and Treasurer of the Birmingham Law Society and a former President of the Greater Birmingham Chamber of Commerce.

Joanne has over 30 years’ experience in financial and professional services; in investment banking with firms including Panmure Gordon, Evolution Securities and Williams de Broe and in audit and business advisory services with Price Waterhouse. Joanne is also Non-executive Chairman of AIM-quoted wealth management group, Mattioli Woods Plc, Non-executive Deputy Chairman of Main Market-listed land promotion, property development and construction group, Henry Boot Plc and is a Non-executive Director of AIM-quoted non-standard finance provider, Morses Club Plc, and Honeycomb Investment Trust Plc. Joanne is a Fellow of the Chartered Institute for Securities & Investment and of the ICAEW, and is a member of the ICAEW’s corporate finance faculty.

“The Group evaluates the performance and effectiveness of the Board, its Directors and Chair each year to ensure the right balance of skills, experience and knowledge is maintained in order for each to perform their duties effectively and deliver strong continued growth.”





# Statement on remuneration: voluntary disclosure

Dear Shareholders,

I am pleased to introduce the Directors' Remuneration Report for the financial year ended 30 April 2021. This letter introduces the report, outlines the major decisions on Directors' remuneration during the year and importantly explains the context in which these decisions have been taken. Gateley (Holdings) Plc is committed to high standards of corporate governance and our policy and disclosures on Directors' remuneration are intended to reflect this approach. We welcome shareholder feedback on these matters and this Directors' Remuneration report will be put to an advisory vote at the forthcoming 2021 AGM.

Decisions on remuneration taken during FY21 in response to the COVID-19 pandemic:

The COVID-19 pandemic and its consequences had an enormous impact in 2020 creating challenging conditions for businesses around the world, including Gateley. Throughout this period Gateley's priorities were the financial resilience of the business, the well being and safety of employees, taking care of clients, and supporting the communities where Gateley operates. The Remuneration Committee has borne these priorities in mind as it has made its determinations throughout the year.

At the start of FY 21, one of the consequences of the pandemic was a significant reduction in employee utilisation across most business units with no visibility on how long utilisation levels would be impacted or economic uncertainty would last the Remuneration Committee took a number of decisions relating to remuneration as part of a series of prudent cost and cash management measures. The aim being to safeguard the business, protect shareholder value, retain the Group's workforce and reinforce the culture of a 'one-team' approach.



Key decisions at the start of FY21 included:

- The Group ceased to utilise CJRS support after 31 October 2021;
- Making a decision that no bonus payments to Executive Directors or employees would be made in respect of FY20;
- Implementing a salary freeze at the start of FY21 for all roles, including for any employees promoted during FY21. This included Rod Waldie who was promoted and appointed as Chief Executive Officer with effect from 1 May 2020;
- Reaching an agreement with Executive Directors and employees across the business to reduce salaries by 20% for May and June 2020 and by 15% for July through to October 2020 inclusive;
- Utilising the support available via the Government's Coronavirus Job Retention Scheme (CJRS) to avoid where possible COVID-19 pandemic related redundancies and retain key talent to ensure we could deliver for our clients once trading conditions improved;

FY21 was definitely a year of two halves. Financial performance across the Group improved significantly at the start of the second half of the year including a significant upturn in utilisation levels for most business units. The improved trading conditions led to the Remuneration Committee making the following decisions in the second half of FY21;

- The Group repaid CJRS funding received in respect of employees who were made redundant as a result of changes in working practices and a restructure of the Group's business support function;
- Salaries remained frozen, however, the Executive Directors and employees were repaid their salary reductions. 50% of the salary sacrificed by employees and Executive Directors in FY21 was repaid in March 2021 and the balance was repaid via the payroll in April 2021; and
- The employee discretionary bonus scheme was reintroduced for FY21 in order to incentivise and reward employees to optimise the significant increase in trading opportunity during the second half of FY21 and deliver a strong financial performance for the year.

**Suki Thompson**  
Remuneration Committee Chair

The Remuneration Committee is confident that the decisions made by the committee throughout FY21 outlined above were aligned with, and in the best interests of, achieving the long term strategic goals for the Group. The support provided to the business by its employees through the pay cuts helped the management team to successfully navigate the period of uncertainty in the first half of FY21. The culture of a 'one team' approach at Gateley shone through during the year. Employees showed significant resilience, loyalty and commitment to the business under challenging conditions for many and it was imperative that such support was recognised and rewarded by the re-introduction of the bonus scheme for all employees and Executive Directors.

The committee believes that the initial period of challenging trading conditions caused by the pandemic has ended and the Group is now re-focused on growth and the attraction, incentivisation and retention of talent. One of the consequences of the pandemic was a moratorium on any increase in pay for the Executive Directors. This "paused" the journey we have been on since IPO to align the remuneration for our Executive Directors to market rates. It is acknowledged that the remuneration for the Executive Directors remains below market rate for similar roles in similar sized AIM listed businesses. To ensure we retain the right skill set and experience within our Executive Director team to deliver our strategic objectives, we have continued with the remuneration journey for the Executive Directors for FY22. Further information on how remuneration will be operated in FY22 is set out at the end of this report.

I hope that you find the remainder of this report helpful and informative and I look forward to receiving feedback from you on the information presented.

**Suki Thompson**  
Remuneration Committee Chair

This report is for the year ended 30 April 2021. It sets out the detailed remuneration for the Executive and Non-executive Directors of the Company. As an AIM-quoted company, the information is disclosed to fulfil the requirements of AIM Rule 19. Gateley (Holdings) Plc is not required to comply with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, however the Board believes this disclosure is key to the readers' understanding of the business. The information is unaudited except where stated.

This report sets out:

- a description of how the Committee operates;
- a summary of the Directors' remuneration policy – setting out the parameters within which the remuneration arrangements for Directors operate; and
- details of the remuneration paid to the Directors for the year under review.

## The Committee

The Committee is appointed by the Board and is formed entirely of Non-executive Directors. The Committee is chaired by Suzanne (Suki) Thompson. Other members of the Committee are Nigel Payne and Joanne Lake.

The Committee meets formally at least twice a year and has responsibility for setting the Group's general policy on remuneration and also specific packages for individual Directors including those that comprise the Strategic Board. The Committee is also responsible for structuring Non-executive Director pay, which is subject to approval of all independent Directors and oversight from the Plc Board including the Executive Directors. The Committee receives internal advice from Executive Directors and external advice from remuneration consultants where necessary. The Committee also makes recommendations to the Board concerning the allocation of long term incentive awards to senior management. The Committee's terms of reference are available for public inspection on request.

Other members of the Board of Directors are invited to attend meetings when appropriate, but no Director is present when his or her remuneration is discussed.

Deloitte LLP continues to act as advisors to the Committee. Deloitte LLP is a founding member of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK.

## Activities during the year

The main activities undertaken by the Committee during the year included:

- implementing a series of measures relating to remuneration in response to the impact of the COVID-19 pandemic as set out by the Chair of the Remuneration Committee in the opening letter to this report;
- granting awards under the long term incentive plan; and
- determining incentive outcomes for the Executive Directors for FY21 and salary increases for FY22.

Statement on remuneration  
continued

Remuneration policy

The remuneration policy is designed to support an effective pay-for-performance culture which enables the Group to attract, retain and motivate Executive Directors and senior management with the necessary experience and expertise to deliver the Group’s objectives and strategy.

The table below summarises the key elements of the Executive Directors’ remuneration package.

Element, purpose and operation	Opportunity and performance measures
Base salary	
Reviewed on an annual basis with any increases normally becoming effective from the start of the financial year.	It is proposed that appropriate salary increases will be awarded to provide alignment with the market over time and so that levels reflect the responsibilities of the role and the skills and experience of the individual.
Bonus	
Designed to align participants’ interests with shareholders and to incentivise participants to perform at the highest levels.  The bonus comprises a merit pool and a performance pool.  All Executive Directors participate in the merit pool. NA Smith also participates in the performance pool.	<b>Merit pool</b> Each year, a pre-agreed percentage of pre-tax profits is allocated to the merit pool. The merit pool is distributed to participants based on their individual performance during the year.  <b>Performance pool</b> A fixed sum is allocated to the performance pool based on the Group achieving budgeted performance. To the extent that budgeted performance is not achieved, the size of the pool is scaled back. The pool is capped at a predetermined amount at the start of each year. The pool is distributed to participants based on their role, responsibility and contribution to the long-term business strategy.
Long Term Incentive Plan (LTIP)	
Designed to incentivise participants to perform at the highest levels, and to deliver genuine performance related pay, with clear line of sight and direct alignment with shareholder interests.  Executive Directors and selected senior employees will participate in the LTIP as determined by the Strategic Board and approved by the Committee.  Awards will be granted in the form of nil-cost or nominal-cost share options. Vesting of awards is dependent on the achievement of performance measures set by the Committee, normally over a three year performance period.  Awards will vest following the end of the performance period once the Committee has ratified the outcome of the performance measures and will be exercisable for six months following the vesting date.  The Committee has the right to apply malus provisions to reduce, cancel or impose further conditions on unvested awards in specified circumstances.	Awards will normally be granted annually to participants. Each year, the Committee will agree the number of shares under option for each participant.  Performance measures are selected that reflect underlying business performance.
Pension and benefits	
Pension and benefits	The Executive Directors have chosen not to participate in a company funded pension scheme nor receive a cash allowance in lieu thereof.  The Executive Directors do not receive any form of taxable benefits other than private health scheme benefits.

Orderly market agreement

The Group operates a five-year orderly market agreement (the “Agreement”) with its Partners (the “Locked-in Shareholders”) which, inter alia, places certain restrictions on the sale of ordinary shares in the Company (“Ordinary Shares”).

The Agreement became effective on 8 June 2020 following the expiry of lock-in arrangements, which were put in place at the time of the Company’s admission to AIM in June 2015 (the “Admission”).

Pursuant to the Agreement, each Locked-in Shareholder and his/her associates, which include their spouse and children under the age of 18 to whom any Ordinary Shares have been transferred (“Associates”), that held Ordinary Shares as at Admission will be restricted to selling a maximum of 10% per annum of the aggregate number of the Ordinary Shares that they held on Admission for a period of five years from 8 June 2020.

Policy for the remuneration of employees more generally

The key principles of the remuneration policy for Executive Directors also apply to employees more generally. In particular, senior employees may participate in the merit bonus pool, performance bonus pool and LTIP, depending on their role and responsibilities and contribution to the business.

The Company also supports and encourages share ownership for all employees through the all employee Save As You Earn (SAYE) scheme and the Company Share Option Plan (CSOP). In owning shares, employees are directly aligned with the interests of shareholders and are able to participate in the dividend income that share ownership provides. 48.3% (2020: 49.5%) of the Group’s issued share capital was held by employees as at 30 April 2021.

Non-Executive Directors’ fees

The Chairman of the Board and the other Non-Executive Directors receive an annual fee for their services, reflective of their level of responsibility, relevant experience and specialist knowledge.

Non-Executive Directors are also reimbursed for appropriate travel expenses to and from Board meetings.

Executive Directors’ service agreements and Non-executive Directors’ letters of appointment

The Executive Directors entered into service agreements on 1 June 2015. The service agreements provide that their employment with the Company is on a rolling basis, subject to written notice being served by either party of not less than six months. The service agreements contain provisions for early termination in the event of a breach of a material term of the service agreement by the Executive Director or where the Executive Director ceases to be a Director of the Company for any reason. The service agreements also contain restrictive covenants for a period of 12 months following termination of employment. No bonus is payable to the Executive Director if their employment terminates for any reason or they are under notice of termination (whether given by the Company or the Executive Director) at or prior to the date when the bonus is paid. All bonuses are payable within six months of the financial year end.

The Non-Executive Directors serve under letters of appointment. Nigel Payne and Joanne Lake were originally appointed for an initial three year term on 8 June 2015 and both have been re-appointment for a second three year term which commenced on 26 September 2018. Suzanne Thompson was appointed on 27 September 2017 for an initial three year term and has been re-appointed on 30 October 2020 for a second three year term. The notice period required in the letters of appointment for either party to terminate the appointment is at least three months. Each agreement also contains provisions for early termination in the event of a serious or repeated breach of the agreement by the Non-executive Director or where the Non-executive Director ceases to be a Director of the Company for any reason.

Summary of Directors’ remuneration for the year

The following table represents the Directors’ remuneration for the years ended 30 April 2021 and 30 April 2020:

	Salaries and fees £’000	Bonus £’000	Share options £’000	Total 2021 £’000	Salaries and fees £’000	Bonus £’000	Share options** £’000	Total 2020 £’000
Nigel Terrence Payne	40	-	-	40	40	-	-	40
Joanne Carolyn Lake	36	-	-	36	36	-	-	36
Suzanne Francis Alison Thompson	36	-	-	36	36	-	-	36
Roderick Richard Waldie	260*	139	-	399	-	-	-	-
Michael James Ward	162	116	-	278	260	-	-	260
Peter Gareth Davies	225	113	-	338	225	-	-	225
Neil Andrew Smith	190	112	-	302	190	-	43	233
	429	480	-	1,429	787	-	43	830

\* Please refer to explanation set out below under the heading Salaries and fees

\*\* Includes SAR awards exercised during year and £4,000 that represents the charge per share of options granted in the year to 30 April 2018



## Statement on remuneration continued

### Salaries and fees

As disclosed in the FY20 report on remuneration, the Committee agreed to increase RR Waldie’s salary from £180,000 to £260,000 on his appointment as Chief Executive Officer (1 May 2020). This was set in line with MJ Ward’s salary prior to him stepping down as Chief Executive Officer and was consistent with the strategy set by the Remuneration Committee to increase Executive Directors remuneration towards market facing levels over a period of 5 years post IPO. However, as noted above, RR Waldie waived his contractual entitlement to the increase for FY21 and remained on a salary of £180,000. This was consistent with the ‘one-team’ approach of a pay freeze implemented across the business as part of a series of prudent cost and cash management measures in response to the COVID-19 pandemic. Had he not waived his contractual entitlement to the increase, RR Waldie’s total remuneration for FY21 would have been £399,000. In real terms RR Waldie received £319,000.

Having regard to the Group’s strong financial position and RR Waldie’s performance since his appointment as Chief Executive Officer, the Committee has agreed to increase RR Waldie’s salary to £300,000 with effect from 1 May 2021. Following the increase, RR Waldie’s salary is positioned within the lower end of the market competitive range compared to AIM 100 companies.

MJ Ward’s salary was reduced from a full time equivalent of £260,000 to £180,000 with effect from 1 May 2020 following him stepping down as Chief Executive Officer. MJ Ward was contracted to work 4 days per week with effect from 1 November 2020.

PG Davies and NA Smith did not receive a salary increase during FY21. PG Davies was contracted to work 4 days per week with effect from 1 May 2021.

	Number of reference shares	Date of grant	Exercise price
Neil Andrew Smith	100,000	3 October 2017	£1.83

### Long term incentives granted during the year

Awards were granted to Executive Directors and selected senior employees under the LTIP on 22 July 2020.

The awards are subject to an adjusted fully diluted earnings per share performance measure as described in the table below. The targets are considered appropriately stretching taking into account internal forecasts and the current economic environment.

Adjusted, fully diluted earnings per Share Compound Annual Growth Rate (CAGR) over the three year period ending 30 April 2023	Amount Vesting %
Below 5%	0%
5%	25%
Between 5% and 10%	Straight line vesting
Above 10%	100%

With effect from 1 May 2021, NA Smith’s salary increases to £225,000, NT Payne’s fee increases to £56,000 and both JC Lake and SFA Thompson’s fees increase to £42,000.

### Bonus outcome for the year

The Group has performed significantly ahead of management’s expectations for the year, reassessed at the start of the year in response to the COVID-19 pandemic, owing to prudent cost and cash management measures throughout the year and strong trading momentum demonstrated during the second half of FY21. The Group is recommending dividend payments to shareholders in line with its previous policy of distributing up to 70% of profit after tax; an FY21 interim dividend of 2.5p has been paid on 28 June 2021 and a 5.0p final dividend is proposed for payment in October 2021.

The hard work, dedication and loyalty from employees during the year has been paramount to the Group’s performance. Therefore, as noted above, the Committee strongly considered it appropriate to award bonuses to employees in respect of FY21. This included awarding bonuses under the merit pool, in which the Executive Directors participate. The performance pool was not enacted during the year as the pandemic reset budget was lower than original management expectations. Instead the Group awarded all staff a one off COVID-19 performance related bonus of 2.5% of their FY21 repaired salary in reward for the dedication and commitment during the year.

### Long term incentives vesting in respect of the year

Awards granted under the SAR Scheme to NA Smith on 3 October 2017 where exercisable during the period 3 October 2020 to 3 April 2021. The awards were not exercised during the exercise period as the Company’s share price did not exceed the exercise price and accordingly the awards lapsed in full following 3 April 2021.

Adjusted fully diluted Earnings per share is calculated based on profit of the Group for the relevant financial year before interest and tax adjusted to exclude the effect of:

- cost of amortisation and any impairment review of intangible assets and goodwill;
- cost of IFRS 2 share-based payment charges relating to all share schemes;
- cost and/or income from exceptional items; and
- the tax impact of adjustments above.

LTIP awards granted on 22 July 2020 to NA Smith totalled 15,974. No awards were granted to MJ Ward, PG Davies or RR Waldie as they are deemed to be sufficiently incentivised by their existing shareholding.

### Directors’ Interests

Directors’ shareholdings at the year end were as follows:

	At 30 April 2021		At 30 April 2020	
	10p ordinary shares		10p ordinary shares	
	Number of shares	Percentage Holding	Number of shares	Percentage Holding
Nigel Terrence Payne	70,918	0.06%	70,918	0.06%
Joanne Carolyn Lake	26,300	0.02%	26,300	0.02%
Suzanne Francis Alison Thompson	10,000	0.01%	10,000	0.01%
Roderick Richard Waldie	1,380,670	1.17%	1,380,670	1.17%
Michael James Ward	2,216,754	1.88%	2,216,754	1.88%
Peter Gareth Davies	2,215,739	1.88%	2,215,739	1.88%
Neil Andrew Smith	383,313	0.33%	383,313	0.33%

The following Director held share options under the LTIP Scheme as at 30 April 2021:

	Number of shares at 30 April 2021	Date of grant	Exercise price	Earliest exercise date
Neil Andrew Smith	15,974	22 July 2020	nil	22 July 2023

# Corporate governance statement

The Group applies the Quoted Companies Alliance (QCA) corporate governance code in order to comply with the AIM rules and its obligations in respect of the corporate governance code. Details of the Group’s compliance with the code are set out below.

## Principle 1

### Establish a strategy and business model which promote long-term value for shareholders

#### Our business description explained

The Group provides commercial legal services together with complementary non-legal professional services through 23 business lines, grouped into five operating segments. Dependent on a client’s requirements, any given mandate or assignment can involve more than one business line delivered by professional staff across one or multiple geographical office locations.

In the last 30 years we have grown consistently with an unbroken record of increased profit delivery year-on-year. This has been achieved through an expansion of business services and a focus on a business mix that offers sustainable growth through a variety of macroeconomic conditions.

Gateley employees over 1,000 staff to deliver tailored services from twelve offices across the UK and our office in Dubai to a wide range of clients requiring local, regional and national service delivery. Gateley also maintains informal, non-exclusive, relationships with a number of law firms (30+) around the world, enabling it to provide clients access to a global legal solution.

#### Strategy

Gateley became an Alternative Business Structure (“ABS”) with effect from 1 January 2014 and joined the AIM market in June 2015. As we enter our seventh year post Admission to AIM, the Board continues to enhance our market share and appeal in an established legal market through the diversification into non-legal services that are closely aligned to the delivery of legal services. The Board concludes that the market for the Group’s services continues to support this strategy.

Non-lawyers are permitted to own and invest in ABS law firms. The Board believes a combination of the ABS structure and admission to trading on AIM provides a platform for the continued profitable growth and future development of the business. It enables the business to differentiate itself from its competition through an enhanced service-offering and (currently) unique career opportunity, to diversify its revenue streams through the acquisition of additional complementary legal and non-legal professional consultancy services businesses and finally to INCENTIVISE its people offering wider and earlier ownership to staff of a more modern, dynamic legal business.

Strategy continues to focus on:

- pursuing opportunities to grow Gateley organically;
- making selective acquisitions, including (i) other legal firms which offer geographical expansion or additional specialist services and (ii) professional consultancy services businesses offering complementary services; and

- aligning the interests of shareholders (including employee shareholders) with those of the business through share participation to support retention of staff and enhance our recruitment appeal.

#### Organic growth strategy

The UK legal services market continues to exhibit growth and clear opportunities exist for us to continue to differentiate our service offering and grow organically, in particular by:

- The retention of existing employees, working together to look after our clients’ businesses as if they were our own;
- Attracting new talent wishing to be part of a pioneering legal and professional services group;
- Collaborative Group-wide and cross service working;
- Continued strengthening of our national network, offering a quality, value-for-money legal service to mid-market clients in the markets in which they trade;
- Continuing to build upon our straight talking mid-market corporate service offering;
- Maintaining and building upon Gateley’s bank panel representation and “own account” work for banks;
- Continuing to extend our relationships with the UK’s leading house builders and in particular in those divisions and regions where Gateley does not currently act;
- Securing further instructions from Pension trustees to act as independent trustee on large schemes with deficits;
- Expanding specialist areas such as regulatory and private client into other geographical areas;
- Extending the expertise in Guildford relating to the sale of UK developments to international clients to other offices;
- Developing our expertise and reputation for the provision of surety and bond advice; and
- Establishing a market leading human capital service offering advice to clients moving employees across international borders.

Over the last 12 months, whilst impacted by the COVID-19 pandemic, our strategy has been to safeguard and retain our people in order to ensure we can service clients adequately once activity levels return after the initial decrease in activity caused by the national lockdowns in the UK. The Group employs a total of 1,138 staff as at 30 April 2021. Recruitment has once again been active during the year at all levels as 23 apprentices joined in March 2021 and the continued recruitment of senior professionals (six new laterally hired partners and consultancy directors joined the Group across offices and disciplines).

#### Acquisitive growth

Gateley believes that it can strengthen its business by broadening its offering through the acquisition of complementary legal and non-legal, professional consultancy services businesses. A broader set of services creates additional channels to market, increases sales potential, facilitates a more flexible sales model and enhances client retention.

We provide an attractive foundation for target businesses to support their continued growth by drawing upon our established national office network and existing “sales force” of partners and other lawyers and professional services consultants, and by providing back-office infrastructure and access.

Since our Admission to AIM in 2015 we have acquired a number of complementary professional services businesses.

The Board has introduced the concept of “Platforms”. These are market-facing structures within the Group upon which we cluster appropriate legal and consultancy services focused upon specific sectors or markets. The Platforms are a representation of the Group’s diversified and differentiated business model. To date, the Group has created two Platforms via the aggregation of legal and consultancy services for the Property market and for the Human Capital market. The Board’s strategy is to continue to grow these Platforms and to create new Platforms bringing together the Group’s other areas of expertise.

The Board will continue to seek to grow the Group by:

- being well positioned, as a result of its more flexible corporate structure, to take advantage of anticipated consolidation within the UK legal services industry;
- acquiring legal teams or firms offering new niche services, sector specialism, or an opportunity to enter new geographic markets deemed strategic; and
- acquiring complementary professional services businesses (facilitated by the Group’s alternative business structure).

#### Incentivisation

Gateley has introduced a range of employee share schemes that ensure all staff have the opportunity to acquire shares and participate in the financial success of our business.

The aim of encouraging earlier and widespread equity ownership in the business is to attract, retain and motivate talent and to ensure all employees can benefit from the Group’s longer term success.

## Principle 2

### Seek to understand and meet shareholder needs and expectations

The Board welcomes discussions with shareholders both formally and informally. Formal opportunities include the Annual General Meeting and twice yearly investor presentations. Following the Annual General Meeting and at other times during the year, the Directors are also available for informal discussions should a shareholder wish.

Many shareholders are employees of the Group and this allows regular dialogue regarding the expectations of those shareholders. Throughout the year, the Chairman is in regular contact with institutional shareholders and the Group has appointed an Investor Relations Officer who seeks feedback on a regular basis from shareholders and potential shareholders. Roderick Waldie (Chief Executive Officer), Neil Smith (CFO) and Nick Smith (Acquisitions Director and Head of Investor Relations) present to city analysts and institutional investors following the interim and annual results announcements as well as on an ad hoc basis (where requested by fund managers). The Group also encourages its brokers to interact with shareholders and provide feedback from those discussions so that the Group can respond accordingly. Shareholder communication is answered, where possible or appropriate, by Directors, the Group’s Financial PR advisers or the Group’s brokers.

