Continuing track record *of delivery*

Annual Report
for the year ended
30 April 2023

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 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.

"By showcasing the diversity of our Platform offering and how our legal and complementary service lines can support our clients' businesses, we are presented with a huge opportunity and one that sets us apart from others in our space."

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Continuing track record of delivery

Gateley (AIM: GTLY), the professional services group, announces its audited results for the year ended 30 April 2023 ("FY23" or the "Period"), which continue its unbroken record of year-on-year revenue and underlying profit growth.

The Group delivered a strong financial performance in FY23, through its diversified and resilient business model, benefitting from a full year's contribution from the prior year's acquisitions, Adamson Jones Limited and Gateley Smithers Purslow Limited.

The Group achieved organic revenue growth of 6.2%, despite macro-economic headwinds, which created challenging market conditions in the second half of the year.

The balance sheet remains strong and the Group has significant headroom in its banking facilities to enable investment in organic and acquisitive growth opportunities, to further the board's diversification strategy.

GROUP REVENUE

18.6%

In FY23 our Group revenue was £162.7m up by 18.6% compared to £137.2m in FY22

GROUP UNDERLYING PROFIT BEFORE TAX

16.2%

In FY23 our Group underlying profit before tax was £25.1m, up by 16.2% compared to £21.6m in FY22

DIVIDEND PER SHARE

11.8%

In FY23 our Dividend per share was 9.5p, up by 11.8% compared to 8.5p in FY22

Rod Waldie, Chief Executive Officer of Gateley, said:

"I am very pleased to report another year of growth for Gateley. This is a strong performance, set against a challenging macro-economic backdrop throughout the second half. It is the result of the hard work and dedication of our people allied to a long-term commitment and adherence to the successful execution of our growth through our diversification strategy, building in resilience through design.

"During the year under review, both our legal services teams and consultancy teams performed strongly and we have made further progress in adding breadth and strength to our Group, expanding the patent and trade mark attorney offer on our Business Services Platform through the acquisition of Symbiosis. Post-Period end, we have added legal services lateral hires to strategically broaden our Business Services Platform dispute resolution teams and have further enhanced our Property Platform with the acquisition of RJA Consultants. Our M&A pipeline for FY24 is encouraging and we will seek to strengthen our Platforms further as opportunities arise.

"Looking forward, we are mindful of ongoing macro-uncertainty and it is difficult to predict market conditions for the rest of FY24. However, our diverse and resilient business model, combined with our proven and consistent track record of delivering strong growth across all economic cycles, means that we have entered FY24 with a positive mindset and cautious optimism."

Highlights for the year

We present below our financial performance for the Period both on an underlying and statutory basis. Underlying results are before the adjustments resulting from changes in acquisition accounting treatment of consideration now adopted, which has no cash impact and is explained in the Chief Financial Officer's Review.

Underlying	FY23	FY22 Restated	Change
Group revenue	**£162.7m**	£137.2m	18.6%
Group underlying operating profit[1]	**£25.0m**	£22.5m	11.1%
Group underlying profit before tax[1]	**£25.1m**	£21.6m	16.2%
Underlying adjusted fully diluted EPS[2]	**16.28p**	14.54p	12.0%
Dividend per share	**9.5p**	8.5p	11.8%
Net assets	**£78.1m**	£75.1m	4.0%
Net cash[3]	**£4.3m**	£10.4m	(58.7)%

Reported	FY23	FY22 Restated	Change
Group profit before tax	**£16.2m**	£26.8m	(39.6)%
Group profit after tax	**£12.2m**	£23.0m	(47.0)%
Basic earnings per share ('BEPS')	**9.77p**	19.35p	(49.5)%

For full details on the impact of the change in accounting treatment see note 33 to this announcement

Financial highlights

- Strong performance as a result of diversification strategy in action:
  - Group organic revenue growth of 6.2%, comprising 4.9% in legal services and 18.4% in consultancy services
  - Consultancy services comprise £41.8m or 25.7% of total Group revenue (FY22: £21.3m or 15.5%) - an increase of 96.4%
- Underlying operating profit margin held up well at 15.4% (FY22: 16.4%), despite inflationary pressures throughout the Period
- Net assets increased by 4.0% to £78.1m (FY22: £75.1m)
- Proposed final dividend of 6.2p (FY22: 5.5p), taking total dividends for the Period to 9.5p per share (FY22: 8.5p)

Strategic and post-Period highlights

- Business Services Platform expanded and further scale established in patent and trade mark attorney services with the acquisition of Symbiosis
- Total headcount at 30 April 2023 of 1,455 (FY22: 1,368), with increase in professional staff of 6.0% from 948 to 1,005
- Internal appointment of Victoria Garrad as Chief Operating Officer from previous position of Group HR Director
- Wider expansion of internal share ownership with FY23 result satisfying three-year performance criteria set out in the Group's first LTIP awards scheme
- Post-Period end acquisition of RJA Consultants, further expanding the Group's chartered surveying services and bringing further breadth to the Property Platform
- Post-Period appointment of Colin Jones as non-executive director who succeeds Suki Thompson as Chair of the Remuneration Committee