The Group supports the availability of independent third party research to ensure information is disseminated effectively. The Group also provides access to video recordings of market presentations, via its website, in order to help keep all its shareholders and potential shareholders informed on the Group’s positioning and prospects.

The Group also endeavours to maintain a dialogue and keep shareholders informed through its public announcements and Group website. Gateley’s website provides not only information specifically relevant to investors (such as the Group’s annual report and accounts and investor presentations) but also regarding the nature of the business itself with considerable detail regarding the services it provides and the manner in which it carries on its business.

The Annual General Meeting of the Group, normally attended by all Directors, provides the Directors with the opportunity to report to shareholders on current and proposed operations and developments, and also enables shareholders to express their views of the Group’s business activities. Historically shareholders have been (and when circumstances permit will be again) encouraged to attend and are invited to ask questions during the meeting and to meet with the Directors after the formal proceedings have ended.

The Group announces the detailed results of shareholder voting to the market, in accordance with recommended practice.



# Corporate governance statement continued

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

### Stakeholder Relations

The Board recognises that the Group’s continued growth and long-term success is largely reliant on its relations with its stakeholders, both internal (employees and shareholders) and external (clients, regulators, shareholders, suppliers, business partners and advisers).

### Internal stakeholders

As a professional service-led business, our employees are a key factor in delivering successful growth and as such we support open and friendly dialogue throughout our workforce.

Internal communications and engagement have been of utmost importance during the remote working necessitated by the COVID-19 pandemic. We have endeavoured to ensure that all of our staff have appropriate equipment and systems to allow them to participate fully albeit remotely, in all business activities whether client work, training programmes or social activities during this period.

We undertake employee reviews and assessments to identify and assist employees with training and career progression. We aim to keep our workforce informed on our progress for example holding regular discussions in each office that are open to all levels of staff to attend. The Board meets senior executives and heads of departments on a regular basis and through its reporting structures receives information on key clients and supplier relationships at least monthly on an informal basis and more formally quarterly. The Group’s internal intranet system, that was revamped in 2019, has continued to evolve and develop in becoming the prominent method of internal communications for all part of the business. It provides a responsive and interactive source of information relating to the business and helping to keep employees informed on key issues. Employees also participate in the Group’s share option schemes enabling them to have a stake in the Group’s long-term success.

We conduct regular employee engagement surveys and use these to inform many of our decisions, particularly in relation to retention and recruitment.

We hold an annual Gateley Leadership Overview virtual roadshow for each office to share with all staff details of the prior year, future activities and events of strategic significance.

The Chief Executive Officer (CEO) and Chief Operations Officer (COO) report to the Board on all regulatory matters and our Nominated Advisor is in regular dialogue with our Finance Director (CFO) on stock exchange regulatory matters to ensure that any market related regulatory concerns are raised with the Board.

### External stakeholders

The Group maintains a regular dialogue with its external stakeholders to drive business development.

To ensure that we maintain communications with our external shareholders during the constraints arising as a result of the COVID-19 pandemic we have given a series of presentations remotely via Microsoft Teams and provided an opportunity for shareholders to raise questions in those presentations or in anticipation of the Annual General Meeting. Feedback has been sought from shareholders following the presentations and this will be taken into account in future presentations.

Our clients and prospective clients are of course crucial to the growth and long-term success of the Group and we believe in being a service-led business placing client care and interaction at the heart of our business. We conduct regular client surveys and have a client engagement programme; STELLAR, to better understand our clients’ experience of the service we provide. A small but growing number of clients benefit from this extra level of attention and support which is overseen by a dedicated team of non-lawyers who are committed to enhancing the client experience and ensuring our lawyers are delivering a stellar experience that meets – if not exceeds – our clients’ expectations.

We utilise a number of client management tools and processes that we have developed from best practice with other clients and within our industry including regular client listening in order to check satisfaction throughout the client relationship.

We seek to build strong long term relationships with our suppliers working alongside them as business partners for the benefit of all.

The Group works closely with its advisers to ensure it operates in accordance with the market regulations.

The CFO and a member of the Board (our Compliance Officer for Legal Practice) have regular meetings with the Group’s Relationship Manager at the Solicitors Regulation Authority (SRA), the organisation that oversees the regulation of the legal services sector.

### Environment, Social and Governance (ESG) matters and Corporate Social Responsibility (CSR)

As a provider of legal and other professional services, the maintenance of the highest ethical standards is core to our business and the services we provide to our clients. But the provision of client focused services does not come at the expense of the needs of the wider society and our environment. The Board takes collective responsibility for ESG and CSR matters. Our policy is to support communities and charities local to our offices but our activities also provide support to national and international communities and charities. We constantly review our practices to better protect the environment and have implemented processes for example to reduce, reuse and recycle materials wherever possible.

## Principle 3 – continued

Many of these principles have been formalised and documented in both the staff handbook and our compliance policies.

Where regulations have been introduced we have taken appropriate steps having for example policies relating to Modern Slavery, Tax Avoidance and Bribery all supported by a Whistleblowing Policy. Our annual Modern Slavery Act Statement is published on our website.

## Principle 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation

By its very nature the Group is well placed to identify and manage risk. Our employees are predominantly lawyers who have been professionally trained to be aware of risk and to respond accordingly. In addition the business has adopted layers of formal risk management processes.

The Board understands the importance of managing its risks and the necessity to fulfil its compliance obligations. This commitment is reflected in the seniority of people who are the members of our risk related committees and who are appointed to the risk management roles within the business. These are not simply nominated positions administered by others less senior; these functions are carried out in person.

Whilst the Strategic Board considers the strategy and direction of the Group in conjunction with the Plc Board, executives underneath our two main boards also sit on an Operations Board and our Risk Committee. The Risk Committee includes members of the Plc and Strategic Boards, Roderick Waldie (Chief Executive Officer), Michael Ward, Compliance Officer Legal Practice (“COLP”) and Neil Smith, CFO/Compliance Officer Finance and Administration (“COFA”) along with senior members of the business in key risk related roles. The Risk Committee meets quarterly to consider the key risks of the business. The risks are identified and assessed in accordance with the Group’s Risk Policy which includes guidance on categorising risks. All employees of the business are encouraged to raise any risk related items with the Risk Committee for consideration. Risks are recorded in a risk register and reviewed at each meeting of the Risk Committee if there has been no intervening event to require earlier review. The Risk Committee considers each risk and determines whether it must be avoided, can be mitigated or will be tolerated.

Key risks currently identified by the business include COVID-19, compliance with applicable regulatory standards, reputational risk, security of operational IT systems, the effective integration of acquired businesses and the recruitment and retention of highly skilled staff. Each member of the Risk Committee works with other specialist managers in the business (e.g. MLRO, Lexcel Officer, HR Director, IT Director, Head of Learning & Development and Head of Facilities) in relation to these risks and actions are taken to

monitor and manage these. These managers report monthly to our Operations Board where decisions can be made and implemented as appropriate to manage our risks. After each of its meetings, the Risk Committee reports to the Audit and Risk Committee who review and interrogate the risk register. Risk items are included in the agenda for meetings of both the Audit and Risk Committee and the Board.

The Audit and Risk Committee (see principle 5 for members and number of meetings) has introduced an internal audit function within the organisation. Audits have been undertaken in relation to each area of risk identified in the business and as the reports become available, consideration is given to the recommendations of the auditor and actions agreed and implemented. The SRA requires regular audits of legal matters and these audits have recently been revised to focus on particular areas of risk associated with increased levels of remote working.

The Audit and Risk Committee Report describes the internal control functions and the Committee has reviewed and monitored the effectiveness of the internal controls for the year ended 30 April 2021 concluding that there was a satisfactory process in place to identify and manage such risks. It should be noted that the Group’s system of internal control is designed to manage, rather than eliminate, risk of failure to achieve business objectives. It is recognised that such a system can only provide reasonable, but not absolute, assurance against material misstatement or loss.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group’s results, compared with the budget, are reported to the Board on a monthly basis.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors in the course of their roles and in respect of material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

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

The Group operates in complex and challenging areas and as such has put in place a senior management structure that can best provide the strategic advice and leadership required. The senior management structure consists of a Plc Board, a Strategic Board and an Operations Board.

The Plc Board contains a balance of Executive and Non-Executive Directors, including a Non-Executive Chairman who is responsible for dealing with the strategic direction and long-term success of the Group. The Board notes that the Company Secretary is not independent. The Board meets at regular intervals throughout the year and at any other time deemed necessary for the good management of the business. Prior to the implementation of remote working practices to address COVID-19, meetings were held in the Group’s offices on a rotating basis. Due to the pandemic, meetings are now held remotely.

# Corporate governance statement

## continued

### Principle 5 – continued

Gateley has a diverse board with the Directors bringing varied experience gained from working within a range of sectors. There are seven Directors on the Plc Board, three independent Non-Executive Directors and four Executive Directors. The Non-Executive Chairman of the Board is Nigel Payne with Joanne Lake being the Senior Independent Director.

There are three committees of the Board whose members comprise the Non-Executive Directors:

- the Audit and Risk Committee chaired by Joanne Lake;
- the Remuneration Committee chaired by Suzanne Thompson; and
- the Nominations Committee chaired by Nigel Payne.

The members of the Board invite the Executive Directors to attend Committee meetings when appropriate. Where relevant to the subject matter of the meetings of the Board and the Committees, experts from within the business are invited to attend a meeting to present to or advise the Non-Executive Directors – for example the IT Director, Information Security Officer, Group HR Director and Marketing Director have been invited to attend meetings to report on matters such as information security and remuneration arrangements (including the job retention scheme) and brand development. Members of the Board have also attended meetings of Gateley Plc to jointly discuss and consider critical projects for the business. External advice is also sought when required for example from the Group’s auditor and remuneration consultants in relation to remuneration policies.

Notwithstanding any other roles they may have either within the business or externally, the members of the Board believe that they have sufficient time available to fulfil their roles as Directors of Gateley.

The Board has considered the time availability that Nigel Payne has to carry out his duties as Chairman of Gateley (Holdings) Plc. The Board considers that Nigel’s other public company duties as the Chairman of Braemar Shipping Services Plc and as a Non-Executive Director of Getbusy Plc take on average no more than eight working days per month leaving ample spare capacity for him to carry out his duties as Chairman of the Group. This is reassessed on an annual basis. The Board has considered the time availability that both Joanne Lake and Suzanne Thompson have to carry out their duties as Non-Executive Directors of Gateley (Holdings) Plc. The Board considers that Joanne’s other public company duties take on average no more than eleven working days per month leaving ample spare capacity for her to carry out her duties as Non-Executive Director of the Group. Suzanne’s other public company duties take on average no more than ten working days per month leaving ample spare capacity for her to carry out her duties as Non-Executive Director of the Group. The Board reassesses the time availability of both Joanne and Suzanne on a regular basis.

Of the Executive Directors within the Group both Rod Waldie and Neil Smith have full time roles whilst Peter Davies and Michael Ward now work four days a week.

In accordance with the Articles of Association, all new Directors appointed by the Board are required to seek election by shareholders at the next Annual General Meeting of the Company following their appointment and all Directors are required to retire by rotation in line with the provisions of the Articles of Association.

The Board meets throughout the year and in the financial year ending on 30 April 2021 it met ten times as a Board. Details of the attendance of Directors at Board meetings during the period is noted below. Papers relevant to the business of the meeting are provided in advance and include financial, staff, risk, regulatory and development information.

The following table sets out the Board and Committee meetings scheduled and attendance during the financial year 2020/2021:

1 May 2020 to 30 April 2021	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee	AGM 2020
Number of meetings	10	2	1	1	1
Nigel Payne	10	2	1	1	1
Joanne Lake	10	2	1	1	1
Suzanne Thompson	10	2	1	1	1
Roderick Waldie	10	2*	1*	1*	1
Peter Davies	10	-	-	-	1
Neil Smith	10	2*	1*	-	1
Michael Ward	10	-	-	-	1

Additional informal Board meetings were held early in the financial year to assess the impact of COVID-19 which are not listed above.

### Principle 5 – continued

Several informal Board Committee meetings were held during the year to prepare for or finalise and approve substantive work carried out in a formal Board meeting. These are not listed above.

**Notes to table**  
Where an asterisk is shown, that Director was invited to attend a Committee meeting although not a member of the Committee, to make proposals in relation to or to advise on agenda items.

For the financial year ending 30 April 2021 the Strategic Board comprised nine individuals including the Chief Executive Officer, COO, Group FD, Group HR Director and five Executives of Gateley Plc.

The Operations Board comprises ten individuals including the COO, Group FD, Group HR Director and other individuals from across both the professional and support function departments of the Group as deemed appropriate and is responsible for the day-to-day running of the business. The Operations Board meets monthly and reports to the Strategic Board. Two members of the Operations Board stepped down from the Board at the end of the last financial year with two new members joining in their place. The Operations Board provides an opportunity for senior members of the business to gain greater exposure to the management of the business and to develop their management skills.

**Succession**  
Succession planning is an important part of Gateley’s corporate governance and is key to ensuring that the prosperity and collaborative culture of the business are maintained in the long term. The Nomination Committee annually considers the Group’s succession plans, most recently in relation to the role of Chief Executive Officer in view of Michael Ward’s decision to step down as Chief Executive Officer in 2020. This has been undertaken to enable a managed and orderly handover to take place. As part of its deliberations, the Board conducted a thorough review of the attributes required of a new Chief Executive Officer and agreed that an internal appointment was the best way to ensure the continuation of the Group’s sustainable growth strategy, as well as preserving its culture. Roderick Waldie was appointed as Chief Executive Officer and a member of the Board with effect from 1 May 2020. The Nomination Committee has begun to consider succession for the Group Chairman and the Chair of the Audit Committee, both of whom will retire from the Board on or before May 2024 in accordance with best practice Corporate Governance Guidance. A process and timeline for the identification and appointment of replacement candidates has been developed.

The Nomination Committee has also considered the succession of the Group’s Chief Operating Officer who will retire in 30 April 2022. A process has also been put in place for this appointment.

### Board independence

In assessing the independence of Non-Executive Directors at the date of this report, the Board took account of their experience, character and judgement, and their dependence on, or relationships with the Group. In all cases the Board felt the Directors were independent in character and judgement. Account was taken of market guidance regarding factors that impact upon independence for example the holding of a previous Executive position within the Group or a material business relationship with the Group including a shareholding, as these are considered to impair the perceived independence of the Non-Executive Director.

**Conflicts of interest**  
The Companies Act 2006 (the Act) imposes a duty on Directors to avoid a situation in which they have or could have a conflict of interest or possible conflict with the interests of the Group. Directors are aware of their duty to promote the Group’s success and are required to disclose all actual and potential conflicts of interests to the Board as they arise for consideration and approval. “Declarations of Interest” is an agenda item at every meeting of the Board. If an interest is declared the Board may impose restrictions or refuse to authorise such conflict if it considers that it conflicts with the interests of the Group. Only Directors not involved in the conflict or potential conflict participate in the decision process. A register of such interests is maintained.

All Directors of both Gateley (Holdings) Plc and Gateley Plc are reminded annually of their obligations to notify any changes in their statement of interests and also to declare any benefits received from third parties in their capacity as a Director of the Group.

Each new Director on appointment is required to declare any potential conflict situations.

The register of conflicts is formally reviewed annually and the Board has concluded that the process has operated effectively during the period. No Director has declared receipt of any benefits during the year in his capacity as a Director of the Group.

### Principle 6

#### Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Group operates in a complex and challenging professional environment and the Board is mindful that in order to deal effectively with the challenges of the business and to maximise its growth opportunities it has to incorporate a broad range of skills and diversity.

The members of the Board have considered the skills and experience that the Board requires to enable it to manage the business effectively.



Corporate governance statement  
continued

Principle 6 – continued

These are set out below:

Board skills matrix

General experience	
Leadership	Successful leadership at a senior executive level in a large business
Strategy and growth	Senior executive experience in developing and delivering successful strategies and meaningful business growth outcomes in a large business
Financial acumen	Senior executive experience and understanding of accounting, financial reporting, corporate finance and financial controls in a large business
Governance and risk management	Senior executive experience in a large business that is subject to rigorous governance, relevant regulatory risk and general business risk management standards

Specialist experience	
Industry experience	Senior executive experience in a professional services people business
Client service, marketing and innovation	Senior executive experience in client relationship management and delivering growth through commercialising innovative services and solutions
Stakeholder management	Senior executive experience in stakeholder management within a large business
Mergers and acquisitions	Successful track record of delivering strategically sound and value adding mergers and acquisitions as an enabler of corporate strategy
International experience	Senior executive experience of a range of geographic, political, cultural, regulatory and business environments
Experienced Chief Executive Officer	Successful track record as a Chief Executive Officer of a listed entity or an equivalent large business enterprise
Remuneration	Board Remuneration Committee membership or senior executive remuneration experience in a large business enterprise

Members of the Board are believed to possess these skills and to have the necessary experience. Details of the Directors including brief biographies are set out at <https://investors.gateleyplc.com/home/board-of-directors/>

The Executive Directors participate in all of the regulatory training programmes of the Group and the Non-Executive Directors are invited to participate as appropriate.

The Board maintains a skills, diversity and experience matrix which is detailed below, and which will be periodically reviewed at Board meetings to evaluate current and future requirements. The Board and its committees will also seek external expertise and advice where required.

Tenure (years)

0-3 3-6 6-9



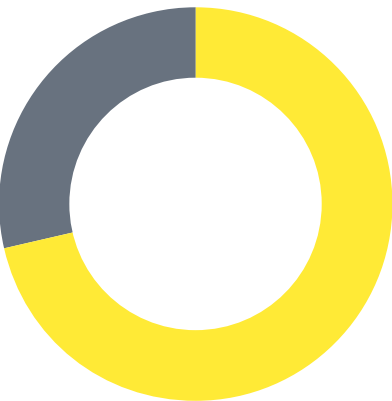
Age (years)

40-50 51-60 60+



Gender (%)

Male Female



Principle 7

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

The Board considers evaluation of its performance and that of its Committees and individual Directors to be an integral part of corporate governance to ensure it has the necessary skills, experience and abilities to fulfil its responsibilities. The objective of the evaluation process is to identify and address opportunities for improving the performance of the Board and to solicit honest, genuine and constructive feedback.

The Board considers the evaluation process is best carried out internally at this stage of the Group’s development. However the Board will keep this under review and may consider independent external evaluation reviews in due course as the Group grows.

The internal evaluation process includes:

Board evaluation	
Review	Period
Board composition in terms of skills, experience and balance	Annually or as required
Board cohesion	Annually or as required
Board operational effectiveness and decision making	Annually
Board meetings conduct and content and quality of information	Annually or as required
The Board’s engagement with shareholders and other stakeholders	Annually
The corporate vision and business plan	Annually

Committee evaluation	
Review	Period
Composition in terms of skills, experience and balance	Annually or as required
Terms of Reference	Annually
Effectiveness	Annually

Individual Director evaluation	
Review	Period
Executive Director performance in executive role	Annually
Executive Director contribution to the Board	Annually
Non-Executive Director performance and contribution to the Board	Annually
Non-Executive Director’s independence and time served	Annually
All Directors’ attendance at Board and Committee meetings	Annually

The Board will, as a whole or in part as appropriate, undertake the evaluation process aided by the Chairman, Chief Executive Officer and other Non-Executive Directors or external advisers as necessary. The Chairman is responsible for ensuring the evaluation process is ‘fit for purpose’, as well as dealing with matters raised during the process. The Chairman will keep under review the frequency, scope and mechanisms for the evaluation process and amend the process as required.

Where areas for development are identified these will be addressed in a constructive manner. Where necessary individual Directors will be offered mentoring and training. If areas for development are identified within the Board as a whole, then changes or additions to the Board will be considered in conjunction with the Nominations Committee.

The evaluation process will focus on the improvement of Board performance, through open and constructive dialogue and the development and implementation of action plans. The Board will report on its evaluation and actions in its Annual Report.

The Chairman carries out an annual appraisal of the Board, the Committees and the individual Directors including a review of the fees paid to Non-Executive Directors. The Board (excluding the Chairman) meets annually to consider the fees of the Chairman. The formal evaluation process is supported by regular contact between the Chairman and the other Directors to allow any matters to be addressed in a timely way. The appraisal of the Chairman was led by Roderick Waldie (Chief Executive Officer) who sought the views of the other Directors. The findings of the evaluation process (including the review of the fees paid to the Non-Executive Directors) were reported to the Board in September 2020 and January 2021. It was agreed that the Chairman should continue to oversee succession plans for the Board over the next five years. Succession planning is a vital task for boards and the management of succession planning represents a key measure of the effectiveness of the Board and is a key responsibility of both the Nominations Committee and wider Board.

# Corporate governance statement continued

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

The business operates in a highly regulated sector with demanding professional standards. The legal profession requires all of its members to maintain high ethical standards and to comply with its code of conduct. In addition, the business has been accredited with the Law Society’s quality standard, Lexcel, with which all legal and where appropriate, non-legal parts of the business are required to comply. Gateley Plc has also sought and received CQS, LMS and Cyber Essentials accreditations. Members of the Group have other accreditations including ISO27001 and ISO9001 as required for their business.

The Group has established formal risk management processes and is embedding an internal audit function to report upon risk management.

The Group maintains a register of the interests of staff outside the business which includes those of the Directors to help it manage potential conflicts of interest. The Directors do not hold any external positions which conflict with the duties owed to the Group. Disclosure of any potential conflicts of interests is invited at each meeting of the Board.

The Group’s success is largely dependent on recruiting, retaining, and developing the best professionals. To achieve this the Group seeks to ensure that working conditions are of a high standard and has in place good and effective management and staff communications, with the ability for staff to engage in decisions. The Group also encourages participation in the success of the business through share options and has a range of benefits to support staff, including ill health protection and life cover. The Group is committed to equal opportunities for promotion, with appropriate consideration being given to applications for employment from disabled persons.

The Group aims to remunerate staff in line with market practice, to provide development opportunities and to encourage staff motivation and retention.

Diversity, inclusion and well being (DIW) is an important part of our culture and the values that underpin it. We are committed to a fully inclusive, diverse and healthy working environment where staff can develop and contribute fully without discrimination on the basis of gender, sexual orientation, age, race, nationality, disability or political or religious beliefs. We have established four internal employee networks; Unity, Inspire, Thrive and Pride.

- Unity recognises, celebrates and supports employees from all different cultures, religions, backgrounds and those with disabilities. Our Unity network group highlights and celebrates events across all our offices to ensure we have an environment where all employees have room to breathe and feel comfortable bringing their full selves to work;
- Our Inspire network group has been set up to nurture, develop and provide support to all of our talent with a particular focus on career milestones and enabling our people to carve the careers they want successfully;

- Our Thrive network group supports the health and well being of all employees to promote high levels of performance both physically and mentally across the Group. Thrive runs a series of events and training programmes throughout the year to raise awareness and to inspire our people to take care of themselves and those around them; and
- The Pride network group provides a welcoming, supportive, safe and confidential space for staff affected by sexual orientation and gender identity issues.

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

The Board sets the Group’s strategic aims and ensures that necessary resources are in place in order for the Group to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Group. Whilst the Board has delegated the day-to-day operational management of the Group via the Strategic and Operations Boards to the Executive Directors and other senior managers, it has formal terms of reference identifying those specific matters which remain subject to decision by the Board. These include the appointment and removal of Directors, terms of reference for Board Committees and membership thereof, approval of strategy including acquisitions and disposals, annual financial budgets, investments and capital projects, projects of a capital nature and all significant contracts. The Non-Executive Directors have a particular responsibility to constructively challenge the strategy proposed by the Executive Directors; to scrutinise and challenge performance; and to ensure appropriate remuneration and succession planning arrangements are in place in relation to Executive Directors and other senior members of the Management team.

The Chairman is responsible for leadership by the Board and ensuring its effectiveness in all aspects of its role. The Chairman with the assistance of the Chief Executive Officer sets the Board’s agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues.

The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive and Non-Executive Directors. The Executives enjoy open access to the Non-Executive Directors. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The positions of Chairman and Chief Executive Officer are held by different individuals.

The Chief Executive Officer is responsible for running the business and implementing the decisions and policies of the Board. The Chief Executive Officer is also responsible for ensuring the Group’s communication with shareholders is timely, informative and accurate with due regard to commercial sensitivity and regulatory requirements.

## Principle 9 – continued

The Group FD is responsible for the Group’s finances and the COO is responsible for the operations and technical requirements of the Group. The role of Company Secretary is undertaken by the Group FD.

The Non-Executive Directors are appointed to provide independent oversight and constructive challenge to the Executive Directors but have been specifically chosen as a result of their ability to provide strategic advice and guidance.

All Directors are able to allocate sufficient time to the Group to discharge their duties. There is a formal, rigorous and transparent procedure for the appointment of new directors to the Plc Board. The search for Plc Board candidates is conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board.

The Board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders’ interests and the Group’s assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

The Board has a formal agenda of items for consideration at each scheduled meeting but will also meet at additional times when required. It receives detailed papers in advance of meetings and verbal reports at each meeting from the Executive Management covering the financial performance of the Group, updates on share performance, people matters, business development, matters affecting the general trading conditions and operational issues, including risk and compliance. The Board also receives verbal reports from the Chair of each Committee on matters which relate to the Committee’s responsibilities. Since the onset of the COVID-19 pandemic, the Board, the Strategic Board and the Operations Board have increased the frequency of their meetings to enable them to regularly review the situation and its impact on the business and to determine appropriate measures in response. Meetings have been held remotely and Board papers continue to be circulated electronically in advance.

The Board has established the following Committees to assist with oversight and governance carrying out the necessary work required for the business to operate effectively and efficiently, and to comply with all the regulatory requirements. The Board has delegated certain specific areas of responsibility to each of the Committees. The Board sees minutes of all Committee meetings and the Chairman of the Committee reports to the Board on any significant matters.

Audit & Risk Committee	Nominations Committee	Remuneration Committee
Joanne Lake (Chairman)	Nigel Payne (Chairman)	Suzanne Thompson (Chairman)

Audit & Risk Committee	Nominations Committee	Remuneration Committee
Nigel Payne	Joanne Lake	Nigel Payne
Suzanne Thompson	Suzanne Thompson	Joanne Lake

**Audit & Risk Committee**  
The Audit & Risk Committee is chaired by Joanne Lake, and also comprises Nigel Payne and Suzanne Thompson. The Audit & Risk Committee has agreed terms of reference and assists the Board in discharging its responsibilities for corporate governance, risk management, financial control and internal controls by reviewing and monitoring risk and internal controls throughout the business.

It oversees and reviews the Group’s financial reporting and internal control processes, its relationship with external auditor and the conduct of the audit process together with its process for ensuring compliance with laws, regulations and corporate governance. It is composed entirely of Non-Executive Directors but other individuals such as the Group’s FD and Chief Executive Officer and representatives of the Finance team are invited to attend all or any part of any meeting when deemed appropriate. The Group’s external auditor is invited to attend meetings of the Committee on a regular basis.

**Remuneration Committee**  
The Remuneration Committee has general oversight of all remuneration arrangements for Executive Directors and it considers all material elements of remuneration policy, remuneration and incentives with reference to independent remuneration research and professional advice. Recommendations are made to the Board on the framework for executive remuneration including the design and implementation of equality based incentive schemes.

**Nominations Committee**  
The Nominations Committee is responsible for all aspects of the appointment of Directors, succession planning and appointments to the Board, considering and recommending the reappointment of retiring Directors of the Group together with evaluation of Directors’ performance and effectiveness.

In addition to the above sub Committees, the Group has an operational Risk Committee. Members include the Chief Executive Officer, the Group FD, MLRO, Lexcel Officer and individuals responsible for the oversight of key risk areas. The purpose of the Risk Committee is to perform centralised identification and oversight of risks affecting the Group and risk management activities and to provide communication to all Group Boards regarding important risks and related risk management activities.

As complementary professional services businesses join the Group, separate “new” company Boards are formed, with suitably experienced individuals from the Group and the newly acquired business being appointed as Directors. The primary role of these boards is to oversee the transition into the Group for the benefit of all stakeholders. The minutes of each Group company’s monthly Board meeting are shared with the Operations, Strategic and Plc Boards.



# Corporate governance statement continued

## Principle 9 – continued

The Group has established management committees to address specific areas of the Group’s business activities. Details of these Committees and their functions can be found on the Group’s website [www.gateleyplc.com](http://www.gateleyplc.com)

## Principle 10

### Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication and having constructive dialogue with all of its stakeholders, including shareholders, providing them with access to information to enable them to make informed decisions about the Group. The Investor Relations section of the Group’s website provides all required regulatory information as well as additional information shareholders may find helpful including: information on Board Members, Advisers and Significant Shareholdings, a historical list of the Group’s Announcements, Financial Calendar, Corporate Governance information, the Group’s publications including historic Annual Reports and Notices of Annual General Meetings, together with Share Price information and interactive charting facilities to assist shareholders analyse performance.

Results of shareholder meetings and details of votes cast are publicly announced through the regulatory news system and displayed on the Group’s website and suitable explanations of any actions undertaken as a result of any significant votes against resolutions will be included when relevant.

Information on the work of the various Board Committees and other relevant information are included in the Group’s Annual Report.

### The Board and its committees

#### Board composition and independence

The Board consists of four Executive Directors (the Chief Executive Officer, the Chief Operating Officer and the Chief Finance Officer), the independent Non-Executive Chairman and two further independent Non-Executive Directors. The Non-Executive Directors are considered by the Board to be independent of Management and are free from any relationship which may materially interfere with the exercise of independent judgement. At the Annual General Meeting of the Company held on 30 October 2020 Michael James Ward and Suzanne Frances Allison Thompson offered themselves for re-election as Directors, both were re-appointed with immediate effect. Roderick Richard Waldie was also appointed as a Director and Chief Executive Officer.

#### Operation of the Board

The Board meets regularly throughout the year, as well as on an ad hoc basis as required, to consider all aspects of the Group’s activities. A formal schedule of matters reserved for the Board includes overall Group strategy, acquisition progress, operational review, committee updates, governance and risk and approval

of major expenditure. The agenda and relevant briefing papers (which include reports from the Executive Directors and minutes of subsidiary Board meetings) are distributed on a timely basis in advance of each Board meeting.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

The Board has considered the time availability that Nigel Payne has to carry out his duties as Chairman of Gateley (Holdings) Plc. The Board considers that Nigel’s other public company duties as the Chairman of Braemar Shipping Services Plc and as a Non-Executive Director of Getbusy Plc take on average no more than eight working days per month leaving ample spare capacity for him to carry out his duties as Chairman of the Group. This is reassessed on an annual basis.

The Board has considered the time availability that both Joanne Lake and Suzanne Thompson have to carry out their duties as Non-Executive Directors of Gateley (Holdings) Plc. The Board considers that Joanne’s other public company duties take on average no more than eleven working days per month leaving ample spare capacity for her to carry out her duties as Non-Executive Director of the Group. Suzanne’s other public company duties take on average no more than ten working days per month leaving ample spare capacity for her to carry out her duties as Non-Executive Director of the Group. The Board reassess the time availability of both Joanne and Suzanne on a regular basis.

#### Remuneration Committee

The Remuneration Committee comprises Suzanne Thompson (Chair), Nigel Payne and Joanne Lake. The Remuneration Committee is responsible for all elements of the remuneration of the Executive Directors and the members of the Strategic Board. The Committee also oversees the operation of the Group’s share option schemes. The Chief Executive Officer is invited to meetings of the Remuneration Committee to discuss the performance of other Executive Directors but is not involved in the decisions. The Remuneration Committee may invite any person it thinks appropriate to join the members of the Remuneration Committee at its meetings.

The Remuneration Committee has placed focus on the dilution of the Group, challenging the methods of remuneration for senior executives and partners. As a result the Committee has driven the changes made to the share incentive plans in use by the Group, primarily the introduction of the new long-term incentive plan.

Further details of the Committee are included in the Remuneration Report.

#### Audit and Risk Committee

The Audit and Risk Committee comprises Joanne Lake (Chair), Nigel Payne and Suzanne Thompson. Joanne Lake and Nigel Payne are Chartered Accountants and the Board believes the Committee is independent with all members being Non-Executive Directors. The Committee meets, together with the Group FD, Neil Smith, at least twice a year. It is responsible for ensuring the financial performance of the Group is properly reported on and monitored.

## Principle 10 – continued

The Committee reviews the interim and annual accounts, reviews reports from the auditor, monitors the Group’s risk register and the adequacy and effectiveness of the systems of internal control, and reviews annually the effectiveness of the auditor. The auditor, previously Grant Thornton UK LLP, now MHA MacIntyre Hudson following their appointment at the AGM held on 30 October 2020, attends meetings at the request of the Chairman and the Committee meets with the auditor without Executive Directors being in attendance for part of the meeting.

With the assistance of skilled partners within the business the Audit and Risk Committee have worked to put practices in place that will allow an internal audit division to deliver appropriate and meaningful results.

#### Nomination Committee

The Nomination Committee comprises Nigel Payne (Chair), Suzanne Thompson and Joanne Lake. The Committee is responsible for monitoring the size and composition of the Board and the other Board committees. It is also responsible for identifying suitable candidates for Board membership and will monitor the performance and suitability of the current Board on an on-going basis.

Succession planning is an important part of the Group’s corporate governance statement and is key to ensuring that the prosperity and collaborative culture of the business are maintained in the long term.

#### Communications with shareholders

Communications with shareholders are given a high priority by the Directors who take responsibility for ensuring that a satisfactory dialogue takes place. The principal methods of communication with private shareholders remain the annual report and financial statements, the interim report, the AGM and the Group’s website ([www.gateleyplc.com](http://www.gateleyplc.com)) which has been updated in the year to provide more meaningful and insightful information to investors and other stakeholders. In addition to the formal channels of London Stock Exchange communication through the regulatory news service, the Company utilises its brokers research services to support its engagement with private shareholders. The Group has also engaged with other brokers and advisers with a focus on delivering more frequent, quality communications with investors from a number of alternative research analysts.

It is intended that all Directors will attend each AGM and shareholders will be given the opportunity to ask questions. In addition, the Chief Executive Officer, Group Finance Director and Head of Investor Relations meet with institutional shareholders following the announcement of interim and final results and at other appropriate times. The Chief Executive Officer and Group Finance Director are also in regular contact with analysts who publish reports on the Group’s performance.

#### Internal control

The Board is responsible for the Group’s systems of internal control and for reviewing their effectiveness. The Board regularly reviews the process for identifying, evaluating and managing any significant risks faced by the Group. The Audit & Risk Committee discusses the

effectiveness of the systems of internal control with the auditor. The committee continues to work on the implementation of a supporting Internal Audit function.

Systems of internal control continue to develop as the Group’s activity expands. The internal controls in the businesses acquired by the Group are, where appropriate, the same as those in Gateley Plc.

The operational functions (professional practice, finance, IT, HR, training, business development, support services and compliance) operate within an established management structure. The managers within the trading businesses have specific responsibilities and authority to manage risk effectively and report monthly either directly to the Operations Board or via their respective committees. Decisions made by the Operations Board are reviewed monthly by the Strategic Board and the Board.

The operational Risk Committee meets regularly to review financial, operational and compliance risks for the businesses and reports to the Audit & Risk Committee. Processes to embed risk management throughout the Group will continue to be reviewed and implemented as appropriate, as will reviews of social, environmental and ethical matters to ensure that all significant risks to the business of the Group arising from these matters are adequately addressed.

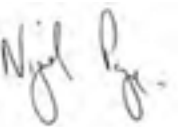
It must be recognised that any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Any such system of internal control can at best provide reasonable but not absolute assurance against material misstatement or loss. The Board is committed to operating in accordance with the Code as far as it is appropriate to do so in view of the current stage of development of the Group.

#### Slavery and Human trafficking statement

Gateley (Holdings) Plc is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain, and expects its suppliers to adopt the same high standards. As part of our commitment to combating modern slavery, we have a specific modern slavery policy and we expect all of our suppliers to operate modern slavery and human trafficking policies.

Gateley (Holdings) Plc’s slavery and human trafficking statement, made in accordance with section 54(1) of the Modern Slavery Act 2015 for the financial year commencing 1 May 2019 and ending 30 April 2020, can be found on its website, [www.gateleyplc.com](http://www.gateleyplc.com). The statement for the financial year commencing 1 May 2020 and ending 30 April 2021 will be published in due course.

On behalf of the Board



**Nigel Payne**  
Chairman

19 July 2021

# Directors’ report

The Directors present their annual report and the audited financial statements for the year ended 30 April 2021.

## Principal activities

The principal activities of the Group during the year were the provision of commercial legal services together with complementary consultancy services including acting as independent trustees to pension schemes, the provision of specialist tax incentive advice, the supply of specialist property consultancy services and the supply of specialist human capital management.

## Business review

The results of Gateley (Holdings) Plc for the Year are set out in the consolidated statement of profit and loss and other comprehensive income on page 72.

A review of the business, results and dividends, and likely future developments of the Company are contained in the Chief Executive Officer’s review on pages 16 to 19 and the Finance Director’s

review on pages 22 to 26. The Group’s key performance indicators (KPIs) are set out on pages 28 and 29. The strategic report, which includes a description of the principal risks and uncertainties facing the Group, is set out on pages 13 to 38.

## Employee share trust

The Gateley Employee Benefit Trust (EBT) was established to facilitate the issue of the equity shares of Gateley (Holdings) Plc to Group employees under share based payment arrangements.

During the year ended 30 April 2021 the EBT purchased 222,724 shares in the company (2020: 703,548) at a cost of £288,003 (2020: £1,273,289).

## Dividends

The Directors propose to recommend a final dividend of £5,896,051 (2020: £nil), being 5.0p (2020: nil) per share, be paid, giving a total dividend for the year of 7.5p (2020: nil). The final dividend has not been included within creditors as it was not approved before the year end.

## The Directors and their interests in the shares of the parent company

	10p ordinary shares		10p ordinary shares	
	Number of shares 2021	Percentage Holding 2021	Number of shares 2020	Percentage Holding 2020
Nigel Terrence Payne	70,918	0.06%	70,918	0.06%
Joanne Carolyn Lake	26,300	0.02%	26,300	0.02%
Suzanne Francis Alison Thompson	10,000	0.01%	10,000	0.01%
Roderick Richard Waldie	1,380,670	1.17%	1,380,670	1.17%
Michael James Ward	2,216,754	1.88%	2,216,754	1.88%
Peter Gareth Davies	2,215,739	1.88%	2,215,739	1.88%
Neil Andrew Smith	383,313	0.33%	383,313	0.33%

## Substantial shareholdings

The Company was notified that the following were interested in 3% or more of the issued share capital of the Company as at 16 July 2021:

Name	Number of ordinary shares	% of issued share capital
Liontrust Asset Management	13,267,201	11.25%
Unicorn Asset Management Limited	6,100,000	5.17%
Miton Asset Management	7,415,577	6.29%

## Financial risk management objectives and policies

The Group uses various financial instruments including cash, trade debtors and trade creditors. It is the Group’s policy not to enter into complex financial instruments. Such instruments give rise to liquidity risk, interest rate risk, credit risk and foreign exchange risk. More detail on financial instruments is given in note 28 to the financial statements.

## Directors’ professional indemnity insurance

All Directors and Officers of the Company have the benefit of the indemnity provision contained in the Company’s Articles of Association. The provision, which is a qualifying third party indemnity provision, was in force throughout the last two financial years and is currently still in force. The Group also purchased and maintained throughout the financial period Directors’ and Officers’ liability insurance in respect of itself and its Directors and Officers, although no cover exists in the event Directors or Officers are found to have acted fraudulently or dishonestly.

## Directors’ responsibilities statement

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

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

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

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

## Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company’s auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Employees

Details of how the Group’s policy and approaches to employee engagement, diversity and inclusion and disabled employees can be found in the strategic report.

## Engaging with stakeholders

The Directors have identified the key stakeholders of the business, and documented their engagement with these groups throughout the year along with how they have been considered in the making of key decisions within the year.

The Group conducts regular client surveys to better understand and improve the clients’ experience and service received.

We seek to build strong, long term relationships with our suppliers working alongside them as business partners for the benefit of all.

The Group works closely with its advisers to ensure it operates in accordance with the market regulations.

The Chief Executive Officer and Finance Director, have regular meetings with the Group’s Relationship Manager at the Solicitors Regulation Authority (SRA), the organisation that oversees the regulation of the legal services sector.

## Streamlined Energy & Carbon Reporting

Under The Companies Act 2006 (Strategic Report and Director’s Report) Regulation 2018, Gateley (Holdings) Plc have disclosed their annual UK energy consumption within the Strategic Report.

## Future developments

The Board plans to continue to drive growth within the existing business and through acquisitions within both the legal and non-legal sectors, supporting this with further investment in technology and recruitment of quality personnel.



*Directors' report*  
continued

**Subsequent events**

There were no subsequent events to report.

**Auditor**

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of MHA MacIntyre Hudson as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



**Rod Waldie**  
**Chief Executive Officer**

One Eleven Edmund Street  
Birmingham  
West Midlands  
B3 2HJ

19 July 2021

*Our  
financials*

# Independent auditors’ report

## to the members of Gateley (Holdings) Plc

For the purpose of this report, the terms “we” and “our” denote MHA MacIntyre Hudson in relation to UK legal, professional, and regulatory responsibilities and reporting obligations to the members of Gateley (Holdings) Plc. For the purposes of the table on pages 66 to 67 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of Gateley (Holdings) Plc and its subsidiaries (the “Group”). The “Parent Company” is defined as Gateley (Holdings) Plc. The relevant legislation governing the Parent Company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

### Opinion

We have audited the financial statements of Gateley (Holdings) Plc for the year ended 30 April 2021.

The financial statements that we have audited comprise:

- the consolidated and Company statements of financial position as at 30 April 2021.
- the consolidated statement of profit and loss and other comprehensive income for the year then ended.
- the consolidated and Company statements of changes in equity for the year then ended
- the consolidated and Company cash flow statements for the year then ended.
- Notes 1 to 31 of the financial statements, including the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 30 April 2021 and the Group’s profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

- In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors’ assessment of the entity’s ability to continue to adopt the going concern basis of accounting included:
- The consideration of inherent risks to the Group’s operations and specifically its business model, taking into account uncertainties caused by COVID-19.
  - The evaluation of how those risks might impact on the Group’s available financial resources.
  - An examination of budgets and forecasts and their basis of preparation.
  - Liquidity considerations including examination of cash flow projections, considering sensitivities to the underlying assumptions on profitability and cash lock up, which drives the cash flow projections.
  - Consideration of the funding facilities available to the Group and the market attitude to lending in the legal sector.

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

### Overview of our audit approach

Materiality	2021	2020	
Group	£800k	£760k	5% of Underlying profit before tax and exceptional items (2020: 4.75%)
Parent	£380k	£352k	1% of gross assets (2020: 1%)
	£40k	£38k	Threshold for reporting misstatements to those charged with governance.

### Key audit matters

Recurring Group	Scope
<ul style="list-style-type: none"><li>Accuracy and valuation of unbilled revenue.</li><li>Existence/cut off of billed revenue.</li><li>Going concern</li></ul>	<p>Material subsidiaries were determined based on:</p> <ol style="list-style-type: none"><li>financial significance of the component to the Group as a whole; and</li><li>assessment of the risk of material misstatements applicable to each component.</li></ol> <p>Our audit scope results in the Parent Company, and one subsidiary, Gateley plc, being the only significant components of the Group being subject to full scope audit work, covering approximately 85% of the Group’s Revenue, 85% of the Group’s Profit Before Tax and over 90% of the Group’s net assets.</p> <p>Analytical review and substantive top up testing was carried out on other components of the Group, depending on their relative size, risks and contribution to the Group results and net assets.</p>



Independent auditors’ report continued

Key audit matters

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

Key audit matter description	How the scope of our audit responded to the key audit matter
Risk of fraud in revenue recognition – valuation of unbilled revenue	
Revenue (in respect of client matters) is recognised in accordance with IFRS 15 ‘Revenue from Contracts with Customers’.	We evaluated the Group’s accounting policies for recognition of revenue for appropriateness in accordance with requirements of the financial reporting framework, including IFRS 15 ‘Revenue from Contracts with Customers’, and checked this has been appropriately applied.
Under ISA 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.	We agreed, on a sample basis, client engagement terms to ensure client matters are classified correctly between contingent and non-contingent and also to support the existence of revenue recognised in the period.
There is judgement in the calculation of accrued income in terms of the recoverability of the time recorded. In addition, the emergence of the COVID-19 pandemic may mean that the existing recovery rate used for the purposes of valuing unbilled revenue needs to be adjusted. There is an inherent risk that the financial implications caused by the pandemic could impact the valuation of accrued revenue. Contingent work in progress may be included in the year-end valuation of accrued revenue when the contingent event has not occurred and therefore the revenue has not been earned in accordance with the requirements of IFRS 15.	We evaluated Management’s assessment, in accordance with the requirements of IFRS 15, that it is not probable that client matters classified as contingent at the year end, and valued at nil, will result in revenue being incorrectly recognised, including, but not limited to, testing billings post year end.
	For unbilled revenue recorded, we tested on a sample basis that entitlement to revenue had been reached through proof of service being carried out and that time had been worked pre year end, confirming that the matter is live and that unbilled revenue is recoverable.
	We checked the application of departmental recovery rates used to value unbilled revenue, assessing their appropriateness, challenging management that the effect of COVID-19 on the expected recovery of unbilled revenue has been taken into account, reviewing post year end actual recovery rates as evidence, and understanding the reason for significant changes in recovery rates year on year.
	We tested the completeness and cut-off of unbilled revenue by a review of time sheets posted after the year end to identify any material unposted time.
	We assessed the adequacy of provisions against irrecoverable unbilled revenue by review of aged work in progress reports.
	<b>Key observations</b> We concluded that there was no material misstatement in the valuation of unbilled revenue, in accordance with IFRS15.

Key audit matter description	How the scope of our audit responded to the key audit matter
Risk of fraud in revenue recognition – existence/cut off of billed revenue	
Bills raised in the year may be fictitious/erroneous or raised before time has been worked by the fee earners and the business may therefore not be entitled to the income. Bills may also be raised when work in progress should be written off as irrecoverable.	We tested a sample of invoices issued during the year to time worked or evidence of service provided pre year end, confirming that entitlement to record the invoice as revenue had been reached. The evidence observed included, but was not limited to, time records maintained by fee earners and client contracts.  We reviewed the level of post year end credit notes being raised to search for bills being raised erroneously relating to irrecoverable work in progress.  <b>Key observations</b> We concluded that revenue had been recorded appropriately.
Going concern	
Due to the COVID-19 pandemic there is a risk that the business may suffer lost revenue, experience reduced levels of profitability or have difficulty accessing finance.	We reviewed the paper prepared by Management to support the going concern assumption. This was supported by detailed financial forecasts for the next three years.  We challenged the assumptions made by Management in their assessment and considered the forecasts analytically.  We obtained details of the funding facilities in place and those under negotiation and considered whether these are sufficient to support he business for the year ahead. We also considered whether the appetite of lenders in the legal sector as experienced by other professional service businesses, supports the assertions of Management.  We reviewed Managements workings relating to banking covenants for potential breaches either during the year or in the forecast period.  We applied scepticism throughout the audit in terms of the potential overstatement of revenue either through the under provision for doubtful debts or the over-valuation of accrued revenue.  We also considered whether there are any unrecorded provisions in the financial statements, particularly relating to claims for professional negligence.  Finally, we considered the financial performance of the business through the pandemic both in terms of revenue generated, costs incurred, corrective measures taken, and government support received. We considered whether Managements forecasts have been prepared on a reasonable basis bearing in mind these matters.  <b>Key observations</b> We conclude that Management’s assessment of the business as a going concern is reasonable in light of the evidence provided and our audit work undertaken.

# Independent auditors’ report continued

## Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work, and evaluating the results.

Materiality in respect of the Group was set at £800k which was determined based on 5% of the normalised profit before tax and exceptional items, as the primary measure on which the performance of the business is judged by its stakeholders.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality was set at £560k (2020: £570k) which represents 70% (2020 – 75%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls, the impact of there being a number of non-significant components and the level of misstatements arising in previous audits. It also reflects the fact that this is the first audit we have carried out on the financial statements of this Group.

Materiality in respect of the parent was set at £380k which was determined based on 1% of total assets. Performance materiality for the Parent Company was set at £265k (2020: £264k) which represents 70% (2020 – 75%) of the above materiality levels.

Our audit work on the significant component of the Group, and for determining and evaluating the specific targeted procedures on other components, was executed at levels of materiality applicable to the individual entity which were lower than Group materiality. Financial statement materiality applied to this component was £750k.

We agreed to report any corrected or uncorrected adjustments exceeding £40k to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

## The scope of our audit

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

The Group comprises one main trading component, a Parent Company, which does not trade, and 10 smaller subsidiary entities. The Group engagement team carried out audits of the complete financial information of the following significant components of the Group:

- The Parent Company, Gateley (Holdings) Plc
- Gateley Plc

A desktop analytical review was performed on the other components that were not considered to be individually financially significant, and specific targeted procedures performed on material subsidiaries based on an assessment of the risk to the Group audit results. These components are:

- Entrust Pension Limited
- Gateley Vinden Limited
- Gateley Hamer Limited
- T-Three Consulting Limited
- Gateley Capitus Limited
- Gateley Tweed LLP
- Kiddy & Partners Limited
- Gateley UK LLP
- International Investments Services Limited
- GEG Services Limited

In addition, the Group includes a number of dormant and small subsidiaries, which together are not material to the Group.