Current trading and outlook

- FY24 has started in line with the board's expectations, with a good pipeline of work
- Integration of recently acquired businesses progressing to plan and in line with Platform strategy
- Encouraging pipeline of M&A opportunities
- The Group continues to deliver against the clear strategy set out at IPO, achieving growth and resilience through diversification, and strong returns for its stakeholders

1 Underlying operating profit and underlying profit before tax excludes remuneration for post-combination services, gain on bargain purchase, share-based payment charges, acquisition related amortisation and exceptional items

2 Adjusted fully diluted EPS excludes remuneration for post-combination services, gain on bargain purchase, share-based payment charges, acquisition related amortisation and exceptional items. It also adjusts for the future weighted average number of expected unissued shares from granted but unexercised share options in issue based on a share price at the end of the financial year

3 Net cash excludes IFRS 16 liabilities

How we ***support*** clients

Property Platform	***People*** Platform	***Corporate*** Platform	***Business Services*** Platform
Gateley /LEGAL	Gateley /LEGAL	Gateley /LEGAL	Gateley /LEGAL
Gateley /CAPITUS	/ENTRUST	Gateley /GLOBAL	Gateley /OMEGA
Gateley /HAMER	/KIDDY & PARTNERS		/ADAMSON JONES part of Gateley
Gateley /VINDEN	/T-THREE		/SYMBIOSIS IP part of Gateley
Gateley /SMITHERS PURSLOW			
Gateley /RJA			

Delighting ***our clients***

"Gateley's client focus is really good. Everyone we have worked with has taken the time to get to know and understand our motivations, how our business works, what the business model is and what the internal workings are like. That has really stood out for me."

Where you need ***us to be***

With offices in 20 UK locations, and another in Dubai, we have the regional network to provide our clients with the advice they need on their doorstep. Often face to face meetings are the quickest way to overcome difficulties and resolve misunderstandings, and we will always travel to get the job done.

At a ***glance***

What makes us ***forward thinking?***

- The first UK commercial law firm to list on the London Stock Exchange enabling is to develop our service offering to clients through acquisition
- A professional services group which combines legal advice with consultancy expertise through our market facing Business Services, Corporate, People and Property Platforms
- 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 45% of colleagues participate in our Sharesave scheme vs. 25% UK average and 65% of all colleagues participate in at least one or more of our share schemes
- Investors in People accredited
- The only UK legal business to be ranked in the Glassdoor top 25 best companies for senior leadership

Trusted to do

FY23 key client account management programme:

- 450 new client relationships were nurtured
- Over 2,000 hours of client investment time recorded
- Over 90 Stellar Talks completed
- Rated 5 star/excellent on independent legal review platform, Review Solicitors

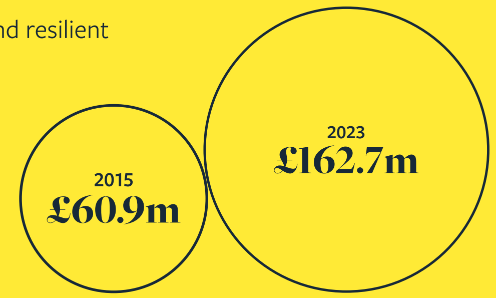
Excellent ★★★★★ 181 reviews on reviewsolicitors

Room to ***breathe***

- Stonewall Diversity Champions and recognised as a top 150 national employer in the 2023 Stonewall Workplace Equality Index. Achieved the Law Society Gold Standard for our Diversity & 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
- Disability Confident employer

Ambitious for ***success***

A strong and resilient business



Gateley: the professional services group

Our story

Our story starts in Victorian Birmingham – the then workshop of the world. Solicitors Stephen Gateley & Sons was founded to help forward thinking Victorians prosper.

Two centuries later, and our approach is still about thinking ahead. Looking to the future to ensure the success of our clients, our business and our people.

2015

We enter a new chapter with a UK law firm first: we put aside the traditional equity partnership model and go Plc.

2016

We acquire our first complementary businesses: tax incentive specialists Capitus Ltd and property consultants Hamer Associates, forming Gateley Capitus and Gateley Hamer.

2018

We acquire 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, since renamed Gateley Global.

2019

We're UK Law Firm of the Year at the British Legal Awards; we acquire land referencing experts, Persona Associates and leadership development specialists, t-three.