## Reporting on other information

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Directors

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

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

## Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included, the Companies Act 2006, the Financial Services and Markets Act 2000 and applicable tax legislation. In addition, we considered compliance with employee legislation, as fundamental to the Group’s operations.
- Reviewing press releases, and performing an online search of articles about the Group in the financial press
- Enquiry of Management to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of Management around actual and potential litigation and claims.
- Enquiry of the Audit and Finance Committee concerning actual and potential litigation and claims.
- Enquiry of Management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.



*Independent auditors’ report*  
continued

- Reviewing the control systems in place and testing the effectiveness of the controls.
- Performing audit work over the risk of Management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and
- Challenging assumptions and judgements made by Management in their significant accounting estimates, in particular with respect to provisions for claims incurred but not reported.

A further description of our responsibilities for the financial statements is located on the FRC’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

Use of our report

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

**Andrew Moyser FCA FCCA**  
**(Senior Statutory Auditor)**  
for and on behalf of MHA MacIntyre Hudson  
Statutory Auditor  
Birmingham  
19 July 2021

*Consolidated statement of profit and loss*  
*and other comprehensive income*  
for the year ended 30 April 2021

	Note	2021 £’000	2020 £’000
<b>Revenue</b>	4	<b>121,375</b>	109,838
Other operating income	5	<b>2,451</b>	665
Personnel costs, excluding IFRS 2 charge	8	<b>(77,460)</b>	(63,531)
Depreciation – Property, plant and equipment	14	<b>(1,045)</b>	(1,083)
Depreciation – Right-of-use asset	14	<b>(3,751)</b>	(3,455)
Impairment of trade receivables and contract assets	20/21	<b>(1,834)</b>	(631)
Other operating expenses, excluding non-underlying and exceptional items		<b>(19,202)</b>	(23,142)
Operating profit before non-underlying and exceptional items	7	<b>20,534</b>	18,661
Non-underlying operating items	7	<b>(3,029)</b>	(2,730)
Exceptional items	7	<b>-</b>	(570)
		<b>(3,029)</b>	(3,300)
Operating profit	7	<b>17,505</b>	15,361
Investment income received	6	<b>-</b>	138
Financing income	10	<b>176</b>	523
Financing expense	10	<b>(1,373)</b>	(1,266)
<b>Profit before tax</b>		<b>16,308</b>	14,756
Taxation	11	<b>(3,151)</b>	(3,033)
<b>Profit for the year after tax attributable to equity holders of the parent</b>		<b>13,157</b>	11,723
<b>Other comprehensive income</b>			
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange translation differences			
- Exchange differences on foreign branch		<b>(87)</b>	29
Profit for the financial year and total comprehensive income all attributable to equity holders of the parent		<b>13,070</b>	11,752
<b>Statutory Earnings per share</b>			
Basic	12	<b>11.18p</b>	10.34p
Diluted	12	<b>11.10p</b>	10.14p

The results for the periods presented above are derived from continuing operations.  
The accompanying notes on pages 77 to 134 form an integral part of these financial statements.

## Consolidated statement of financial position at 30 April 2021

	Note	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Property, plant and equipment	14	1,323	1,873
Right-of-use asset	14	27,007	22,879
Investment property	15	164	164
Intangible assets & goodwill	16	15,765	18,438
Other intangible assets	18	282	303
Other investments	19	363	229
<b>Total non-current assets</b>		<b>44,904</b>	43,886
<b>Current assets</b>			
Contract assets	20	13,900	11,684
Trade and other receivables	21	43,093	39,997
Deferred tax asset	24	138	19
Cash and cash equivalents	26	19,605	2,923
<b>Total current assets</b>		<b>76,736</b>	54,623
<b>Total assets</b>		<b>121,640</b>	98,509
<b>Non-current liabilities</b>			
Other interest-bearing loans and borrowings	22	-	(2,369)
Lease liability	30	(27,702)	(22,109)
Other payables	23	(120)	(922)
Deferred tax liability	24	(772)	(1,208)
Provisions	25	(763)	(461)
<b>Total non-current liabilities</b>		<b>(29,357)</b>	(27,069)
<b>Current liabilities</b>			
Other interest-bearing loans and borrowings	22	-	(1,437)
Trade and other payables	23	(29,032)	(20,169)
Lease liability	30	(2,743)	(3,347)
Provisions	25	(176)	(252)
Current tax liabilities		(1,066)	(1,399)
<b>Total current liabilities</b>		<b>(33,017)</b>	(26,604)
<b>Total liabilities</b>		<b>(62,374)</b>	(53,673)
<b>NET ASSETS</b>		<b>59,266</b>	44,836

	Note	2021 £'000	2020 £'000
<b>EQUITY</b>			
Share capital	27	11,792	11,761
Share premium		9,421	9,153
Merger reserve		(9,950)	(9,950)
Other reserve		6,815	6,815
Treasury reserve		(312)	(417)
Translation reserve		(60)	27
Retained earnings		41,560	27,447
<b>TOTAL EQUITY</b>		<b>59,266</b>	44,836

These financial statements were approved by the Directors on 19 July 2021 and were signed and authorised for issue on their behalf by:



**Roderick R Waldie**  
Chief Executive Officer

**Neil A Smith**  
Finance Director

Company registered number: 09310078

The accompanying notes on pages 78 to 119 form an integral part of these financial statements.



Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Treasury reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total Equity £'000
At 1 May 2019, as previously reported	11,086	6,755	(9,950)	1,770	(1,057)	21,982	(2)	30,584
Adjustment from adoption of IFRS 16 (net of tax)	-	-	-	-	-	(725)	-	(725)
Restated balance at 1 May 2019	11,086	6,755	(9,950)	1,770	(1,057)	21,257	(2)	29,859
<b>Comprehensive income:</b>								
Profit for the year	-	-	-	-	-	11,723	-	11,723
Exchange rate differences	-	-	-	-	-	-	29	29
Total comprehensive income	-	-	-	-	-	11,723	29	11,752
<b>Transactions with owners recognised directly in equity:</b>								
Issue of share capital	675	2,398	-	5,045	-	-	-	8,118
Recognition of tax benefit on gain from equity settled share options	-	-	-	-	-	374	-	374
Purchase of own shares at nominal value	-	-	-	-	-	(163)	-	(163)
Sale of treasury shares	-	-	-	-	1,915	-	-	1,915
Purchase of treasury shares	-	-	-	-	(1,275)	-	-	(1,275)
Dividend paid	-	-	-	-	-	(6,007)	-	(6,007)
Share based payment transactions	-	-	-	-	-	821	-	821
Deferred tax on equity settled element of share based payment charge	-	-	-	-	-	(558)	-	(558)
Total equity at 30 April 2020	11,761	9,153	(9,950)	6,815	(417)	27,447	27	44,836

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Treasury reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total Equity £'000
At 1 May 2020	11,761	9,153	(9,950)	6,815	(417)	27,447	27	44,836
<b>Comprehensive income:</b>								
Profit for the year	-	-	-	-	-	13,157	-	13,157
Exchange rate differences	-	-	-	-	-	-	(87)	(87)
Total comprehensive income	-	-	-	-	-	13,157	(87)	13,070
<b>Transactions with owners recognised directly in equity:</b>								
Issue of share capital	31	550	-	-	-	-	-	581
Sale of treasury shares	-	(282)	-	-	400	-	-	118
Purchase of treasury shares	-	-	-	-	(295)	-	-	(295)
Dividend paid	-	-	-	-	-	-	-	-
Share based payment transactions	-	-	-	-	-	956	-	956
<b>Total equity at 30 April 2021</b>	<b>11,792</b>	<b>9,421</b>	<b>(9,950)</b>	<b>6,815</b>	<b>(312)</b>	<b>41,560</b>	<b>(60)</b>	<b>59,266</b>

The following describes the nature and purpose of each reserve within equity:

**Share premium** – Amount subscribed for share capital in excess of nominal value together with gains on the sale of own shares and the difference between actual and nominal value of shares issued by the Company in the acquisition of trade and assets.

**Merger reserve** – Represents the difference between the nominal value of shares acquired by the Company in the share for share exchange with the former Gateley Heritage LLP members and the nominal value of shares issued to acquire them.

**Other reserve** – Represents the difference between the actual and nominal value of shares issued by the Company in the acquisition of subsidiaries.

**Treasury reserve** – Represents the repurchase of shares for future distribution by Group’s Employee Benefit Trust.

**Retained earnings** – All other net gains and losses and transactions with owners not recognised anywhere else.

**Foreign currency translation reserve** – Represents the movement in exchange rates back to the Group’s functional currency of profits and losses generated in foreign currencies.

The accompanying notes on pages 78 to 119 form an integral part of these financial statements.

## Consolidated cash flow statement

### for year ended 30 April 2021

	Note	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Profit for the year after tax		13,157	11,723
<i>Adjustments for:</i>			
Depreciation and amortisation	14/16/18	6,869	5,913
Financial income	10	(176)	(523)
Financial expense	10	416	426
Interest charge on capitalised leases	10	957	840
Impairment of Goodwill	16	-	619
Equity settled share-based payments	8	956	821
Profit on disposal of property, plant and equipment	7	(3)	-
Loss on disposal of other intangible assets	18	-	282
Profit on sale of investment	6/19	-	(138)
Tax expense	11	3,151	3,033
		25,327	22,996
Increase in trade and other receivables		(5,312)	(1,730)
Increase/(decrease) in trade and other payables		9,216	(5,280)
Increase in provisions	25	226	83
<b>Cash generated from operations</b>		29,457	16,069
Tax paid		(4,039)	(2,767)
<b>Net cash flows from operating activities</b>		25,418	13,302
<b>Investing activities</b>			
Acquisition of property, plant and equipment	14	(503)	(857)
Acquisition of other intangible assets	18	(10)	(329)
Cash received on disposal of property, plant and equipment		11	-
Cash received on sale of investments		-	208
Acquisition of other investments	19	(134)	(214)
Contingent consideration paid - acquisition of subsidiary		(363)	(625)
Consideration paid on acquisitions, net of cash acquired		-	(2,657)
<b>Net cash used in investing activities</b>		(999)	(4,474)

	Note	2021 £'000	2020 £'000
<b>Financing activities</b>			
Interest receivable	10	176	523
Interest and other financial income paid	10	(416)	(426)
Interest charge on capitalised leases	10	(957)	(840)
Lease repayments		(2,890)	(801)
Repayment of term bank loans	22	(3,077)	(2,573)
Repayment of loans from former members of GCL Solicitors & Directors of IIS	22	(729)	(402)
Funds from former members of Gateley Tweed	22	-	30
Proceeds from sale of own shares		145	642
Acquisition of own shares		(288)	-
Cash received for shares issued on exercise of SAYE/CSOP/SARS options		299	1,062
Dividends paid	13	-	(6,007)
<b>Net cash used in financing activities</b>		(7,737)	(8,792)
Net increase in cash and cash equivalents		16,682	36
Cash and cash equivalents at beginning of year		2,923	2,887
<b>Cash and cash equivalents at end of year</b>	26	19,605	2,923

The accompanying notes on pages 78 to 119 form an integral part of these financial statements.



# Notes to the consolidated financial statements

(forming part of the financial statements)

## 1. Basis of preparation and significant accounting policies

Gateley (Holdings) Plc is a Company incorporated and domiciled in the United Kingdom. The Parent Company’s acquisition of Gateley Plc and its acquisition of Gateley LLP have been assessed as being business combinations under common control which are scoped out of IFRS 3 ‘Business Combinations’. In accordance with the requirements of IAS 8 the Directors have selected an appropriate accounting policy to reflect the substance of this transaction. The Directors have chosen to apply merger accounting as outlined in UKGAAP (FRS102) This requires the Group to be consolidated at the date of the business combinations as though the Group structure has always been in place. No Goodwill has been recognised on this transaction.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in GBP, which is the functional currency of the Company, and the presentational currency for the Group.

### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except where adopted IFRSs require an alternative treatment. The principal variations relate to investment properties and financial instruments which are carried at fair value.

### 1.2 Going concern

See full explanation on page 29 of the Strategic Report.

Having reviewed the Group’s forecasts, which includes an analysis of both short term cash flow forecasts and longer term cash flow forecasts, the risk and uncertainties surrounding the current and future demand for legal services, and other reasonably possible

variations in trading performance, mitigating actions available to management and the possible continued impact of COVID-19 the Group expects to be able to operate within the Group’s financing facilities.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact our future performance such as lower levels of revenue growth, lower than forecast receipts of cash, and reduced levels of gross margin expansion. In addition, the Directors have also considered further mitigating actions such as lower capital expenditure and other short-term cash management activities within the Group’s control. On this basis, the Directors have a reasonable basis to conclude that the Group is forecast to continue to trade in line with existing financing facilities for the foreseeable future.

Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### 1.3 Basis of consolidation

On 29 May 2015, the Company acquired 100 per cent of the issued share capital of Gateley Plc which had, on the same day, acquired the business assets and liabilities of Gateley Heritage LLP, formerly the partnership of Gateley LLP. Following this Group reorganisation the financial statements for the year ended 30 April 2016 were prepared on a merger accounting basis as though this Group structure had always been in place.

Although the share for share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of the pre-existing group, headed by Gateley LLP.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. 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. In assessing control, the Group’s primary consideration is voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

#### Audit exemption of subsidiaries

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

Name	Registered number
Gateley UK LLP	OC315778
Gateley EBT Limited	09576648
Gateley Capitus Limited	03324995
Gateley Hamer Limited	03948095
Kiddy & Partners Limited	11379755
International Investment Services Limited	08597472
Persona Associates Limited	02371248
T-Three Consulting Limited	03959623
T-Three Group Limited	06495180
T-Three Holdings Limited	04579021
Gateley Vinden Limited	03830233
Matsa Holdings Limited	08293396
Thomas Alexander Holdings Limited	02280956
TVP Holdings Limited	06548795
GEG Services Limited	12374579

The outstanding liabilities at 30 April 2021 of the above named subsidiaries have been guaranteed by the Company pursuant to s479A to s479C of the Act. In the opinion of the Directors, the possibility of the guarantee being called upon is remote.

### 1.4 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group’s presentational currency, sterling, at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

### 1.5 Classification of financial instruments issued by the Group

IFRS 9 ‘Financial Instruments’ specifies how an entity should classify and measure financial assets including some hybrid contracts. Financial assets are to be classified on principle-based requirements dependent on the assets contractual cash flow characteristics and the Group business model for managing those assets.

The standard also introduced an impairment model that is to be applied to debt instruments measured at amortised cost or fair value through other comprehensive income, as well as trade receivables and contract assets. Under the model, expected credit losses are to be recognised against financial assets. Expected credit losses have been calculated for the next 12 months in relation to debt securities and over the lifetime of trade and other receivables in line with the general approach provided within the standard. The Group has based the assessment of the expected credit losses on a number of factors including the credit risk of the asset upon initial recognition as well as observed actual losses against classes of financial assets and specific client and industry knowledge held by fee earners.

In response to the COVID-19, Management has elected to apply a specific provision in addition to ECL’s recognised. This provision uplift is based solely on Management’s assessment of recoverability of current debts.

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Company’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company’s own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial instruments (including members’ capital of subsidiary LLP’s) are classified as a financial liability. Profit distributions relating to equity instruments are debited direct to equity

### 1.6 Non derivative financial instruments

#### Financial assets

The Group’s financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

# Notes to the consolidated financial statements

## continued

**i) Investments**

Other investments in debt and equity securities held by the Group that were previously classified as being available-for-sale and are stated at fair value, have been classified as equity investments measured at fair value through other comprehensive income under IFRS 9.

**ii) Trade and other receivables**

Trade and other receivables (except unbilled amounts for client work) are initially recognised at their transaction value and carried at amortised cost under IFRS 9.

In line with IFRS 9, the Group recognises as disclosed in note 20 and 21 any expected credit loss against trade receivables in order to recognise the inherent risk that the Group may not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision recorded is based on a broad range of information including past events, current conditions and forecasts of the future cash flows of the asset and is recognised in the statement of profit and loss in other operating expenses.

**iii) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the consolidated cash flow statement, cash and cash equivalents includes bank overdrafts in addition to the definition above.

**iv) Treasury shares**

The Group operates an Employee Benefit Trust (“EBT”) under which ordinary shares have been issued and are held by the EBT. These are treated as treasury shares and are added to the Treasury Share Reserve.

**Financial Liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

The Group’s financial liabilities comprise trade and other payables, borrowings, contingent consideration, members’ capital and amounts due to members. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method with the exception of contingent consideration that is measured at fair value through profit or loss.

**i) Bank borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. 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 profit and loss over the period of the borrowings using the effective interest method.

Financial expenses comprise interest expense on borrowings.

**ii) Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**iii) Contingent consideration**

Contingent consideration is initially recognised and carried at the fair value. Any interest payable on the balance is reflected in the value of the liability and charged monthly to the Statement of Profit and Loss as it arises.

### 1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment charges.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated to write off the cost of property, plant and equipment less the estimated residual value on a straight-line basis over the expected useful economic life of the assets concerned. Estimated residual values are revised annually.

The useful lives over which these assets are depreciated are:

Leasehold improvements	over the term of the lease
Equipment	33.3% straight line
Fixtures and fittings	20% straight line
Right-of-use assets	useful life of the lease (between 1 and 10 years)

### 1.8 Leases

The Group leases offices, equipment and vehicles. Rental contracts are for periods of between 1 and 10 years. Lease terms are negotiated on a lease by lease basis and contain a variety of terms and conditions.

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (being those assets with a value less than £5,000). For short term and low value leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term assumed reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group’s incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is presented as a separate line in the consolidated statement of financial position.

Right-of-use assets are recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

Subsequent to initial recognition, the lease liability is reduced for payments made and increased to reflect interest on the lease liability (using the effective interest method). The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Interest on the lease liability is recognised in the Statement of Comprehensive Income.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

In May 2020 the International Accounting Standards Board issued COVID-19 Related Rent Concessions (the 2020 amendments) which amended IFRS 16 Leases. These amendments introduced an optional practical expedient providing lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The Group has applied this practical expedient where applicable, the impact of this election and any COVID-19 related rent concession have not had a material impact on the closing value of the right-of-use asset or lease liability at 30 April 2021.

### 1.9 Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. Any interest payable on the balance is reflected in the value of the liability and charged monthly to the Statement of Profit and Loss as it arises. Further detail on contingent consideration is disclosed in note 17.



# Notes to the consolidated financial statements

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On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

### 1.10 Intangible assets and goodwill

#### Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

#### Other intangible assets

Other intangible assets, including software licences, expenditure on internally generated goodwill, brands and software, customer contracts and relationships are capitalised at cost and amortised on a straight-line basis over their estimated useful economic lives through operating expenses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

#### Customer lists

Customer lists that are acquired by the Group as part of a business combination are stated at cost less accumulated amortisation and impairment losses (see accounting policy ‘Impairment of assets’). Cost reflects Management’s judgement of the fair value of the individual intangible asset calculated by reference to the net present value of future benefits accruing to the Group from the utilisation of the asset, discounted at an appropriate discount rate.

#### Brand value

Certain acquisitions have retained their trading name due to the value of the brand in their specific market place.

Brand value is amortised over a period of three or five years based on the Directors’ assessment of the future life of the brand, supported by trading history.

#### Internally generated computer software

Costs associated with maintaining computer software programs are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;

- there is an ability to sell or use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years. Computer software under development is not amortised. Amortisation starts from the date on which the software is available for use. If a decision is made to halt development then the cost is immediately expensed.

#### Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer lists and brands	3 to 5 years
Computer software	3 years

### 1.11 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Any gain or loss arising from a change in fair value is recognised in profit or loss.

### 1.12 Impairment excluding investment properties

#### Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether it is impaired. Management assesses impairment of financial assets based on a broad range of information, including past events, current conditions and forecasts of the future cash flows of the asset that can be estimated reliably.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Under IFRS 9 the Group recognises expected credit losses (ECLs) on receivables through application of the simplified method.

The ECL’s are determined using historic credit loss experience adjusted for forward-looking factors and specific provisions based on Management knowledge and expertise. As the longevity and impact of the COVID 19 pandemic is unknown, Management have considered the potential defaults on receivables as a result and reflected these in addition to the ECL’s calculated.

#### Intangibles and property, plant and equipment (non-financial assets)

The carrying amount of the Group’s assets including property, plant and equipment and intangibles other than goodwill is reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss where it relates to an amount charged to profit or loss.

#### Goodwill (non-financial asset)

Goodwill is capitalised as an intangible asset and is not amortised but tested for impairment annually and when there are any indications that its carrying value is not recoverable. As such, goodwill is stated at cost less any provision for impairment in value. For impairment testing purposes, goodwill is allocated to cash-generating units. If a subsidiary undertaking is subsequently sold, goodwill arising on acquisition is taken into account in determining the profit or loss on sale.

### 1.13 Employee benefits

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss in the periods during which services are rendered by employees.

#### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Share-based payment transactions

The Group operates several equity settled share based compensation plans.

The grant date fair value of share-based payment awards made to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date, measured at the grant date fair value of the award.

At each reporting date, the Group revises its estimates of the number of share incentives which are expected to vest. The impact of the revision of original estimates is recognised in the income statement with a corresponding adjustment to equity.

### 1.14 Own shares held by EBT trust (treasury reserve)

Transactions of the Group-sponsored EBT trust are included in the Group financial statements. In particular, the trust’s purchases and sales of shares in the Company are recognised directly within equity.

### 1.15 Provisions

#### Professional indemnity provision

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Where material, the impact of the time value of money is taken into account by discounting the expected future cash flow at a pre-tax rate, which reflects risks specific to the liability.

Insurance cover is maintained in respect of professional negligence claims. This cover is principally written through insurance companies with coverage of up to £150 million for each claim. Premiums are expensed as they fall due with prepayments or accruals being recognised accordingly. Expected reimbursements are recognised once they become receivable. The liability and the associated reimbursement asset are shown separately in the financial statements. Where outflow of resources is considered probable and reliable estimates can be made, provision is made for the cost (including related legal costs) of settling professional negligence claims brought against the Group by third parties and disciplinary proceedings brought by regulatory authorities. Amounts provided for are based on Management’s assessment of

# Notes to the consolidated financial statements

## continued

the specific circumstances in each case. No separate disclosure is made of the detail of such claims and proceedings, as to do so could seriously prejudice the position of the Group. In the event the insurance companies cannot settle the full liability, the liability will revert to the Group.

### Dilapidations provision

The Group recognises a provision for the future costs of dilapidations on leased office space. The provision is an estimate of the total cost to return applicable office space to its original condition at the end of the lease term, spread over the term of the lease. The estimated total cost is based on previous dilapidation expense per square foot of office space.

### 1.16 Revenue recognition

#### IFRS 15 Revenue from contracts with customers

Under IFRS 15 *Revenue from contracts with customers*, revenue is recognised either over time or at a point in time. The model uses a contract based five-step analysis of transactions to determine when, and how much, revenue is recognised; this includes the matching of stand-alone process for services provided to the satisfaction of performance obligations.

The Group considers that there are two contract types in issue in the performance of the Group's professional services, being non-contingent and contingent contracts.

#### Non-contingent contracts

Non-contingent work is typically recognised over the duration of the contract in line with the number of hours charged to the engagement at a pre-established rate. Under IFRS 15 the hours worked on these engagements are considered to be the satisfaction of the performance obligation, therefore where collection of revenue is considered probable, it is recognised in line with the hours performed.

#### Contingent contracts

Contingent work is typically recognised at a point in time, once the pre-agreed stages of the contract performance are reached or concluded as a result of an event linked to each work type performance. In line with IFRS 15 the Group recognises revenue on these contracts at a point in time once the uncertainty over the contingent event has been satisfied as this is the point at which the performance obligation is considered to have been met.

#### Recognition of accrued revenue

The standard requires both contract assets and liabilities being recognised. Whilst IFRS 15 requires that when an entity has an unconditional right to consideration then at this point the contract asset would become a trade receivable regardless of whether a bill has been issued. However, the Group does not consider the right to be unconditional until the point of billing at which point the fee amount has been agreed and confirmed with the customer. Therefore, these unbilled amounts are recognised as contract assets as opposed to trade receivables. The Group has also recognised a contract liability under the standard that represents the amount of income that has been invoiced in advance of the service being performed.

#### Recoverable expenses

Recoverable expenses and disbursements represent charges from other professional service firms, sub-contractors and out of pocket expenses incurred in respect of assignments and expected to be recovered from clients.

#### Other income

Rental income, generated through the subletting of office space, is recognised in line with IFRS 16, on a straight line basis over the lease term.

Other income includes the recognition of amounts received in relation to the termination of a software development contract and government supported income from its Coronavirus Job Retention scheme. Income is recognised in the same period as the corresponding employee costs.

#### Government grant income

The Company applies the performance model to government grant income, grants are recognised as income once all of the performance conditions have been met.

In the year ended 30 April 2021, the Company utilised the Coronavirus Job Retention Scheme (CJRS) which meets the criteria of a government grant under IAS 20. CJRS allowed the Company to place staff on temporary leave (furlough) and claim the cost of 80% of employee's payroll costs from the government. Under the performance model the Company has recognised the income on a straight line basis over the period of the furlough. This income has been recognised in other income within the statement of profit and loss.

### 1.17 Short term and low value lease payments

Payments made on short term and low value leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease in prior year comparatives and where current year leases meet the short-term lease criteria under IFRS 16.

### 1.18 Financial income and expenses

Financial expenses comprise interest payable and exchange losses that are recognised in the statement of profit and loss. Financial income comprises interest receivable on funds invested and exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

### 1.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### 1.20 Non-underlying items

Non-underlying items are non-trading and or non-cash items disclosed separately in the Consolidated Income Statement where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Group. The following are included by the Group in its assessment of non-underlying items:

- Share based payment charges: such charges are treated as non-underlying as the gain realised on the options granted is settled in shares not cash and therefore does not impact the income statement. The IFRS 2 charge is taken to the income statement, these expenses are treated as non-underlying items as they are either non-cash or non-recurring in nature.
- Amortisation in respect of intangible fixed assets: these costs are treated and non-underlying as they are non-cash items.

The tax effect of the above is also included if considered significant.

### 1.21 Exceptional items

Exceptional items are one off transactions, unrelated to the underlying trading performance of the Group disclosed separately in the Consolidated Income Statement where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Group.

The following are included by the Group in its assessment of exceptional items:

- Gains or losses arising on disposal, closure, restructuring or reorganisation of businesses that do not meet the definition of discontinued operations.
- Impairment charges in respect of intangible fixed assets: these costs are treated as exceptional due to their one off nature.
- Non-typical expenses associated with acquisitions.
- Costs incurred as part of significant refinancing activities.

The tax effect of the above is also included if considered significant.

Details in respect of the non-underlying items recognised in the current and prior year are set out in note 7 to the Financial Statements.

### 1.22 Ordinary dividends

Dividends are recognised as a liability in the period in which they are approved by the Company's shareholders.

## 2 Accounting developments

### New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been applied early to the Group:

Revised IFRS	Effective date
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16	1 January 2021

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

## 3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires Management to make estimates and assumptions which affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on Management's best judgement at the date of preparation of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The key areas where a higher degree of judgement or complexity arises, or where estimates and assumptions are significant to the consolidated financial statements are discussed below. Management does not consider there to have been any critical accounting judgements made in the financial year.

### Estimates

#### Impairment assessment of trade receivables (note 21) and unbilled revenue (note 20)

The carrying amount of trade receivables on client assignment is held at selling price less lifetime estimated credit losses (ECLs). The inclusions of the ECLs contributes to reducing the risk relating to the amounts of debts that are recoverable or not recoverable.



# Notes to the consolidated financial statements

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ECLs have been estimated based on historic credit losses within each operating segment for each ageing bracket. These credit losses calculated have then been adjusted where appropriate for the inclusion of Management and legal professional judgement to account for any forward looking information on specific clients.

Management have performed sensitivity analysis over the ECL and specific provision applied to trade receivables:

	Increase/ (decrease) in value of trade receivables £'000
+1% increase in specific provision in ECL	(386)
-1% decrease in specific provision movement in ECL	386

In response to the ongoing impact of COVID-19, Management has elected to apply an uplift to the ECL calculated based on Management and fee earner knowledge of specific clients and debt, as such Management believes the overall provision held against trade receivables is prudent and therefore any increase in rate to be unlikely.

Management has also applied the same expectation of credit losses for trade receivables to contract assets to assess the recoverability of unbilled revenue recognised in the consolidated accounts

Management has performed sensitivity analysis on the expectation of recoverability applied to the contract assets balance:

	Increase/ (decrease) in value of contract assets £'000
+1% increase in ECL rate	(132)
-1% decrease in ECL rate	132

Management believes that the provision in place is sufficiently prudent and therefore any increase in the rate applied is unlikely.

### Unbilled revenue on client assignments (note 20)

The valuation of unbilled revenue involves detailed understanding of contractual terms with clients and affects the amount of revenue recognised. The valuation is based on an estimate of the amount expected to be recoverable from clients on unbilled items based on such factors as time spent, the expertise and skills provided and the

stage of completion of the assignment. The principal uncertainty over this estimation is a result of the amounts not yet being billed to, or recognised by the client. The extent of such uncertainty is increased on contingent engagements as there is no certainty that the amount will be recoverable at all until the contingent event is satisfied. Management looks to reduce this level of uncertainty by conducting comprehensive risk assessments over each engagement undertaken to minimise the overall risk held by the Group. Provision is made for such factors as historical recoverability rates, contingencies, agreements with clients, external experts' opinion and the potential credit risks, following interactions between legal staff, finance and clients. In assessing whether unbilled time is recognised as unbilled revenue, Management is required to make estimates in determining the point at which the contingency is resolved and when the fair value of consideration can be measured reliably.

Where a case is contingent at the statement of financial position date, no revenue is recognised. Where entitlement to income is certain it is recognised at selling price.

### Valuation of intangibles (note 16)

Measurement of intangible assets relating to acquisitions: In attributing value to intangible assets arising on acquisition, Management has made certain assumptions in terms of cash flows attributable to intellectual property and customer relationships. The key assumptions made relate to the valuation of the brand, where the acquired brand is retained by the entity, and the customer list. The value of such intangibles has been estimated based on the amount of revenue expected to be generated by them. The revenue estimations rely on annual growth rates. Management has selected the appropriate rates based on a combination of observed historical growth, industry norms and forecasted influencing factors. Management has also performed sensitivity analysis to assess the impact of any variation to the growth rate used, see note 16. The rates applied reflect previous growth rates, with sensitivities indicating that variations in the actual rate achieved are unlikely to materially impact the valuation of the intangible assets.

### Impairment of goodwill (note 16)

Goodwill is separately disclosed as an intangible asset and is not amortised but tested for impairment annually and when there are any indications that its carrying value is not recoverable. As such, goodwill is stated at cost less any provision for impairment in value. For impairment testing purposes, goodwill is allocated to cash-generating units ("CGUs"). The value of goodwill is assessed at each year end to ensure that the carrying value in each CGU is still reflective of the underlying values calculated on day one. The assessment of any impairment requires significant judgement from Management in estimating future performance and any associated impairment.

## 4. Revenue and operating segments

The Chief Operating Decision Maker ("CODM") is the Strategic Board. The Group has the following five strategic divisions, which are its reportable segments. These divisions offer a mixture of legal and consultancy services to clients. With effect from 1 May 2020 all service lines are managed through two separately reporting lines renamed Gateley Legal and Gateley Consultancy.

The following summary describes the operations of each reportable segment as reported up to 30 April 2021 and also the new service lines:

Reportable segment	Legal service lines (Gateley Legal)	Consultancy service lines (Gateley Consultancy)
Banking and financial services	Asset finance Banking Restructuring	Vinden
Corporate	Corporate Private client/Family Taxation	International Investment Services GEG Services
Business services	Commercial Commercial Dispute Resolution/Litigation Shipping Tweed (reputation, media and privacy law)	Vinden
Employment, Pensions and Benefits	Employment Pensions	Entrust Kiddy & Partners T-three
Property	Real Estate Residential Development Construction Planning	Capitus Hamer/Persona Vinden

The revenue and operating profit are attributable to the principal activities of the Group. A geographical analysis of revenue is given below:

	2021 £'000	2020 £'000
United Kingdom	109,934	104,911
Europe	6,231	2,748
Middle East	937	454
North and South America	1,045	533
Asia	802	289
Other	2,426	903
	121,375	109,838

The Group has no individual customers that represent more than 10% of revenue in either the 2021 or 2020 financial year. The Group's assets and costs are predominately located in the UK save for those assets and costs located in the United Arab Emirates (UAE) via its Dubai subsidiary. Net Group assets of £0.07m (2020: Net Group assets of £0.04m) are located in the Group's Dubai subsidiary. Revenue generated by the Group's Dubai subsidiary to customers in the UAE totalled £0.96m (2020: £0.50m) as disclosed above as due from the customers in the Middle East.

Notes to the consolidated financial statements  
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2021

	Banking and Financial Services £'000	Corporate £'000	Business Services £'000	Employee Pensions and Benefits £'000	Property £'000	Total segments £'000	Other expense and movement in unbilled revenue £'000	Total £'000
Segment revenue from services transferred at a point in time	3,239	7,437	1,357	3,780	13,289	29,102	1,361	30,463
Segment revenue from services transferred over time	12,774	14,450	11,996	10,472	39,654	89,346	1,566	90,912
Total Segment revenue	16,013	21,887	13,353	14,252	52,943	118,448	2,927	121,375
Segment contribution (as reported internally)	5,291	7,100	5,688	4,597	24,406	47,082	2,927	50,009
Costs not allocated to segments:								
Other operating income								2,448
Personnel costs								(8,240)
Depreciation and amortisation								(6,869)
Other operating expenses								(18,887)
Share based payment charges								(956)
Exceptional costs								-
Net financial expense								(1,197)
Profit for the financial year before taxation								16,308

2020

	Banking and Financial Services £'000	Corporate £'000	Business Services £'000	Employee Pensions and Benefits £'000	Property £'000	Total segments £'000	Other expenses and movement in unbilled revenue £'000	Total £'000
Segment revenue from services transferred at a point in time	6,495	6,956	3,628	1,611	15,699	34,389	579	34,968
Segment revenue from services transferred over time	10,206	12,845	8,927	12,020	29,372	73,370	1,500	74,870
Total segmental revenue	16,701	19,801	12,555	13,631	45,071	107,759	2,079	109,838
Segment contribution (as reported internally)	6,538	7,616	4,992	4,876	21,317	45,339	2,079	47,418
Costs not allocated to segments:								
Other operating income								665
Investment income								138
Personnel costs								(7,523)
Depreciation and amortisation								(5,913)
Other operating expenses								(17,361)
Share based payment charge								(821)
Exceptional costs								(1,104)
Net financial expense								(743)
Profit for the financial year before taxation								14,756

Group entities may be engaged on a contingent basis; in such cases the Group considers the satisfaction of the contingent event as the sole performance obligation within the contract. Fees are only billed once the contingent event has been satisfied. The initial financing of these engagements types is met by the Group. Due to the nature and timing of the billing, such engagements influence the contract asset balance held in the balance sheet at year end. In the majority of cases the contingent event is expected to be concluded within one year of the engagement date. The Group operates standard payment terms of 30 days. £15.2 million of the current period revenue is derived from services satisfied, in part, in the previous period.

Services transferred over time

For non-contingent engagements, fee earners’ hourly rates are determined at the point of engagement with all hours attributed to the engagement fully and accurately recorded. The recorded hours are then translated into fees to be billed and invoiced on a monthly basis. The Group typically operates on 30 days credit terms, in line with IFRS 15 the performance obligations are fulfilled over time with revenue being recognised in line with the hours worked.



Notes to the consolidated financial statements  
continued

Contract assets

Under IFRS 15 the Group recognises any goods or services transferred to the customer before the customer pays consideration, or before payment is due, as a contract asset. These assets differ from accounts receivables. Accounts receivable are the amounts that have been billed to the client and the revenue recognised, whereas these contract assets are amounts of work in progress where work has been performed, yet the amounts have not yet been billed to the client. Due to the nature of the services delivered by the Group the significant component of the cost of delivery is staff costs. As a result, there is little to no judgement exercised in determining the costs incurred as they are driven by the time recorded by fee earners. Contract assets are subject to impairment under IFRS 9.

No other financial information has been disclosed as it is not provided to the CODM on a regular basis.

Contract Liabilities

Under IFRS 15 the Group is required to recognise contract liabilities based on those amounts recognised against contracts for which the satisfaction of performance obligations has not yet been met. These liabilities relate to the deferred income recognised within Kiddy & Partners, T-three Consulting Limited and GEG Services Limited as a result of their billing structure. The amounts recognised reflect the agreed cost of the services to be performed and are realised in line with the ongoing cost of delivery. Due to the nature of the services provided, the main component of this cost of delivery is staff costs, as a result there is little to no judgement exercised in determining the value of the liability held at year end.

Practical expedients under IFRS 15

Under IFRS 15 companies are required to disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period. However, only a small proportion of revenue contracts in issuance are for fixed amounts, rather the company has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the business’ performance completed to date. Therefore, the Group considers it impractical to estimate the potential value of unsatisfied performance obligations and has elected to apply the practical expedient available under IFRS 15.

5. Other operating income

	2021 £’000	2020 £’000
Rental and service charge income	2	216
COVID-19 Job retention scheme income	1,945	416
Exchange gain	-	17
Cash incentives – Bank account switching income	1	16
Profit on sale of fixed assets	3	-
Amounts received against terminated contract	500	-
	2,451	665

6. Investment income

	2021 £’000	2020 £’000
Income from sale of investment – Business Collaborator Limited	-	138

7. Expenses and auditor’s remuneration

Included in operating profit are the following:

	2021 £’000	2020 £’000
Depreciation on tangible assets (see note 14)	1,045	1,083
Depreciation on right-of-use asset (see notes 14 and 29)	3,751	3,455
Short term and low value lease payments (see note 29)	40	63
Operating lease costs on property (see note 29)	26	21
Other operating income – rent received	(2)	(216)
Foreign exchange losses	87	(29)
Profit on sale of fixed assets	(3)	-

	2021 £’000	2020 £’000
<b>Non-underlying items</b>		
Amortisation of intangible assets (see notes 16 and 17)	2,073	1,375
Share based payment charges – Gateley Plc	956	821
Share based payment charges – Kiddy & Partners	-	534
	3,029	2,730

<b>Exceptional items</b>		
Acquisition costs	-	107
Impairment of software development costs	-	463
	-	570
<b>Total non-underlying and exceptional items</b>	<b>3,029</b>	<b>3,300</b>

Acquisition costs in the 2020 financial year represent professional fees in respect of the acquisition of T-Three Consulting Limited and The Vinden Partnership Limited.  
Share based payment charges in Gateley Plc represent charges in accordance with IFRS 2 in respect of unexercised SAYE, CSOP, SARS and LTIP schemes (See note 9).  
Share based payment charges in Kiddy & Partners in the 2020 financial year represent bonuses awarded to staff based on profit related performance conditions settled 50% in cash and 50% in shares are the prevailing market value at the time of issue (See note 8 and 9)  
Impairment of software development costs in the comparative year relates to internally generated costs capitalised in previous years, released due to the cessation of the related IT project to install a new practice management system. (See note 18)

	2021 £’000	2020 £’000
<b>Auditor’s remuneration</b>		
Fees payable to the Company’s Auditor in respect of audit services:		
Audit of these financial statements	73	143
Audit of financial statements of subsidiaries of the Company	15	15
	88	158
Amounts receivable by the Company’s auditor and its associates in respect of:		
Other assurance services	44	33
Tax advisory services	-	7
Tax compliance services	-	45
	44	85

Other assurance services in 2021 relate to Solicitors Accounts Rules review with associated reporting to legal regulators. This work is entirely assurance focused.

# Notes to the consolidated financial statements

## continued

### 8. Personnel costs

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

	Number of employees	
	2021	2020
Legal and professional staff	770	706
Administrative staff	343	341
	1,113	1,047

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	68,020	55,696
Social security costs	7,736	6,280
Pension costs	1,704	1,555
	77,460	63,531
<b>Non-underlying items (see note 7)</b>		
Share based payment expense – Gateley Plc	956	821
Share based payment expense – Kiddy & Partners	-	534
	78,416	64,886

Details of the Directors’ remuneration and share interests are given in the Summary of Directors’ remuneration for the year within the Directors’ Remuneration Report on pages 42 to 47.

### 9. Share based payments

#### Group

At the year end the Group has four share based payment schemes in existence.

#### Save As You Earn scheme (‘SAYE’)

The Group operates a HMRC approved SAYE scheme for all staff. Options under this scheme will vest if the participant remains employed for the agreed vesting period of three years. Upon vesting, each option allows the holder to purchase the allocated ordinary shares at a discount of 20% of the market price determined at the grant date.

During the year 365,355 SAYE 17/18 options vested with 107,743 being exercised by 30 April 2021 leaving 257,612 options still to be exercised. New shares were issued to satisfy these options being 107,743 10p shares with a nominal value of £10,774. The accrued IFRS2 charge of £155,381 has been released against other reserves.

#### Company Share Option Plan (‘CSOP’)

The Group operates a HMRC approved CSOP scheme for associates, senior associates, legal directors, equivalent positions in Gateley subsidiary companies and Senior Management positions in our support teams. Options under this scheme will vest if the participant remains employed for the agreed vesting period of three years. Upon vesting, each option allows the holder to purchase the allocated ordinary shares at the price on the date of grant.

During the year 428,145 CSOPS 17/18 options vested. None of these options had been exercised at the year end. The accrued IFRS2 charge of £95,780 has been released against other reserves.

#### Long Term Incentive Plan (‘LTIP’)

The Group has introduced during the year an LTIP for the benefit of Executive Directors and Senior Management. Awards under the LTIP may be in the form of an option granted to the participant to receive ordinary shares on exercise dependent upon the achievement of profit related performance conditions.

#### Performance conditions

Options granted under the LTIP are only exercisable subject to the satisfaction of the following performance conditions which will determine the proportion of the option that will vest at the end of the three-year performance period. The awards will be subject to an adjusted fully diluted earnings per share performance measure as described in the table below:

Adjusted, fully diluted earnings per Share Compound Annual Growth Rate (CAGR) over the three year period ending 30 April 2023	Amount Vesting %
Below 5%	0%
5%	25%
Between 5% and 10%	Straight line vesting
Above 10%	100%

The options will generally be exercisable after approval of the financial statements during the year of exercise. The performance period for any future awards under the LTIP will be a three-year period from the date of grant. Vested and unvested LTIP awards are subject to a formal malus and clawback mechanism.

#### Grant of equity share options under the LTIP

Certain senior employees and Executive Directors were initially granted options on 24 February 2020 based on performance conditions commencing on 1 May 2019. These options were cancelled on 17 July 2020 as a result of the impact of COVID-19 on the achievement of those performance conditions. The fair value of the cancelled options is deemed to be nil as a result of the impact of COVID-19 on the Group. The Committee subsequently reassessed the use of this incentive scheme and granted new options on the 22 July 2020 based on performance conditions commencing a year on 1 May 2020. The number of options granted were allocated to the same employees in the same proportions as the February issue however approximately 28% more awards were issued to those employees so as to enhance the incentivisation of these awards during the difficult and challenging economic conditions encountered due to the impact of COVID-19.

#### Stock Appreciation Rights Scheme (‘SARS’)

The SARS is a discretionary executive reward plan which allows the Group to grant conditional share awards or nil cost options to selected executives at the discretion of the Remuneration Committee.

The awards vest after a three year performance period. On exercise, participants will receive an award of shares equal to the growth in value of the option between the date of grant and the date of exercise in excess of the hurdle rate calculated by reference to the number of reference options granted to each option holder. The hurdle rate is currently set at 115.765% of the market value of the underlying shares on the date of the grant.

No awards were granted under the SAR Scheme during the year ended 30 April 2021, 30 April 2020 or 30 April 2019.

During the year the final 6,750,000 SARS 17/18 options lapsed.

# Notes to the consolidated financial statements

## continued

The annual awards granted under all schemes are summarised below:

	Weighted average remaining contractual life	Weighted average exercise price	Originally granted Number	Lapsed at 30 April 2020 Number	At 1 May 2020 Number	Granted during the year Number	Lapsed during year Number	Exercised in the year Number	At 30 April 2021 Number
<b>SARS</b>									
SARS 17/18 – 3 October 2017	0 years	£1.83	7,050,000	(300,000)	6,750,000	-	(6,750,000)	-	-
			7,050,000	(300,000)	6,750,000	-	(6,750,000)	-	-
<b>SAYE</b>									
SAYE 17/18- 15 September 2017	0 years	£1.33	556,296	(140,878)	415,418	-	(50,063)	(107,743)	<b>257,612</b>
SAYE 18/19 – 21 September 2018	0.4 years	£1.27	620,335	(73,411)	546,924	-	(94,955)	-	<b>451,969</b>
SAYE 19/20 – 30 September 2019	1.4 years	£1.28	770,787	-	770,787	-	(73,964)	-	<b>696,823</b>
SAYE 20/21 – 6 November 2020	2.5 years	£1.02	-	-	-	2,337,353	(72,700)	-	<b>2,264,653</b>
			1,947,418	(214,289)	1,733,129	2,337,353	(291,682)	(107,743)	<b>3,671,057</b>
<b>CSOPS</b>									
CSOPS 17/18 – 3 October 2017	0 years	£1.65	581,162	(125,444)	455,718	-	(27,573)	-	<b>428,145</b>
CSOPS 18/19 – 24 October 2018	0.5 years	£1.44	812,131	(68,748)	743,383	-	(72,915)	-	<b>670,468</b>
CSOPS 20/21 – 7 July 2020	2.2 years	£1.35	-	-	-	976,797	(57,411)	-	<b>919,386</b>
			1,393,293	(194,192)	1,199,101	976,797	(157,899)	-	<b>2,017,999</b>
<b>LTIPS</b>									
LTIPS 20/21 – 22 July 2020	2.7 years	£1.43	-	-	-	1,405,766	(38,339)	-	<b>1,367,427</b>
			-	-	-	1,405,766	(38,339)	-	<b>1,367,427</b>

### Fair value calculations

The award is accounted for as equity-settled under IFRS 2. The fair value of awards which are subject to non-market based performance conditions is calculated using the Black Scholes option pricing model. This model has been used as an approximation of the binomial model for valuing the SARS granted, the Directors consider the difference to be immaterial. The inputs to this model for awards granted during the financial year are detailed below:

	CSOP	CSOP	CSOP	SAYE	SAYE	SAYE	SAYE	SARS	LTIP
Grant date	7/7/20	24/10/18	15/9/17	6/11/20	30/9/19	21/12/18	3/10/17	3/10/17	27/7/21
Share price at date of grant	£1.35	£1.44p	£1.65p	£1.22	£1.64	£1.585p	£1.66p	£1.58p	£1.41p
Exercise price	£1.35	£1.44p	£1.65p	£1.02	£1.27p	£1.27p	£1.33p	£1.83p	n/a
Volatility	35%	24%	24%	35%	35%	24%	24%	24%	35%
Expected life (years)	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Risk free rate	1%	1%	1%	1%	1%	1%	1%	1%	1%
Dividend yield	4%	4.5%	4%	4%	4%	4.5%	4%	4%	5%
<b>Fair value per share</b>									
Market based performance condition	£0.15p	£0.16p	£0.19p	£0.20p	£0.37p	£0.27p	£0.33p	£0.12p	£1.19
Non-market based performance condition/no performance condition	-	-	-	-	-	-	-	-	-

Expected volatility was determined by using historical share price data of the Company since it listed on 8 June 2015. The expected life used in the model has been based on Management’s expectation of the minimum and maximum exercise period of three and three and a half years, respectively.

The total charge to the income statement for all schemes now in place, included within non-underlying items, is £956,000 (2020: £821,000).

## 10. Financial income and expense

### Recognised in profit and loss

	2021 £’000	2020 £’000
<b>Financial income</b>		
Interest income	<b>176</b>	523
<b>Total finance income</b>	<b>176</b>	523
<b>Financial expense</b>		
Interest expense on bank borrowings measured at amortised cost	<b>(416)</b>	(426)
Interest on lease liability	<b>(957)</b>	(840)
<b>Total financial expense</b>	<b>(1,373)</b>	(1,266)
<b>Net financial expense</b>	<b>(1,197)</b>	(743)



## Notes to the consolidated financial statements

### continued

#### 11. Taxation

	2021 £'000	2020 £'000
<b>Current tax expense</b>		
Current tax on profits for the year	3,749	3,121
(Over)/under provision of taxation in previous period	(43)	295
<b>Total current tax</b>	<b>3,706</b>	<b>3,416</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(436)	(234)
Under provision on share-based payment charges	(119)	(149)
<b>Total deferred tax expense</b>	<b>(555)</b>	<b>(383)</b>
<b>Total tax expense</b>	<b>3,151</b>	<b>3,033</b>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2021 £'000	2020 £'000
<b>Profit for the year (subject to corporation tax)</b>	<b>16,308</b>	<b>14,756</b>
Tax using the Company's domestic tax rate of 19%	3,099	2,804
Expenses not deductible for tax purposes	214	83
(Over)/under provision of taxation in previous period	(43)	295
Under provision on share-based payment charges	(119)	(149)
<b>Total tax expense</b>	<b>3,151</b>	<b>3,033</b>

On 26 October 2015 the UK corporation tax rate was reduced to 19% (effective from 1 April 2017). As a result of the March 2020 Budget the UK corporation tax rate remains at 19% for the years beginning 1 April 2020 and 1 April 2021. The deferred tax liability at 30 April 2021 has been calculated based on these rates.