2020

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

2021

In July 2021 we acquire Tozer Gallagher, a leading practice of chartered quantity surveyors and construction consultants. Tozer Gallagher now sits within Gateley Vinden. Our decades of growth are recognised at the Birmingham Post Business Awards where we are named Professional Services Firm of the Year.

2022

We make three new professional services acquisitions throughout the year. Patent Trade Mark and Attorney practices, Adamson Jones and Symbiosis IP join our Business Services Platform. Both companies enhance the development of complementary business services with an IP and brands focus. We further strengthen our established Property Platform with the acquisition of Gateley Smithers Purslow, a multi-disciplinary practice of building and quantity surveyors, principally in the insurance industry.

2023

Our CEO, Rod Waldie is selected for The Lawyer's Hot 100 2023, featuring the crème de la crème of the legal world. Rod is recognised as leading the way for listed law firms, commended for his leadership and the business's successful cross-selling of both legal and consultancy services. In July we announce our latest acquisition with Gateley RJA joining our Property Platform. The company is aligned with the expertise of Gateley Smithers Purslow and Gateley Vinden, offering quantity surveying and project management services to the construction market but specifically to the affordable housing sector and property insurance market.

Business overview

Our advisers deliver professional services to incredible clients every day to enable them to compete in an ever-changing and competitive business environment, helping them to face tough challenges, to seize opportunities and to create profitable, resilient and purpose-led businesses.

Our purpose

To deliver results that delight our clients, inspire our people and support our communities.

Strategic ambitions

To diversify, differentiate and incentivise by being forward thinking about the services we deliver to our clients, the working environment we provide for our people and by being straight talking about what matters, inside and out of the business.

How we operate

Business Model

Our business model creates a platform for scalable and sustainable growth. Our strong market reputation and the culture and Gateley Team Spirit that sits at the heart of our business enables the delivery of integrated legal and complementary business services across our four market facing Platforms.

Business Services

Our Business Services experts advise on how to maximise opportunities within a business, identifying the best ways to avoid or mitigate risk in growth and change projects. When disputes arise, we advise on how to respond to that risk, recover from it in the best possible way and how to implement the solutions to mitigate future risk factors arising.

The Platform combines the considerable commercial expertise of our IP and dispute resolution lawyers with that of Patent and Trade Mark Attorneys within Adamson Jones and Symbiosis IP.

Corporate

Brings together the skills of corporate and banking and finance, tax and restructuring lawyers in Gateley Legal with the inward investment experience of consultants within Gateley Global.

The experts within our Corporate Platform advise businesses at every stage of their corporate lifecycle from start-up to exit, dealing with all aspects of growing a business, managing the financial and governance responsibilities along the way.

People

Connecting the advisory skills of our leadership and development consultancies t-three and Kiddy & Partners with the expertise of our employment and pensions lawyers within Gateley Legal and the independent pension trustees within Entrust.

The People Platform also includes a strong Private Client team with experts in private wealth matters for individuals based in England and internationally, private wealth disputes and family issues.

With a team of people development consultants, pensions advisers and lawyers, we help employers fix the people issues that arise within organisations in everyday operations and change projects. We enable businesses to become fitter for the future, flexing the implemented solutions in response to changing economic and social contexts.

Property

Within this Platform, Gateley Legal lawyers advise on construction, planning, residential development, real estate finance, development and disputes and investment. Our property tax specialists within Gateley Capitus combine with the built environment consultants in Gateley Vinden (incorporating Tozer Gallagher) and Gateley Hamer to offer a one stop shop for all real estate needs. Our Property Platform is further complemented by Gateley Smithers Purslow and Gateley RJA, specialist providers of surveying services, principally to the insurance industry and the affordable housing market.

Our team of surveyors, property tax consultants and lawyers work with property investors, owners, occupiers and developers at every stage of the property lifecycle, from opportunity identification through to the use and commercialisation of property assets.

Growth drivers

Organically

Enhanced opportunity to grow Gateley organically, including lateral hires of individuals or teams.

Diversification

Making selective acquisitions including (i) other legal firms which offer geographical expansion or additional specialist services (ii) professional consultancy service businesses offering complementary services.

Platforms

Building out the Group's four Platforms which comprise clusters of complementary Group services presenting a broader and more compelling offering to our clients.

Incentivisation

Alignment through share participation of the interests of shareholders (including employee shareholders) with those of the business, aiding retention of staff and widening our recruitment appeal.

Delivering results for long term success

Our clients

Delivering results that delight our clients by being forward thinking, straight talking, working in collaboration and being ambitious for their success.

Our colleagues

Inspiring our people, incentivising their hard work and providing a diverse and inclusive working environment that gives them room to breathe and opportunity to develop.

Our communities

Supporting the communities in which we work and measuring our social impact so we can provide the right support and make progress in the future.

Our investors

Delivering excellent returns and demonstrating that our shareholders' investments are in safe hands.