#### 12. Earnings per share

##### Statutory earnings per share

	2021 Number	2020 Number
Weighted average number of ordinary shares in issue, being weighted average number of shares for calculating basic earnings per share	117,685,265	113,404,283
Shares deemed to be issued for no consideration in respect of share based payments	823,568	2,195,444
<b>Weighted average number of ordinary shares for calculating diluted earnings per share</b>	<b>118,508,833</b>	<b>115,599,727</b>
	2021 £'000	2020 £'000
Profit for the year and basic earnings attributable to ordinary equity shareholders	13,157	11,723
Non-underlying and exceptional items (see note 7)		
Operating expenses	3,029	3,300
Tax on non-underlying and exceptional items	(576)	(627)
<b>Underlying earnings before non-underlying and exceptional items</b>	<b>15,604</b>	<b>14,396</b>

Earnings per share is calculated as follows:

	2021 Pence	2020 Pence
Basic earnings per ordinary share	11.18	10.34
Diluted earnings per ordinary share	11.10	10.14
Basic earnings per ordinary share before non-underlying and exceptional items	13.26	12.69
Diluted earnings per ordinary share before non-underlying and exceptional items	13.17	12.45

#### 13. Dividends

	2021 £'000	2020 £'000
Equity shares:		
Final dividend in respect of 2019 (5.4p per share) – 15 October 2019	-	6,007

The Board has paid an interim dividend in respect of the 2021 financial year of 2.5p per share on 28 June 2021.

Notes to the consolidated financial statements  
continued

14. Property, plant and equipment

	Leasehold improvements £'000	Equipment £'000	Fixtures and fittings £'000	Right-of-use assets £'000	Total £'000
<b>Cost</b>					
As at 30 April 2019	231	5,275	4,984	-	10,490
IFRS 16 Right-of-use asset	-	-	-	24,360	24,360
Balance at 1 May 2019	231	5,275	4,984	24,360	34,850
Additions	-	745	112	4,831	5,688
Arising on acquisition after fair value adjustments	231	187	130	-	548
Disposal	-	-	-	(3,045)	(3,045)
As at 30 April 2020	462	6,207	5,226	26,146	38,041
Balance at 1 May 2020	462	6,207	5,226	26,146	38,041
Additions	-	302	201	9,238	9,741
Disposal	(145)	(16)	(31)	(1,359)	(1,551)
<b>As at 30 April 2021</b>	<b>317</b>	<b>6,493</b>	<b>5,396</b>	<b>34,025</b>	<b>46,231</b>
<b>Depreciation and impairment</b>					
Balance at 1 May 2019	104	4,331	4,038	-	8,473
Depreciation charge for the year	10	687	386	3,455	4,538
Arising on acquisition after fair value adjustments	213	139	114	-	466
Eliminated on disposal	-	-	-	(188)	(188)
Balance at 30 April 2020	327	5,157	4,538	3,267	13,289
Balance at 1 May 2020	327	5,157	4,538	3,267	13,289
Depreciation charge for the year	23	670	352	3,751	4,796
Eliminated on disposal	(141)	(13)	(30)	-	(184)
<b>Balance at 30 April 2021</b>	<b>209</b>	<b>5,814</b>	<b>4,860</b>	<b>7,018</b>	<b>17,901</b>
<b>Net book value</b>					
At 30 April 2020	135	1,050	688	22,879	24,752
<b>At 30 April 2021</b>	<b>108</b>	<b>679</b>	<b>536</b>	<b>27,007</b>	<b>28,330</b>

15. Investment property

	£'000
Fair value	
Balance at 1 May 2019 and 30 April 2020	164
<b>Balance at 1 May 2020 and 30 April 2021</b>	<b>164</b>

The Group’s interest in its freehold property at 216 Capella House, Celestia Falcon Drive, Cardiff Bay, Cardiff, CF10 4RE was valued as at 30 April 2021 at £164,000 (2020: £164,000) by the Directors based on current open market values for existing use. However, it was noted that a valuation by a qualified individual with relevant experience has not been performed during the year on the basis that it is not expected by the Directors to have materially changed. Rental income of £nil (2020: £nil) was received during the year. Services charges of £3,089 (2020: £3,000) were incurred during the year.

16. Intangible assets and goodwill

	Goodwill £'000	Customer lists and brands £'000	Total £'000
<b>Deemed cost</b>			
At 1 May 2019	8,405	4,424	12,829
Arising through business combinations	4,543	5,426	9,969
Adjustment – Kiddy & Partners	(619)	-	(619)
At 30 April 2020	12,329	9,850	22,179
Adjustment	(631)	-	(631)
<b>At 30 April 2021</b>	<b>11,698</b>	<b>9,850</b>	<b>21,548</b>
<b>Amortisation</b>			
At 1 May 2019	-	2,399	2,399
Charge for the year	-	1,342	1,342
At 30 April 2020	-	3,741	3,741
Charge for the year	-	2,042	2,042
<b>At 30 April 2021</b>	<b>-</b>	<b>5,783</b>	<b>5,783</b>
<b>Carrying amounts</b>			
At 30 April 2020	12,329	6,109	18,438
<b>At 30 April 2021</b>	<b>11,698</b>	<b>4,067</b>	<b>15,765</b>

Goodwill is allocated to the following cash generating units:

	2021 £'000	2020 £'000
<b>Property Group</b>		
Gateley Capitus Limited	1,515	1,515
Gateley Hamer Limited	1,161	1,161
GCL Solicitors (acquisition of trade and assets)	2,900	2,900
Persona Associates Limited	40	40
Gateley Vinden Limited	2,259	1,972
	7,875	7,588
<b>Employment, Pensions and Benefits Group</b>		
Kiddy & Partners Limited	1,600	1,872
International Investment Services Limited	338	338
T-three Consulting Limited	309	955
	2,247	3,165
<b>Business Services Group</b>		
Gateley Tweed (acquisition of goodwill)	1,576	1,576
	11,698	12,329

Notes to the consolidated financial statements  
continued

Impairment testing

The Group tests goodwill annually for impairment. The impairment test involves determining the recoverable amount of the cash generating unit (CGU) to which the goodwill has been allocated. The Directors believe that each operating segment represents a cash generating unit for the business and as a result, impairment is tested for each segment, and all the assets of each segment are considered.

The recoverable amount is based on the present value of expected future cash flows (value in use) which was determined to be higher than the carrying amount of goodwill so no impairment loss was recognised. Management has considered the likely impact of the COVID-19 pandemic on future cashflows in its assessment of impairment.

Value in use was determined by discounting the future cash flows generated from the continuing operation of the Group and was based on the following key assumptions:

- A pre-tax discount rate of between 12 and 21% (2020: 12-21%) was applied in determining the recoverable amount. The discount rate is based on the Group’s average weighted cost of capital of 10.18% and adjusted according to the risks attributable to each CGU. Weighted average cost of capital has been applied at the 2020 financial year rate as no dividend was paid in the 2021 financial year artificially increasing the rate.
- The values assigned to the key assumptions represent Management’s estimate of expected future trends and are based on both external (industry experience, historic market performance and current estimates of risks associated with trading conditions) and internal sources (existing Management knowledge, track record and an in-depth understanding of the work types being performed).
  - Growth rates of between -25% to 10% (2020: 5-18%) are based on Management’s understanding of the market opportunities for services provided pertaining to the industry in which each CGU is aligned.
  - Increases in costs are based on current inflation rates and expected levels of recruitment needed to generate predicted revenue growth.
  - Attrition rates are based on the historic experience and trends of client activity over a two to three year period and applied to future fee forecasts.
  - Cash flows have been typically assessed over a five-year period which Management extrapolates cash using a terminal value calculation based on an estimated growth rate of nil%. The expected current UK economic growth forecasts for the legal services market is 2%.
- The Group has conducted a sensitivity analysis on the impairment test of the CGU carrying value. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of goodwill is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Sensitivities

The Group attributes a monetary value to the acquired goodwill based primarily on the anticipated future cash flows generated by the customers. Whilst the Group accounts for customer attrition and direct costs the main driver of this value is the estimated revenue resulting from the customers on the list. Management has estimated a year on year growth rate which has been applied to the model. The below table shows the Group’s sensitivity to growth rates on the customer list valuation:

	Increase/(decrease) in value of goodwill £’000
+1 % increase in growth rates	657
-1 % decrease in growth rates	(643)

17. Acquisitions

During the year ended 30 April 2020 the Group completed four acquisitions, the table below summarises the consideration paid:

	Total £’000
Total fair value of identifiable assets and liabilities acquired	7,891
Goodwill	4,543
<b>Total consideration</b>	<b>12,434</b>
Satisfied by:	
Cash	5,978
Equity instruments	5,722
Contingent cash consideration payable	398
Contingent shares consideration payable	336
<b>Total consideration</b>	<b>12,434</b>
Net cash outflows arising on acquisition	
Cash consideration	(5,978)
Acquisition costs	(85)
Net cash acquired	3,321
<b>Net cash outflow arising on acquisition</b>	<b>(2,742)</b>

Details of individual acquisitions are included below:



## Notes to the consolidated financial statements

### continued

#### Acquisition of Persona Associates Limited (Persona)

On 29 July 2019 Gateley (Holdings) Plc acquired the entire issued share capital of Persona Associates Limited, one of the UK’s longest-established and leading land referencing consultancies, advising on some of the UK’s largest infrastructure and regeneration projects. Persona provides expertise on statutory processes relating to long-term infrastructure projects involving Compulsory Purchase Orders, Development Consent Orders and Transport and Works Act Orders.

The amounts recognised in respect of identifiable assets acquired and liabilities assumed are as set out in the table below:

	Pre-acquisition carrying amount £’000	Policy alignment and fair value adjustments £’000	Total £’000
Property, plant and equipment	11	-	11
Intangible asset relating to customer list and brand	-	187	187
Cash and short term deposits	229	-	229
Trade receivables	91	-	91
<b>Total assets</b>	331	187	518
Trade payables	(1)	-	(1)
Accruals and other payables	(74)	-	(74)
Deferred tax	-	(36)	(36)
<b>Total liabilities</b>	(75)	(36)	(111)
Total identifiable net assets at fair value	256	151	407
Goodwill arising on acquisition			40
<b>Total consideration</b>			447
<i>Satisfied by:</i>			
Initial cash consideration paid			231
Issue of 94,312 new 10p ordinary shares in Gateley (Holdings) Plc			154
Contingent cash consideration payable			62
<b>Total consideration</b>			447
<i>Net cash outflow arising on acquisition</i>			
Cash consideration			(231)
Net cash acquired			230
<b>Net cash outflow arising on acquisition</b>			(1)

The goodwill of £40,000 arising from the acquisition represents the assembled workforce. None of the goodwill is expected to be deductible for income tax purposes.

A contingent consideration arrangement was entered into as part of the acquisition. This is contingent on the seller successfully transferring across successfully all staff from the Horsham office into the Group’s existing Guildford office. The contingent consideration totalling £62,500 was settled during May 2020.

#### Acquisition of the T-three Consulting Limited (“T-three”)

On 12 December 2019 the Company acquired the entire issued share capital of T-three via the acquisition of the entire issued share capital of T-three Group Limited that owes 100% of the entire issued share capital of T-three Holdings Limited which in turn owes the entire issued share capital of T-three Consulting Limited. T-three offer services and products to businesses that enable them to develop their senior people and effect cultural change within the business itself. Its client base includes multinational companies, large public sector organisations and SMEs across the UK and worldwide.

The amounts recognised in respect of identifiable assets acquired and liabilities assumed are as set out in the table below:

	Pre-acquisition carrying amount £’000	Policy alignment and fair value adjustments £’000	Total £’000
<b>Cash</b>	1,111	-	1,111
Intangible asset relating to customer list and brand	-	2,114	2,114
Trade receivables	670	-	670
Prepayments and accrued income	95	-	95
<b>Total assets</b>	1,876	2,114	3,990
Trade payables	(209)	-	(209)
Accruals and other payables	(517)	-	(517)
Deferred tax	2	(402)	(400)
<b>Total liabilities</b>	(724)	(402)	(1,126)
Total identifiable net assets at fair value	1,152	1,712	2,864
Goodwill arising on acquisition			955
<b>Total consideration</b>			3,819
<i>Satisfied by:</i>			
Initial cash consideration paid			1,598
Issue of 944,855 new 10p ordinary shares in Gateley (Holdings) Plc			1,567
Contingent cash consideration payable			327
Contingent shares consideration payable			327
<b>Total consideration</b>			3,819
<i>Net cash outflow arising on acquisition</i>			
Cash paid			(1,598)
Acquisition costs			(40)
Net cash acquired			1,110
<b>Net cash outflow arising on acquisition</b>			(528)

The goodwill of £955,000 arising from the acquisition represents the assembled workforce. None of the goodwill is expected to be deductible for income tax purposes.

A contingent consideration arrangement was entered into as part of the acquisition. This is contingent on T-three achieving at least 5% growth in revenue for the 12 months ending 30 September 2021 and 30 September 2022. The contingent consideration amounts have been released in the 2021 financial year based on Management’s expectation that the contingency will not be satisfied.

## Notes to the consolidated financial statements

### continued

#### Acquisition of goodwill in Gateley Tweed LLP (formerly Paul Tweed LLP) (‘Gateley Tweed’) and William Paul Tweed, Selena Mary Kerins, Victoria Louise Garrad, Callum Laing Nuttall, Thomas Oliver Durrant and Richard Julian Healey trading as Gateley Tweed

On 28 February 2020 the Company acquired the goodwill of Gateley Tweed LLP, a legal business specialising in reputation management, privacy and data protection issues, commercial litigation and brand protection. Paul Tweed LLP was a partner in William Paul Tweed, Selena Mary Kerins, trading as Tweed.

Although direct ownership of Tweed is not permitted due to local regulations both entities are related entities of Gateley Plc since the majority of the members of Gateley Tweed are also Board members of Gateley Plc. In substance it is controlled by Gateley Plc and so its results are included in the consolidation of Gateley (Holdings) Plc. In accordance with local governance agreements, Gateley Tweed LLP and Gateley Tweed (a partnership in Ireland) will be disclosed as subsidiary undertakings of Gateley Plc under section 1162(4) of the Companies Act 2006 and thus subsidiary undertakings of the Group by virtue of section 1162(5) of the Companies Act 2006.

	Pre-acquisition carrying amount £’000	Policy alignment and fair value adjustments £’000	Total £’000
Property, plant and equipment	17	-	17
Intangible asset relating to customer list and brand	-	523	523
Work in progress	113	-	113
Cash	123	-	123
Trade receivables	306	-	306
Prepayments and accrued income	154	-	154
<b>Total assets</b>	713	523	1,236
Amounts due to former partners	(631)	-	(631)
Trade payables	(38)	-	(38)
Accruals and other payables	(44)	-	(44)
Deferred tax	-	(99)	(99)
<b>Total liabilities</b>	(713)	(99)	(812)
Total identifiable net assets at fair value	-	424	424
Goodwill arising on acquisition			1,576
<b>Total consideration</b>			2,000
Satisfied by:			
Cash consideration paid			1,000
Issue of 529,520 new 10p ordinary shares in Gateley (Holdings) Plc			1,000
<b>Total consideration</b>			2,000
Net cash outflow arising on acquisition			
Cash paid			(1,000)
Net cash acquired			123
<b>Net cash outflow arising on acquisition</b>			(877)

The goodwill of £1,576,000 arising from the acquisition represents the assembled workforce. None of the goodwill is expected to be deductible for income tax purposes.

#### Acquisition of Gateley Vinden Limited (formerly The Vinden Partnership Limited) (‘Vinden’)

On 5 March 2020 Gateley (Holdings) Plc acquired the entire issued share capital of Gateley Vinden Limited (formerly The Vinden Partnership Limited) via the acquisition of the entire issued share capital of Matsa Limited, Thomas Alexander Holdings Limited and TVP Holdings Limited that held a 60% share in Vinden together with the remaining 40% ownership from Mr Peter Vinden. Vinden is a specialist business offering corporate advisory, dispute and consultancy to the built environment in the property and construction markets.

	Pre-acquisition carrying amount £’000	Policy alignment and fair value adjustments £’000	Total £’000
Property, plant and equipment	64	-	64
Intangible asset relating to customer list and brand	-	2,602	2,602
Work in progress	100	-	100
Cash	1,874	-	1,874
Trade receivables	845	-	845
Prepayments and accrued income	229	-	229
<b>Total assets</b>	3,112	2,602	5,714
Trade payables	(75)	-	(75)
Accruals and other payables	(251)	(284)	(535)
Current tax	(58)	-	(58)
Other tax and social security	(351)	-	(351)
Deferred tax	(5)	(494)	(499)
<b>Total liabilities</b>	(740)	(778)	(1,518)
Total identifiable net liabilities at fair value	2,372	1,824	4,196
Goodwill arising on acquisition			1,972
<b>Total consideration</b>			6,168
Satisfied by:			
Initial cash consideration paid			3,149
Issue of 1,602,564 new 10p ordinary shares in Gateley (Holdings) Plc			3,001
Contingent cash consideration payable			9
Contingent share consideration payable			9
<b>Total consideration</b>			6,168
<i>Net cash outflow arising on acquisition</i>			
Cash paid			(3,149)
Acquisition costs			(45)
Net cash acquired			1,858
<b>Net cash outflow arising on acquisition</b>			(1,336)

The goodwill of £1,972,000 arising from the acquisition represents the assembled workforce. None of the goodwill is expected to be deductible for income tax purposes.

A contingent consideration arrangement was entered into as part of the acquisition. This is contingent on Vinden achieving revenue in excess of that achieved in the financial year to 31 August 2020 of £4.657m. The sellers will receive £1 of contingent consideration for every £1 they exceed 2019’s revenue up to a maximum consideration of £0.6m. Consideration of £0.3m was paid in February 2021 whilst the remaining contingent consideration of £0.3m has been released in the 2021 financial year as not all of the condition was satisfied.

## Notes to the consolidated financial statements

### continued

#### 18. Other intangible assets

	IT development costs £'000	Computer software £'000	Total £'000
<b>Cost</b>			
Balance at 1 May 2019	237	85	322
Additions	303	26	329
Disposals and write-offs	(282)	-	(282)
At 30 April 2020	258	111	<b>369</b>
Additions	-	10	<b>10</b>
<b>At 30 April 2021</b>	<b>258</b>	<b>121</b>	<b>379</b>
<b>Amortisation</b>			
Balance at 1 May 2019	-	33	33
Charge for the year	-	33	33
At 30 April 2020	-	66	<b>66</b>
Charge for the year	-	31	<b>31</b>
At 30 April 2021	-	97	<b>97</b>
Net book amount at 30 April 2020	258	45	303
<b>Net book amount at 30 April 2021</b>	<b>258</b>	<b>24</b>	<b>282</b>

The Group’s amortisation policy, as disclosed in note 1.10, is to amortise other intangible assets from the date they are made available for use. As at 30 April 2021 the software relating to the IT development costs was not available for use, therefore no amortisation has been recognised. The software is expected to be available for use in the 2022 financial year.

#### 19. Other investments

The Group holds other investment interests in the following third party investments:

	£'000
Fair value	
Balance at 1 May 2019	85
Additions	214
Disposals	(70)
Balance at 30 April 2020	<b>229</b>
Additions	<b>134</b>
<b>Balance at 30 April 2021</b>	<b>363</b>

£15,000 – Gateley Investments Limited holds a 1.9% investment in the ordinary shares of Manchester Biotech Limited (formerly PeptiGelDesign Ltd).

£347,734 – Gateley Plc holds a 3.0% investment in the ordinary shares in Incanthera Plc, acquired on 26 February 2020 (£213,733) and 29 July 2020 (£133,999).

#### 20. Contract assets and liabilities

	Contract assets £'000	Trade receivables £'000	Contract liabilities £'000
<b>As at 30 April 2021</b>	<b>13,900</b>	<b>36,680</b>	<b>(1,243)</b>
As at 30 April 2020	11,684	36,848	(70)

##### Contract assets

Contract assets consist of unbilled revenue in respect of professional services performed to date.

Contract assets in relation to non-contingent work are recognised at appropriate intervals, normally on a monthly basis in arrears, in line with the performance of the services and engagement obligations. Where such matters remain unbilled at the period end the asset is valued on a contract-by-contract basis at its expected recoverable amount.

Contract assets in relation to contingent work are recognised at a point in time once the uncertainty over the contingent event has been satisfied and all performance obligations satisfied, such that it is no longer contingent, these matters are valued based on the expected recoverable amount. Due to the complex nature of these matters, they can take a considerable time to be finalised therefore performance obligations may be settled in one period but the matter not billed until a later financial period. Until the performance obligations have been performed the Group does not recognise any contract asset value at the year end.

During the year, contract assets of £nil (2020: £212,000) were acquired in business combinations.

An impairment gain of £89,000 has been recognised in relation to contract assets in the year (2020: £69,000). This is based on the expected credit loss under IFRS 9 of these types of assets. The contract asset gain is estimated at 0.6% (2020: 0.6%) of the balance.

##### Contract assets recognised under IFRS 15

Under IFRS 15 the Group is required to recognise contract assets, as detailed in note 1.16.

	2021 £'000	2020 £'000
Contract asset value at 1 May 2020	<b>11,684</b>	10,671
Contract assets arising on acquisition	-	212
Contract asset value added in the year	<b>17,452</b>	13,528
Contract asset value realised in the year	<b>(15,236)</b>	(12,727)
<b>Contract asset value at 30 April 2021</b>	<b>13,900</b>	11,684

The Group has applied ECLs to unbilled revenue in order to account for the potential default on amounts not yet billed to the client. The ECLs have been calculated on the same basis as those applied to trade receivables.

##### Contract liabilities

When matters are billed in advance or on a basis of a monthly retainer, this is recognised in contract liabilities and released over time when the services are performed.



# Notes to the consolidated financial statements

## continued

### Contract liabilities recognised under IFRS 15

Under IFRS 15 the Group is required to recognise contract liabilities.

	2021 £'000	2020 £'000
Contract liabilities at 1 May 2020	70	147
Contract liabilities gained in the year	1,207	447
Contract liabilities credited to P&L in year	(34)	(524)
<b>Contract liabilities at 30 April 2021</b>	<b>1,243</b>	<b>70</b>

## 21. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	36,680	36,874
Prepayments	5,699	2,941
Other receivables including insurance receivables	714	182
	<b>43,093</b>	<b>39,997</b>

### Trade receivables

Trade receivables are recognised when a bill has been issued to the client, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Trade receivables also includes disbursements.

Bills are payable within thirty days unless otherwise agreed with the client.

All trade receivables are repayable within one year.

### Movement in loss allowance

	2021 £'000	2020 £'000
Brought forward provision	(2,967)	(2,785)
Brought forward on acquisition	-	(94)
Provision utilised	719	474
Charged to statement of profit and loss	(2,391)	(961)
Provisions released	468	399
	<b>(4,171)</b>	<b>(2,967)</b>

The Group applies the simplified approach to providing for the expected credit losses under IFRS 9. Management has also elected to apply an uplift to the IFRS 9 provision in the current year to account for the specific risks in the subsidiary entities where the application of IFRS 9 alone is not considered appropriate. The provision uplift is based on Management’s assessment of specific clients and related debts, this is presented separately to the ECL provision detailed below:

	Not passed due	Past due 0-30 days	Past due 31-120 days	Past due greater than 120 days	Total
Expected credit loss rate	3.60%	4.45%	4.24%	25.11%	
Estimated total gross carrying amount £'000	24,922	3,442	4,223	8,264	<b>40,851</b>
Lifetime ECL £'000	898	153	179	2,075	<b>3,305</b>
Specific provision uplift					<b>866</b>
Total provision					<b>4,171</b>

The carrying amount of financial assets (including contract assets but not including equity investments) recorded in the financial statements, which is net of any impairment losses, represents the Group’s maximum expected exposure to credit risk. Financial assets include client and other receivables and cash. The Group does not hold collateral over these balances.

All the Group’s trade and other receivables have been reviewed for indicators of impairment. The specifically impaired trade receivables are mostly due to customers experiencing financial difficulties.

An impairment loss of £1,525,000 has been recognised in relation to trade receivables in the year (2020: £562,000). This is based on the expected credit loss under IFRS 9 of these types of assets. The trade receivables loss is estimated at 3.7% (2020: 1.2%) of the balance.

## 22. Other interest-bearing loans and borrowings

The contractual terms of the Group’s interest-bearing loans and borrowings, which are measured at amortised cost, with the exception of loans to members that are held at fair value, are described below. For more information about the Group’s exposure to interest rate and foreign currency risk, see note 28.

	2021		2020	
	Fair value £'000	Carrying amount £'000	Fair value £'000	Carrying amount £'000
<b>Non-Current liabilities</b>				
Unsecured bank loan	-	-	2,369	2,369
<b>Current liabilities</b>				
Unsecured bank loan	-	-	708	708
Loans from former members of GCL Solicitors LLP	-	-	68	68
Loans from director of IIS	-	-	-	-
Loans due to former partners of Gateley Tweed LLP	-	-	661	661
	-	-	1,437	1,437

On 8 June 2015, Gateley Plc entered into two new loan agreements of £5m each, £10m in total. On 28 October 2018 these existing loans were re-negotiated and additional loans totalling £3 million were entered into. The balance of these loans was repaid in full by the Company in April 2021.

## Notes to the consolidated financial statements

### continued

As at 30 April 2021, the Group’s non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months £’000	6 to 12 months £’000	1 – 5 years £’000	Later than 5 years £’000
<b>30 April 2021</b>				
Trade and other payables	8,130	-	120	-
<b>Total</b>	<b>8,130</b>	<b>-</b>	<b>120</b>	<b>-</b>

This compares to the maturity of the Group’s non-derivative financial liabilities in the previous reporting period as follows:

	Current		Non-current	
	Within 6 months £’000	6 to 12 months £’000	1 – 5 years £’000	Later than 5 years £’000
<b>30 April 2020</b>				
<b>Unsecured bank loans</b>	234	474	2,369	-
Loans from former owners of acquired businesses	699	-	-	-
Trade and other payables	5,583	-	-	133
<b>Total</b>	<b>6,516</b>	<b>474</b>	<b>2,369</b>	<b>133</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

### 23. Trade and other payables

	2021 £’000	2020 £’000
<b>Current</b>		
Trade payables	6,086	5,490
Other taxation and social security payable	9,641	12,352
Other payables	582	93
Contingent consideration	135	360
Accruals	11,345	1,804
Deferred income	1,243	70
	<b>29,032</b>	<b>20,169</b>
<b>Non-current</b>	<b>£’000</b>	<b>£’000</b>
Other payables	120	133
Contingent consideration	-	789
	<b>120</b>	<b>922</b>

£135,000 of current contingent consideration represents the earn-out sums payable to the sellers of International Investment Services Limited.

All contingent consideration is Level Three in the fair value hierarchy as there are no observable inputs. Amounts have been calculated based on the Group’s expectation of what it will pay in relation to the earn-out clause of the relevant sale and purchase agreement discounted to present value. The earn-out targets are based on the annual results, or in the case of Persona a relocation of staff of the acquired business. The fair value of the earn-out consideration is calculated based on the forecasted results, using EBIT growth rate ranges from 2-10%, to give an estimate of the final obligation capped at the maximum earn-out amount stated in the purchase agreement. Where contingent consideration is due over a period of more than one year the value of the consideration is discounted and recorded at the present value. The discount rate applied in determining the present value of contingent consideration is 17.3%.

### 24. Deferred tax

Deferred tax assets and liabilities are summarised below:

#### Deferred tax asset

The deferred tax asset recognised in the consolidated statement of financial position represents the future tax impact of issued share based payments schemes that are yet to vest.

	Share-based payments £’000
At 1 May 2020	19
Debited during the year to retained earnings	-
Credited during the year in the Consolidated income statement	119
<b>At 30 April 2021</b>	<b>138</b>

#### Deferred tax liability

The deferred tax liability recognised in the Consolidated Statement of Financial Position represents the future tax impact of the Group’s benefit from customer lists obtained through acquisitions.

	Customer lists £’000
At 1 May 2019	388
Arising through business combinations – T-Three Consultancy Limited and Gateley Vinden Limited	1,031
Credited during the year in the Consolidated income statement	(211)
At 30 April 2020	1,208
Credited during the year in the Consolidated income statement	(436)
<b>At 30 April 2021</b>	<b>772</b>

Notes to the consolidated financial statements  
continued

25. Provisions

	2021 £'000	2020 £'000
<b>Current provision</b>		
Professional indemnity provision	176	252
Total current provision	176	252
<b>Non-current provision</b>		
Professional indemnity provision	549	461
Dilapidations provision	214	-
Total non-current provision	763	461
<b>Total provisions</b>	<b>939</b>	<b>713</b>

Professional indemnity estimated claim cost

	2021 £'000	2020 £'000
Brought forward	713	630
Provisions made during the year	385	542
Provisions reversed during the year	(373)	(459)
<b>At end of year</b>	<b>725</b>	<b>713</b>
Non-current	549	461
Current	176	252
	725	713

The Group from time to time receives claims in respect of alleged professional negligence which it defends where appropriate but makes provision for the best estimate of probable amounts considered likely to be payable as set out above. Inevitably, these estimates depend on the outcome and timing of future events and may need to be revised as circumstances change. A different assessment of the likely outcome in each case or of the probable cost involved may result in a different level of provision recognised. Professional indemnity Insurance cover is maintained in respect of professional negligence claims.

Dilapidations provision

The Group has leases for a number of offices, some of which include dilapidation clauses. The Group maintains the office buildings throughout each lease term with regular maintenance, however a cost is likely to arise at the end of the lease term in order to return the space to its original condition. Management has therefore elected to introduce a dilapidations provision to account for the future cost. The provision is based on Management’s estimate of the total costs across all applicable lease to be recognised on a straight line basis over the total lease terms.

	Dilapidations provision £'000
<b>Brought forward provision</b>	-
Provision made in the year	214
<b>At 30 April 2021</b>	<b>214</b>

26. Net debt

	2021 £'000	2020 £'000
Cash and cash equivalents	19,605	2,923
<i>Debt</i>		
Total loans brought forward	(29,262)	(6,120)
Loans from former members	-	(661)
New lease liability in the year	(9,385)	(25,456)
Repayment of loans from former members	729	402
Repayment of term loans	3,077	2,573
Termination of lease	1,359	-
Repayment of lease liability	3,037	-
Total loan carried forward	(30,445)	(29,262)
Brought forward from previous year	(26,339)	(3,233)
Movement during year	15,499	(23,173)
<b>Net debt at the year end</b>	<b>(10,840)</b>	<b>(26,339)</b>

The changes in the Group’s liabilities arising from financing activities can be classified as follows:

	Long term borrowings £'000	Short term borrowings £'000	Lease liabilities £'000	Total £'000
1 May 2020	3,077	729	25,456	29,262
<i>Cashflows:</i>				
Repayments	(3,077)	(729)	(3,037)	(6,843)
<i>Non-cash</i>				
New lease liability in the year	-	-	8,026	8,026
<b>30 April 2021</b>	-	-	30,445	30,445

	Long term borrowings £'000	Short term borrowings £'000	Lease liabilities £'000	Total £'000
1 May 2019	5,650	470	326	6,446
Adoption of IFRS 16	-	-	27,210	27,210
Revised 1 May 2019	5,650	470	27,536	33,656
<i>Cashflows:</i>				
Repayments	(2,573)	(402)	(3,615)	(6,591)
<i>Non-cash</i>				
Fair value on acquisition	-	661		662
Termination of lease	-	-	(3,046)	(3,046)
New lease liability in the year	-	-	4,581	4,581
30 April 2020	3,077	729	25,456	29,262



Notes to the consolidated financial statements  
continued

27. Share capital

Authorised, issued and fully paid

	2021	2021	2020	2020
	Number	£	Number	£
Ordinary shares of 10p each				
Brought forward	117,609,094	11,760,909	110,860,789	11,086,079
Issued on acquisition of Persona Associates Limited	-	-	94,312	9,431
Issues on acquisition of T-Three Consulting Limited	-	-	944,855	94,486
Issued as part of contingent consideration of Kiddy & Partners Limited	-	-	389,608	38,961
Issued on acquisition of Gateley Tweed LLP	-	-	529,520	52,952
Issued on acquisition of Gateley Vinden Limited	-	-	1,602,564	160,256
Issues as part of contingent consideration of Gateley Vinden Limited	197,368	19,737	-	-
Issued on vesting of SARS	-	-	1,631,588	163,159
Issued on vesting of SAYE	107,743	10,774	844,695	84,470
Issued on vesting of CSOPS	-	-	711,163	71,116
At 30 April 2021	117,914,205	11,791,420	117,609,094	11,760,909

On 4 February 2021 the Company issued 197,368 10p ordinary shares as contingent consideration in the acquisition of Gateley Vinden Limited.

Between 14 December 2020 and 19 April 2021 107,743 10p ordinary shares were issued upon vesting of the 2017 SAYE schemes to participants.

28. Financial instruments and related disclosures

Financial risk management

The Board has overall responsibility for the oversight of the Group’s risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Board, who also monitor the status of agreed actions to mitigate key risks.

Management’s objective in managing financial risks is to ensure the long-term sustainability of the Group.

As the Group’s principal financial instruments comprise cash, client receivables and unbilled revenue, the main risks are those that relate to credit in regard to receivables.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group’s credit risk is primarily attributable to its trade receivables.

The Group continuously monitors the credit quality of customers and risk attributable to specific debts. The Group’s policy is to deal only with credit worthy counterparties, with standard credit terms being 30 days. The credit terms as negotiated with customers are subject to close monitoring and internal approval. The ongoing credit risk is managed through regular review of ageing analysis.

Trade receivables across the Group have been assessed with regard to credit risk characteristics which vary across segmental reporting lines according to the nature of the industry, size and financial position of the counterparty. The Group also considers days past due in making this assessment as well as historical credit losses experienced within over a period of 12 months before 30 April 2021.

The expected loss rates derived from this assessment are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. The Group has a policy of performing credit checks and the large spread of reputable clients ensures there are no unacceptable concentrations of credit risk.

Historic cash collection rates and the Group write-off of financial instruments do not show an increased likelihood of default once the payments are more than 30 days past due. The Group holds long standing relationships with most clients therefore there is no increased risk perceived based on the age of the contractual payment alone.

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

The Board considers financial instruments where contractual payments are significantly past due on a monthly basis to determine the risk of default. As part of this process and financial instruments that have had a significant increase in credit risk are identified. For these purposes default is considered to be where the counterparty to the financial instrument fails to fulfil part or all of their financial obligation. The Group will consider a financial asset to be credit impaired based on both the age of the item and specific knowledge held by the fee earner in relation to the clients ability and intention to meet their obligations.

In circumstances where fee earners and the Board find sufficient indicators that there is no longer reasonable expectation of recovery, the amounts are written off.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there is sufficient cash or working capital facilities to meet the cash requirements of the Group.

Gateley Plc is financed through unsecured loans from former members. The Board reviews the projected financing requirements annually when agreeing the Group’s budget and, based on this review, sets the value of the future capital requirements of the business. The cash flow forecast for the entire Group is updated regularly and compared to the budget with any significant variance being reported to the Board.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group’s income. The Group’s exposure to market risk predominantly relates to interest and currency risk. Management does not consider this to be a significant risk to the Group.

Interest rate risk

The Group’s previous bank borrowings incur variable interest rate charges linked to LIBOR plus a margin. Management do not consider this to be a significant risk to the Group. These loans have all been repaid as at 30 April 2021.

Foreign currency risk

The Group has an overseas operation based in Dubai and another in the Republic of Ireland which, therefore, exposes the Group to changes in Sterling/Dirhams and Sterling/Euro exchange rates. Management does not consider this to be a significant risk to the Group due to the total value of transactions conducted in Dubai and the Republic of Ireland.

Fair value disclosures

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables, short term deposits and borrowings	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long-term borrowings	The fair value of bank loans and other loans approximates to the carrying value reported in the statement of financial position.

Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

## Notes to the consolidated financial statements

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The fair value of financial assets and liabilities are as follows (there is no difference between the carrying value of the financial assets and liabilities and their fair value):

	2021 £'000	2020 £'000
Cash and cash equivalents	19,605	2,923
Contract assets	13,900	11,684
Trade receivables at amortised cost	36,680	36,848
Total financial assets	70,185	51,455
Trade and other payables	(18,013)	(7,387)
Contingent consideration at FVTPL	(135)	(360)
Short-term borrowings	-	(1,437)
Current financial liabilities	(18,148)	(9,184)
Long-term borrowings	-	(2,369)
Other payables due after more than one year	(120)	(133)
Contingent consideration at FVTPL	-	(789)
Total financial liabilities	(18,268)	(12,475)

Financial assets contain trade receivables and unbilled revenue whereas financial liabilities contain trade payables, other payables and accruals.

#### Measurement of fair value of financial instruments

The Group performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

##### Fair value measurement of contingent consideration

All contingent consideration relating to business combinations is Level 3 in the fair value hierarchy as there are no observable inputs. The fair value of contingent consideration is estimated using the present value technique, based on estimated future cash outflows discounted at 17.3% being the applicable weighted average cost of capital. Where the contingent consideration is due less in less than 12 months, no discount factor is applied. The estimated cash outflows before discounting reflect Management’s estimate of the earnout due based on the forecasted results, using EBIT growth rates ranging from 2-10%, capped at the maximum earn-out amount as stated in the purchase agreement. The earn-out targets are based on the annual results, or in the case of Persona a relocation of staff, of the acquired business. An increase in the forecasted revenues of 1% would result in an increase of £49,000 in contingent consideration, a decrease in the forecasted revenues of 1% would result in a decrease of £21,000 in contingent consideration due.

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Contingent consideration £'000
Balance at 1 May 2020	1,149
Adjustment to contingent consideration	(646)
Amount of earn-out paid	(368)
<b>Balance at 30 April 2021</b>	<b>135</b>

#### Financial instruments sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations on its earnings. At the end of each reporting period, the effect of hypothetical changes in interest and currency rates are as follows:

##### Interest rate sensitivity analysis

The table below shows the Group’s sensitivity to interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) if interest rates were to change by +/- 1%. The impact on the results in the statement of profit and loss and other comprehensive income and equity would be:

	2021 Increase/ (decrease) in profit and loss £'000	2020 Increase/ (decrease) in profit and loss £'000
+1 % movement in interest rates	-	57
-1 % movement in interest rates	-	(57)

The borrowing facilities arranged include overdraft facility and short term borrowing facilities. All borrowings are repayable within one year.

#### Foreign exchange rate sensitivity analysis

The Group had the following net currency denominated financial instruments at year end:

	2021 £'000	2020 £'000
Net currency	345	180

The effect of foreign currency fluctuations on the financial statements is immaterial.

## 29. Capital commitments

In 2020 the Group entered a contract with a provider of legal technology for the development of a new practice management system, with Thomson Reuters for the installation of their market leading practice management system. The estimated cost of the contractual capital commitment is £1.1 million and is expected to be incurred across the calendar years 2021 and 2022.

## 30. Leases liabilities – IFRS 16

The Group has leases for offices, vehicles and some IT equipment, with the exception of short-term leases and leases of low-value assets each lease is held on the balance sheet as a right-of-use asset and corresponding lease liability. Property leases have a remaining term of one to ten years. Leases of vehicles and IT equipment have a term of three to five years. Lease payments on all those recognised on the balance sheet are fixed. Unless there is a contractual right for the Group to sublet the asset to a third party, the right of use asset can only be used by the Group.

The table below provides additional information on the right-of-use assets by class of assets:

	Number of leased assets*	Average length of lease remaining	Opening lease asset £'000	Net additions £'000	Depreciation £'000	Closing lease asset £'000
Office buildings	11	5.3 years	22,828	7,879	(3,736)	26,971
IT equipment	1	1.5 years	51	-	(15)	36

\* Where properties within the same building are leased on a floor by floor basis on the same contractual terms, the Group has elected to treat these as a portfolio and are counted as a single leased asset within the table

## Notes to the consolidated financial statements

### continued

Lease liabilities are presented in the statement of financial position as follows:

	2021 £'000	2020 £'000
Current lease liability	2,743	3,347
Non-current lease liability	27,702	22,109

A number of property leases held by the Group include break or termination options. The lease liability has been calculated based on the likelihood of such option being exercised. An option would only be exercised when in line with the Group’s wider strategy.

As at 30 April 2021 the Group had committed to leases which had not yet commenced. Total future expected cash flows are £8.37 million over a 10 year period. Committed leases includes a reversionary lease on the London property which included a £0.2m capital contribution.

In line with IFRS 16 Leases the Group has elected not to recognise a lease liability for leases with a term of 12 months or less, or for leases of low value assets. The payments made under such leases are expensed to the profit and loss on a straight-line basis. Any variable lease payments incurred are expensed as incurred.

### 30. Leases liabilities – IFRS 16

The table below shows amounts recognised in the Statement of Comprehensive Income for short term and low value leases as at 30 April 2021:

	Property £'000	Equipment £'000	Total £'000
Expenses relating to short-term leases	26	23	49
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	17	17
	26	40	66

The total minimum undiscounted lease payments at 30 April 2021 under non-cancellable operating lease rentals were:

	30 April 2021 £'000	30 April 2020 £'000
Within one year	3,024	3,409
In the second to fifth year inclusive	15,921	10,799
After five years	13,822	9,433
	32,767	28,775

### 31. Related parties

Gateley Plc entered into a lease agreement for the Leicester office, in which some of the Directors have a beneficial interest. The annual rent charge under the lease is £120,000 (2020: £120,000) and the amounts outstanding at the year-end are £nil (2020: £80,000).

Mattiolli Woods Plc

The Company’s Non-Executive Director, Joanne Lake, is a Non-Executive Director and Chairman of Mattiolli Woods Plc. Mattiolli Woods Plc and its subsidiaries are a provider of wealth management and employee benefit services. During the year, the Group paid Mattiolli Woods Plc a total of £49,046 (2020: £38,286) in respect of employee benefits services provided by Mattiolli Woods Plc. The Group received revenues of £nil (2020: £152,237) in respect of legal services provided to Mattiolli Woods Plc and its subsidiaries.

### Compensation paid to key management personnel

At the year end, Directors of Gateley (Holdings) Plc control 5.35% (2020: 4.19%) of the voting shares of the Company.

The key management personnel comprise the Strategic Board on the basis that they make any final key decisions.

Short term compensation paid to key management personnel during the year totalled £3.088m (2020: £2.012m).

Short term remuneration to key management personnel is included in personnel costs and analysed as follows:

	2021 £'000	2020 £'000
Wages and salaries	2,713	1,745
Social security	374	241
Pension costs	-	-
Share based payment charges	1	26
	3,088	2,012

### 32. Pensions

The Group participates in a defined contribution scheme operated by Aegon UK Plc, the assets of which are held separately from the Group. The amounts charged to the profit and loss account in respect of this scheme represent contributions payable in respect of the accounting year. The total annual pension cost for the defined contribution scheme was £1,704,636 (2020: £1,509,905) and the outstanding balance at the year end was £30,417 (2020: £42,294).




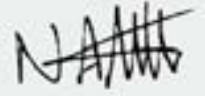
**Parent company statement of financial position**  
at 30 April 2021

	Note	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Investments	5	33,027	32,720
<b>Total non-current assets</b>		33,027	32,720
<b>Current assets</b>			
Trade and other receivables	6	6,769	2,228
Cash and cash equivalents		107	175
<b>Total current assets</b>		6,854	2,403
<b>Total assets</b>		39,903	35,123
<b>Non-current liabilities</b>			
Other payables	7	-	(789)
<b>Total non-current liabilities</b>		-	(789)
Current liabilities			
Other payables	7	(152)	(360)
Trade payables	7	-	(828)
<b>Total current liabilities</b>		(152)	(1,188)
<b>Total liabilities</b>		(152)	(1,977)
<b>Net assets</b>		39,751	33,146
<b>Equity</b>			
Share capital	8	11,792	11,761
Share premium		9,421	8,938
Other reserves		6,815	6,812
Retained earnings		11,723	5,635
<b>Total equity</b>		39,751	33,146

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The profit for the year to 30 April 2021 was £5,131,791 (2020: £2,695,618).

These financial statements were approved by the directors on 19 July 2021 and were signed and authorised on their behalf by:

Roderick R Waldie
Neil A Smith

Chief Executive Officer
Finance Director

Company registered number: 09310078.

The accompanying notes on pages 123 to 130 form an integral part of these financial statements.

**Parent company statement of changes in equity**  
for the year ended 30 April 2021

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total Equity £'000
At May 2019	11,086	6,483	1,770	8,532	27,871
<b>Comprehensive income:</b>					
Profit for the year	-	-	-	2,696	2,696
Total comprehensive income	-	-	-	2,696	2,696
<b>Transactions with owners:</b>					
Dividend paid	-	-	-	(6,007)	(6,007)
Issue of share capital	675	2,455	5,042	-	8,172
Cash from EBT for SARS shares	-	-	-	(407)	(407)
Share based payment transactions	-	-	-	821	821
<b>Total equity at 30 April 2020</b>	11,761	8,938	6,812	5,635	33,146
At May 2020	11,761	8,938	6,812	5,635	33,146
<b>Comprehensive income:</b>					
Profit for the year	-	-	-	5,132	5,132
Total comprehensive income	-	-	-	5,132	5,132
<b>Transactions with owners:</b>					
Issue of share capital	31	483	3	-	517
Share based payment transactions	-	-	-	956	956
<b>Total equity at 30 April 2021</b>	11,792	9,421	6,815	11,723	39,751

The following describes the nature and purpose of each reserve within equity:

**Share premium** – Amount subscribed for share capital in excess of nominal value.

**Other reserves** – Represents the difference between the actual and nominal value of shares issued by the company in the acquisition of subsidiaries.

**Retained earnings** – All other net gains and losses and transactions with owners not recognised anywhere else.

The accompanying notes on pages 123 to 130 form an integral part of these financial statements.

*Parent company cash flow statement*  
for year ended 30 April 2021

	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>		
Profit for the year	5,132	2,696
(Decrease)/increase in liabilities	(595)	798
(Increase)/decrease in trade and other receivables	(4,541)	7,628
<b>Net cash flows from operating activities</b>	<b>(4)</b>	<b>11,121</b>
<b>Investing activities</b>		
Consideration paid on acquisitions	-	(5,978)
Contingent consideration paid	(363)	(625)
<b>Net cash used in investing activities</b>	<b>(363)</b>	<b>(6,603)</b>
<b>Financing activities</b>		
Receipt of funds for issue of SAYE/CSOP/SARS shares	299	1,421
Dividends paid	-	(6,007)
<b>Net cash used in financing activities</b>	<b>299</b>	<b>(4,586)</b>
Net decrease in cash and cash equivalents	(68)	(68)
Cash and cash equivalents at beginning of the year	175	243
<b>Cash and cash equivalents at end of year</b>	<b>107</b>	<b>175</b>

The accompanying notes on pages 123 to 130 form an integral part of these financial statements.

*Parent company notes to the financial statements*  
For the year ended 30 April 2021  
(forming part of the financial statements)

1. Basis of preparation and significant accounting policies

Gateley (Holdings) Plc (the “Company”) is a company incorporated and domiciled in the UK under the Companies Act. The nature of the Group’s operations and its principal activities are set out in the strategic report.

The financial statements have been prepared and approved by the Directors in accordance with the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union (adopted IFRSs).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 12 below.

The individual financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency) . For the purposes of the financial statements, the results and financial position of the company are expressed in GBP, which is the functional and presentational currency of the Company.

**Measurement convention**

The financial statements are prepared on the historical cost basis except where Adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments which are carried at fair value.

1.1 Going concern

See full explanation on page 29 of the Strategic Report.

Having reviewed the Company’s forecasts, which includes an analysis of both short term cash flow forecasts and longer term cash flow forecasts, the risk and uncertainties surrounding the current and future demand for legal services, and other reasonably possible variations in trading performance, and the possible impact of COVID-19 the Company expects to be able to operate within the Company’s financing facilities and in accordance with the covenants set out in those facility agreements.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact our future performance such as lower levels of revenue growth, lower than forecast receipts of cash, and reduced levels of gross margin expansion. In addition, the directors have also considered mitigating actions such as lower capital expenditure and other short-term cash management activities within the Company’s control. On this basis, the directors have a reasonable basis to conclude that the Company is forecast to continue to trade in line with existing financing facilities for the foreseeable future.

Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.2 Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company’s own equity instruments or is a derivative that will be settled by the Company’s exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial instruments are classified as a financial liability.

# Parent company notes to the financial statements

## continued

### 1.3 Non derivative financial instruments

#### Financial Assets

The Company’s financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Company becomes party to the contractual provisions of the instrument.

#### i) Investments

Fixed asset investments are stated at cost less provision for any impairment in value.

Investments in subsidiary undertakings are stated as fixed asset investments, at cost less amounts written off for impairment with any subsequent year adjustments stated directly into the profit and loss account. Investments are reviewed for impairment where events or circumstances indicate that their carrying amount may not be recoverable. In some instances investments are subject to contingent consideration, this is included in the cost of investment. The amount of contingent consideration due is assessed regularly by Management based on actual and forecast performance. Any changes to contingent consideration due are recognised within the profit and loss account. Cost of investment also includes share-based payment charges of equity settled share based payment schemes to be settled on behalf of subsidiary companies.

#### ii) Trade and other receivables

Trade and other receivables (except unbilled amounts for client work) are initially recognised at their transaction value and carried at amortised cost under IFRS 9.

In line with IFRS 9, the Company recognises any expected credit loss against trade receivables in order to recognise the inherent risk that the Group may not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision recorded is based on a broad range of information including past events, current conditions and forecasts of the future cash flows of the asset and is recognised in the statement of profit and loss in other operating expenses.

#### iii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the cash flow statement, cash and cash equivalents includes bank overdrafts in addition to the definition above.

#### Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

The Company’s financial liabilities comprise trade and other payables, borrowings, contingent consideration, members’ capital and amounts due to members. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method with the exception of contingent consideration that is measured at fair value through profit or loss

### 1.4 Impairment

#### Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss scenario is likely to occur after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Under IFRS 9 the Group recognises expected credit losses (ECL’s) on receivables through application of the simplified method. The amount of the provision recorded is based on a broad range of information including past events, current conditions and forecasts of the future cash flows of the asset . Whilst the longevity and impact of the COVID 19 pandemic is unknown, Management have considered the potential defaults on receivables as a result and reflected these in the ECL’s calculated.

### 1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised on deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 1.6 Ordinary dividends

Dividends are recognised as a liability in the period in which they are approved by the Company’s shareholders.

### 1.7 Own shares held by EBT trust (treasury reserve)

Transactions of the Group-sponsored EBT trust are included in the Group financial statements. In particular, the trust’s purchases and sales of shares in the Company are recognised directly within equity.

### 1.8 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been applied early to the Group:

<i>Revised IFRS</i>	<i>Effective date</i>	<i>Revised IFRS</i>
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16)	1 January 2021	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

## 2. Expenses

Audit fees in relation to the audit of these accounts of £10,000 (2020: £10,000) have been borne by Gateley Plc. The company does not have any employees (2020: Nil)

## 3. Investment income

Intercompany dividends to the Company have been received from other group entities as detailed below:

	2021 £’000	2020 £’000
Dividend received from Gateley Plc – 31 October 2019	-	2,750
Dividend received from Gateley Plc – 28 April 2021	2,950	-
Dividend received from T-Three Consulting Limited – 28 April 2021	1,000	-
Dividend received from Gateley Capitus Limited – 28 April 2021	825	-
Dividend received from Gateley Hamer Limited – 28 April 2021	357	-
	5,132	2,750



Parent company notes to the financial statements  
continued

4. Taxation

The Company’s profit for the year arises from the receipt of intercompany dividends and the issuance of new shares to Gateley EBT Limited, which are not chargeable to corporation tax. As a result, no provision for corporation tax is needed in these financial statements.

5. Investments

	£’000
At 1 May 2019	20,085
Share based payment charge	821
Adjustment to Kiddy & Partners Limited acquisition cost	(620)
Acquisition of Persona Associates Limited	447
Acquisition of T-three Consulting Limited	3,819
Acquisition of Gateley Tweed	2,000
Acquisition of Gateley Vinden Limited	6,168
<b>Balance at 30 April 2020</b>	<b>32,720</b>
At 1 May 2020	32,720
Share based payment charge	956
Adjustment to Kiddy & Partners Limited acquisition cost	(279)
Adjustment to T-Three Consulting Limited acquisition cost	(652)
Adjustment to Gateley Vinden Limited acquisition cost	282
<b>Balance at 30 April 2021</b>	<b>33,027</b>

Investments in subsidiaries

The Company has effective control of the following:

	Country of incorporation	Ordinary share proportion held	Nature of business
Gateley Plc	England and Wales	100%	Legal services
Entrust Pension Limited	England and Wales	100%	Pension trustee services
Gateley Capitus Limited	England and Wales	100%	Tax incentive services
Gateley Hamer Limited	England and Wales	100%	Specialist property consultancy
Kiddy & Partners Limited	England and Wales	100%	Human capital consultancy
International Investments Services Limited	England and Wales	100%	UK Investment consultancy
Persona Associates Limited	England and Wales	100%	Dormant
T-Three Consulting Limited*	England and Wales	100%	Human capital consultancy
T-Three Group Limited	England and Wales	100%	Intermediate holding company
T-Three Holdings Limited*	England and Wales	100%	Intermediate holding company
Gateley Vinden Limited	England and Wales	100%	Corporate advisory, dispute resolution and consultancy to the built environment in the property and construction markets

	Country of incorporation	Ordinary share proportion held	Nature of business
GEG Services Limited	England and Wales	100%	UK Investment services provider
Matsa Holdings Limited	England and Wales	100%	Intermediate holding company
Thomas Alexander Holdings Limited*	England and Wales	100%	Intermediate holding company
TVP Holdings Limited*	England and Wales	100%	Intermediate holding company
Gateley EBT Limited	England and Wales	100%	Employee benefit trust
Gateley Investments Limited*	England and Wales	100%	Corporate investment company
Ensco Trustee Company Limited*	England and Wales	100%	Corporate trustee company
Gateley Secretaries Limited*	England and Wales	100%	Non-trading
Gateley Incorporations Limited*	England and Wales	100%	Non-trading
Gateley Custodian and Nominee Services Limited*	England and Wales	100%	Non-trading
Gateley Custodian and Nominee Services No.2 Limited*	England and Wales	100%	Non-trading
Gateley Omega Limited (formerly Ensco 1413 Limited)	England and Wales	100%	Non-trading

	Country of incorporation	Controlling interest held	Nature of business
Gateley UK LLP**	England and Wales	100%	Legal services via a branch in Dubai
Gateley Tweed LLP***	Northern Ireland	n/a	Legal services in Northern Ireland
William Paul Tweed, Selena Mary Kerins, Victoria Louise Garrad, Callum Laing Nuttall, Thomas Oliver Durrant and Richard Julian Healey trading as Gateley Tweed***	Republic of Ireland	n/a	Legal Services in Ireland
Gateley Heritage LLP*	England and Wales	100%	Non-trading
Gateley (Manchester) LLP*	England and Wales	51%	Non-trading

\* these investments are indirectly held at the year end.  
\*\* certain Directors of Gateley (Holdings) Plc and Gateley Plc as individuals are members of this entity, although effective control is held by Gateley (Holdings) Plc via a trust holding arrangement.  
\*\*\* These entities are related entities of Gateley Plc since the majority of its Members are also Board members of Gateley Plc. In substance they are controlled by Gateley Plc and so their results are included in the consolidated results of Gateley (Holdings) Plc. In accordance with local governance regulations, direct ownership in Gateley Tweed LLP and Gateley Tweed (a partnership in Ireland) is not permitted however both entities will be recognised as subsidiary undertakings of Gateley Plc under section 1162(4) of the Companies Act 2006 and thus subsidiary undertakings of the Group by virtue of section 1162(5) of the Companies Act 2006.

6. Trade and other receivables

	2021 £’000	2020 £’000
Amounts owed from Gateley Plc	4,450	-
Amounts owed from Gateley EBT Limited	1,319	1,228
Amounts owed from Gateley Hamer Limited	-	1,000
Amounts owed from T-Three Consulting Limited	1,000	-
	6,769	2,228

# Parent company notes to the financial statements

## continued

All receivables are anticipated to be due within one year and repayable on demand.

The carrying amount of financial assets (excluding investments) recorded in these accounts, which is net of any impairment losses, represents the Company’s maximum exposure to credit risk. Financial assets include amounts due from Gateley Plc. The Company does not hold collateral over these balances.

### 7. Other payables

	2021 £’000	2020 £’000
Contingent consideration due in one year	135	360
Amounts owed to Gateley Plc	-	828
Other payables	17	-
	152	1,188

Contingent consideration of £0.135m relating to estimated earn out payments are due to the vendor of IIS that will be settled 15% in cash and 85% in shares.

All consideration is due in less than one year.

	2021 £’000	2020 £’000
Contingent consideration due in more than one year	-	789

Contingent consideration of £0.654m relating to estimated earn out payments due to T-Three Consulting Limited have been released in the year as a result of performance against earnout criteria.

### 8. Capital and reserves

Authorised, issued and fully paid

	2021 Number	2021 £	2020 Number	2020 £
<b>Ordinary shares of 10p each</b>				
Brought forward	117,609,094	11,760,909	110,860,789	11,086,079
Issued on acquisition of Persona Associates Limited	-	-	94,312	9,431
Issues on acquisition of T-Three Consulting Limited	-	-	944,855	94,486
Issued as part of contingent consideration of Kiddy & Partners Limited	-	-	389,608	38,961
Issued on acquisition of Gateley Tweed LLP	-	-	529,520	52,952
Issued on acquisition of Gateley Vinden Limited	-	-	1,602,564	160,256
Issues as part of contingent consideration of Gateley Vinden Limited	197,368	19,737	-	-
Issued on vesting of SARS	-	-	1,631,588	163,159
Issued on vesting of SAYE	107,743	10,774	844,695	84,470
Issued on vesting of CSOPS	-	-	711,163	71,116
	117,914,205	11,791,420	117,609,094	11,760,909

On 4 February 2021 the Company issued 197,368 10p ordinary shares as contingent consideration in the acquisition of Gateley Vinden Limited.

Between 14 December 2020 and 19 April 2021 107,743 10p ordinary shares were issued upon vesting of the 2017 SAYE schemes to participants.

### 9. Financial instruments and related disclosures

#### Financial risk management

The Board has overall responsibility for the oversight of the Company’s risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Board, who also monitor the status of agreed actions to mitigate key risks.

Management’s objective in managing financial risks is to ensure the long-term sustainability of the Company and Group.

As the Company’s principal financial instruments comprise cash and inter-group receivables. The main risks are those noted below:

#### Credit risk

Credit risk is the risk of financial loss to the Company if a subsidiary to a financial instrument fails to meet its contractual obligation. The Company has a policy of monitoring subsidiaries who perform credit checks which together with the spread of reputable clients ensures there are no unacceptable concentrations of credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that the Group has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there is sufficient cash or working capital facilities to meet the cash requirements of the Company.

Gateley Plc is financed through a combination of unsecured bank loans together with unsecured loans from former members. The Board reviews the projected financing requirements annually when agreeing the Group’s budget and, based on this review, sets the value of the future capital requirements of the business. The cash flow forecast for the entire Group is updated regularly and compared to the budget with any significant variance being reported to the Board.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company’s income. The Company’s exposure to market risk predominantly relates to interest and currency risk. Management does not consider this to be a significant risk to the Company.

#### Interest rate risk

The Group’s bank borrowings incur variable interest rate charges linked to LIBOR plus a margin. Management do not consider this to be a significant risk to the Company or Group.

#### Foreign currency risk

The Group has one overseas operation based in Dubai which, therefore, exposes the Group to changes in Sterling/ Dirhams exchange rates. Management does not consider this to be a significant risk to the Company or Group.

#### Fair value disclosures

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Inter Group receivables	The fair value approximates to the carrying value because of the short maturity of these instruments.
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# Parent company notes to the financial statements

## continued

### Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There are no financial instruments carried at fair value within this financial information.

The fair value of financial assets and liabilities are as follows (there is no difference between the carrying value of the financial assets and liabilities and their fair value):

	2021 £'000	2020 £'000
Cash and cash equivalents	107	175
Group receivables	6,747	1,523
<b>Total financial assets</b>	<b>6,854</b>	<b>1,698</b>
Contingent consideration - FVTPL	(135)	(1,149)
Group payables	(17)	(828)
<b>Current and total financial liabilities</b>	<b>(152)</b>	<b>(1,977)</b>

The company itself does not have any exposure to interest or foreign exchange rates. The Group's exposure is detailed in note 28.

### 10. Share based payments

Details of the Group's share based payment schemes in operation are shown in note 9 of the Group financial statements. All shares are issued by Gateley (Holdings) Plc.

### 11. Related parties

None of the Executive Directors received any remuneration from the Company during the year, other than dividend income. They are however remunerated by Gateley Plc, further details can be found in note 31 of the Group financial statements.

### 12. Accounting estimates and judgements

The preparation of these financial statements under IFRS requires Management to make estimates and assumptions which affect these financial statements. The key estimates and assumptions relate to the impairment assessment of investments.

#### Impairment of investments (note 5)

The total carrying amount of investments is held net of impairment losses. In determining whether investments are impaired requires an estimation of the future value arising from a subsidiary or the trade and assets acquired with it. The value in use calculation requires an estimate of the future cash flows expected to arise from a subsidiary or cash generating unit and the use of a suitable discount rate in order to calculate present value. Any change in estimates could result in an adjustment to recorded amounts. Management do not believe any impairment is necessary against the carrying value of its investments.

### 13. Contingent liability

A cross guarantee between the company and Gateley Plc exists in respect of all terms loans and overdrafts. The value of the contingent liability at 30 April 2021 is £nil (2020: £nil).

## Notice of annual general meeting

**NOTICE IS GIVEN** that the Annual General Meeting of the above named Company will be held at One Eleven Edmund Street, Birmingham B3 2HJ on 1 October 2021 at 12:30 p.m. Shareholders will be asked to consider and, if thought fit, to pass the following resolutions of which resolutions 1 to 7 (inclusive) will be proposed as ordinary resolutions and resolutions 8 to 10 (inclusive) will be proposed as special resolutions.

### ORDINARY RESOLUTIONS

- To receive the Company's annual accounts for the financial year ended 30 April 2021 together with the Directors' Report and the auditors' report on those accounts.
- To approve the Directors' Remuneration Report for the financial year ended 30 April 2021, which is set out in the Company's annual report for the financial year ended 30 April 2021.
- To reappoint Nigel Terrence Payne (who retires in accordance with article 23.4.2 of the Company's articles of association and, being eligible, offers himself for re-election) as a Director of the Company.
- To reappoint Peter Gareth Davies (who retires in accordance with article 23.4.2 of the Company's articles of association and, being eligible, offers herself for re-election) as a Director of the Company.
- To appoint MacIntyre Hudson LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
- To authorise the Directors to fix the remuneration of the auditors of the Company.
- THAT**, in substitution for all existing and unexercised authorities and powers, the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the **Act**) to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as **Relevant Securities**) up to an aggregate nominal value of £3,951,180 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company), such authority, unless previously renewed, varied or revoked by the Company in general meeting, to expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 January 2023) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities or equity securities (as the case may be) to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

### SPECIAL RESOLUTIONS

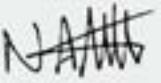
- THAT**, if resolution 7 above is passed, and in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) (**Equity Securities**) for cash under the authority given by that resolution 7 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:
  - the allotment of Equity Securities or sale of treasury shares in connection with a rights issue or similar offer in favour of ordinary shareholders where the Equity Securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on that date provided that the Directors of the Company may make such exclusions or other arrangements to deal with any legal or practical problems under the laws of any territory or the requirement of any regulatory body or any stock exchange or with fractional entitlements as they consider necessary or expedient; and
  - the allotment of Equity Securities or sale of treasury shares (otherwise than under paragraph 8.1 above) up to an aggregate nominal amount of £592,677 representing approximately 5% of the current share capital of the Company, such authority, unless previously renewed, varied or revoked by the Company in general meeting, to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 January 2023) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Equity Securities to be allotted (and treasury shares to be sold) after the expiry of such period and the Directors of the Company may allot Equity Securities (and sell treasury shares) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.



Notice of annual general meeting  
continued

9. **THAT**, if resolution 7 above is passed, and in addition to any authority granted under resolution 8 above, the Directors of the Company be and are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot Equity Securities for cash under the authority given by that resolution 7 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment of Equity Securities, such authority to be:
- 9.1 limited to the allotment of Equity Securities or sale of treasury shares pursuant to the authority granted under resolution 7 up to an aggregate nominal amount of £592,677 representing approximately 5% of the current share capital of the Company; and
- 9.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice of Annual General Meeting of the Company, such authority, unless previously renewed, varied or revoked by the Company in general meeting, to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 January 2023) save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Equity Securities to be allotted (and treasury shares to be sold) after the expiry of such period and the Directors of the Company may allot Equity Securities (and sell treasury shares) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
10. **THAT**, for the purposes of section 701 of the Act, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.10 each in the capital of the Company (Ordinary Shares) provided that:
- 10.1 the maximum number of Ordinary Shares which may be purchased is 11,853,540 (representing 10% of the Company’s issued share capital);
- 10.2 the minimum price which may be paid for each Ordinary Share is £0.10;
- 10.3 the maximum price which may be paid for each Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of The London Stock Exchange plc for the five business days immediately preceding the day on which the Ordinary Share in question is purchased;
- 10.4 unless previously renewed, varied or revoked by the Company in general meeting, to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 1 January 2023); and
- 10.5 the Company may make a contract or contracts to purchase Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which contract or contracts will or maybe executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

BY ORDER OF THE BOARD



Neil Andrew Smith  
Secretary

Date:  
6 September 2021

Registered office:  
One Eleven  
Edmund Street  
Birmingham  
B3 2HJ

NOTES:

**IMPORTANT NOTE REGARDING ATTENDANCE IN PERSON: Due to the ongoing Coronavirus (COVID-19) pandemic, shareholders are encouraged to exercise their votes by submitting their proxy online as soon as possible and to appoint the Chairman as their proxy.**

Entitlement to Attend and Vote

1. To be entitled vote at the Meeting (and for the purposes of the determination by the Company of the votes that may be cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), only those members registered in the Company’s register of members at close of business on 29 September 2021 (or, if the Meeting is adjourned, close of business on the date which is two business days before the adjourned Meeting) shall be entitled to vote at the Meeting. Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to vote at the Meeting.

Voting on a poll

2. In line with best practice, voting at the meeting will be on a poll, rather than a show of hands. Each shareholder present at the meeting will be entitled to one vote for every Ordinary Share registered in his or her name and each corporate representative or proxy will be entitled to one vote for each Ordinary Share which he or she represents.

Website Giving Information Regarding the Meeting

3. Information regarding the Meeting, including the information required by Section 311A of the Act, is available from [www.gateleyplc.com/investors](http://www.gateleyplc.com/investors).

Appointment of Proxies

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You can appoint a proxy only using the procedures set out in these notes and the notes to the proxy form.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please indicate on your proxy submission how many shares it relates to.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of Proxy Using Hard Copy Proxy Form

8. A hard copy form of proxy has **not** been sent to you but you can request one directly from the registrars, Link Asset Services’ general helpline team on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or via email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk) or via postal address at Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. For the purposes of determining the time for delivery of proxies, no account has been taken of any part of a day that is not a working day.

Appointment of a Proxy Online

9. You may submit your proxy electronically using the Share Portal service at [www.signalshares.com](http://www.signalshares.com). Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 48 hours (excluding non-working days) before the time of the meeting applies. Shareholders will need to use the unique personal identification Investor Code (“IVC”) printed on your share certificate. If you need help with voting online, please contact our Registrar, Link Asset Services’ portal team on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or via email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk).

# Notice of annual general meeting

## continued

**Appointment of Proxies Through Crest**

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by 12:30 p.m. on 29 September 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

**Appointment of Proxy by Joint Members**

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding, the first-named being the most senior.

**Changing Proxy Instructions**

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services as per the communication methods shown in note 8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

**Termination of Proxy Appointments**

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services, at the address shown in note 8. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed, or a duly certified copy of such power or authority, must be included with the revocation notice. The revocation notice must be received by Link Asset Services no later than 48 hours before the Meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

**Corporate Representatives**

14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

**Issued Shares and Total Voting Rights**

15. As at 8 September 2021, the Company's issued share capital comprised **118,535,408** Ordinary Shares of £0.10 each. Each Ordinary Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company on 8 September 2021 is **118,535,408**. The website referred to in note 3 will include information on the number of shares and voting rights.

**Questions at the Meeting**

16. Under Section 319A of the Act, the Company must answer any question you ask relating to the business being dealt with at the Meeting unless:
- answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

**Website Publication of Audit Concerns**

17. Under Section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Act (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act . Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

**Documents on Display**

18. Copies of the letters of appointment of the Directors of the Company and a copy of the Articles of Association of the Company will be available for inspection at the registered office of the Company from the date of this notice until the end of the Meeting.

# Notice of annual general meeting

## continued

### EXPLANATORY NOTES ON CERTAIN BUSINESS OF THE ANNUAL GENERAL MEETING

#### Resolution 7 – Directors’ power to allot relevant securities

Under section 551 of the Act, relevant securities may only be issued with the consent of the shareholders, unless the shareholders pass a resolution generally authorising the Directors to issue shares without further reference to the shareholders. This resolution authorises the general issue of shares up to an aggregate nominal value of £3,951,180, which is equal to 33% of the nominal value of the current ordinary share capital of the Company. Unless previously revoked or varied, the authority will expire on the conclusion of the next Annual General Meeting of the Company or on the date which is 15 months after the resolution being passed (whichever is the earlier).

#### Resolutions 8 and 9 – Disapplication of pre-emption rights on equity issues for cash

Section 561 of the Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a rights issue, may prove to be both costly and cumbersome. These resolutions exclude that statutory procedure as far as rights issues are concerned. These special resolutions are drawn up in accordance with the Pre-Emption Group’s Statement of Principles, and enable the Directors to allot shares up to:

- (a) an aggregate nominal value of £592,677, which is equal to 5% of the nominal value of the current ordinary share capital of the Company, which could be used for any purpose; and
- (b) an additional aggregate nominal value of £592,677, which is equal to 5% of the nominal value of the current ordinary share capital of the Company, which could only be used for an acquisition or specified capital investment, subject in each case to resolution 7 being passed. The Directors believe that the limited powers provided by these resolutions will maintain a desirable degree of flexibility. Unless previously revoked or varied, the disapplications will expire on the conclusion of the next Annual General Meeting of the Company or on the date which is 15 months after the relevant resolution being passed (whichever is the earlier).

#### Resolution 10 – Company’s authority to purchase Ordinary Shares

In certain circumstances it may be advantageous for the Company to purchase its own shares and this resolution seeks the authority from shareholders to do so. This is the first time that the Company has sought authority to make market purchases up to an aggregate of 11,853,540 Ordinary Shares, representing approximately 10 per cent of the Company’s issued ordinary share capital as at 8 September 2021, being the latest practicable date prior to the publication of this notice.

Granting authority for the Company to purchase Ordinary Shares in the market is intended to allow your Board to take advantage of opportunities that may arise to increase shareholder value. The Directors will exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and will be likely to promote the success of the Company for the benefit of its members as a whole. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority. The price paid for shares will not be less than the nominal value of £0.10 per share nor more than 5% above the average of the middle market quotation of the Company’s Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the shares are purchased.

The Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to reissue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of shares. Further, no dividend or other distribution of the Company’s assets may be made to the Company in respect of the treasury shares.

The Directors have no present intention of purchasing Ordinary Shares in the market. The authority given under this resolution will lapse, unless renewed, at the conclusion of the next Annual General Meeting of the Company or on the date which is 15 months after the relevant resolution being passed (whichever is the earlier).

# Company information

- **Registration number**  
09310078
- **Registered office**  
One Eleven Edmund Street  
Birmingham  
West Midlands  
B3 2HJ
- **Directors**

RR Waldie	Chief Executive Officer
PG Davies	Chief Operating Officer
NA Smith	Finance Director and Company Secretary
MJ Ward	Executive Director
NT Payne	Non-Executive Chairman
JC Lake	Non-Executive Director
SFA Thompson	Non-Executive Director

- **Auditor**  
**MHA MacIntyre Hudson**  
Rutland House  
148 Edmund Street  
Birmingham  
West Midlands  
B3 2FD
- **Nominated adviser and broker**  
**finnCap**  
1 Bartholomew Close  
London  
EC1A 7BL  
  
**N+1 Singer**  
1 Bartholomew Lane  
London  
EC2N 2AX

- **Principal bankers**  
**HSBC Bank Plc**  
6th Floor 120 Edmund Street  
Birmingham  
West Midlands  
B3 2QZ  
  
**Lloyds Bank Plc**  
125 Colmore Row  
Birmingham  
West Midlands  
B3 3SF

- **Registrars**  
**Link Asset Services**  
6th Floor  
65 Gresham Street  
London  
EC2V 7NQ
- **Financial PR adviser**  
**Belvedere Communications**  
25 Finsbury Circus  
London  
EC2M 7EE
- **Website**  
**www.gateleyplc.com**



Gateley /