Our suppliers

Building mutually beneficial relationships and long-term, sustainable partnerships.

Our environment

Taking ownership for the things we can do as a business and individuals to protect and repair our planet now and for future generations.

Platforms for growth

We have a highly focused market proposition and differentiate ourselves by making selective investments in, and growing, quality legal and consultancy services on each of our four Platforms, aimed at our core markets of Business Services, Corporate, People, and Property.

Delivering results that delight our clients has helped us to grow our client relationships organically and attract new clients to the Group. Ensuring we are trusted advisers is essential but we must also work hard to demonstrate what differentiates our business.

By showcasing the diversity of our Platform offering and how our legal and complementary service lines can support our clients' businesses, we are presented with a huge opportunity and one that sets us apart from others in our space.

As the Group continues to expand, we have more choice in how to deploy our investments in the legal and wider professional services markets. In the meantime, our mix of services remains unique and enhances our resilience, as evidenced in our FY23 results, showing £41.8m of consultancy businesses revenue (FY22: £23.1m). Our diversification strategy is clear and proven.

In line with our differentiation strategy, we have also developed our internal messaging around the power of our Platforms in delivering commercial, joined-up solutions for our clients. This has involved a re-fresh to our website, aligning all services and insights according to the Platforms; the publication of four bi-annual Platform magazines which share perspectives on the hot topics facing organisations such as equality, diversity and inclusion, innovation and maximising infrastructure efficiencies; and the sharing of case studies and client stories which share how the Platforms collaborate to deliver cost-effective solutions.

Our four Platform magazines are now produced in June and January every year.






Platforms for growth
continued

Richard Healey
Partner and Business
Services Platform Head

Business Services Platform

Our Business Services Platform supports clients in dealing with their commercial agreements, managing risks, protecting assets and resolving disputes.

In the last financial year our Business Services Platform revenue grew by 21.1% to £21.8m, buoyed in the first half of the year by transactional activity and in the latter part of the year by an increase in ongoing work across the legal services dispute resolution teams. This was underpinned by a good performance from the Platform's consultancy businesses.

In legal services, our dispute resolution specialists saw an increase in demand from both UK and overseas clients. This trend is continuing. Mandates from UK clients are representative of current economic circumstances and include an increase in instructions from financial services clients as interest rates rise and lending tightens, which often results in default or lays-bare fraudulent activity. Projects from overseas clients include a return of some activity in Central Europe.

We continue to make strategic investment in new dispute service lines, predominantly in competition litigation, collective actions and international arbitration where, in all cases, we see huge opportunity and have very recently recruited highly regarded senior expertise, including from within magic circle law firms.

In consultancy services, activity in our growing patent and trade mark attorney business was consistent throughout the year. It was enhanced by the acquisition of Symbiosis, specialising in the life sciences industry and adding to Adamson Jones' expertise in engineering, medical devices, pharmaceuticals and biotechnology. Both businesses are working well together with related legal services across the Group and on shared opportunities. We will continue to build critical mass in these services where typical projects are long-dated and our expertise is highly valued by clients whose businesses are founded upon ideas and inventions that need to be protected to preserve value. More UK and international client opportunities exist here and will be realised as we progress our strategy to grow a market relevant business in this space.

In aggregate, consultancy revenue now represents 23.4% of Business Services Platform revenue.

Charles Glaskie
Partner and Corporate
Platform Head

Corporate Platform

Our Corporate Platform focuses on the corporate, financial services and restructuring markets in both transaction and business support services.

Currently, this Platform is dominated by legal services, some of which encountered more challenging conditions in the second half of the financial year. Despite this, Platform revenue grew by 1.8% to £38.8m and delivered a strong contribution margin. It is likely that the Corporate Platform will always be legal services dominated. This is because our transactional Corporate teams draw support from consultancy services which are particular to each transaction, whilst in day-to-day terms those consultancies find their more natural, "core" home on one of our other Platforms.

Corporate transactional activity was strong in the first half of the year, particularly with our private equity clients and in wider M&A. The Corporate team generated a deal book in that period comprising an impressive list of complex, high value transactions across a wide range of sectors, which utilised additional legal and consultancy services across the Group. Ultimately, the team had another strong year and the Corporate unit remains our biggest internal referrer of business, with most of our teams benefitting in some way. Transactional activity was more constrained in the second half of the year. However, the deal volume and pipeline are reasonable and are expected to further improve. This pattern is reflected in our banking team, having had a strong first half of the financial year but seeing a drop-off in support to corporate transactions and a reduction in bank lending during the second half. Despite this, the team is now seeing an increase in loan covenant reset and refinancing work.

Our restructuring and recovery teams are a natural counterweight to transactional activity and following a sustained period of quiet trading conditions activity levels rose by 24% during the financial year, as government pandemic support for companies unwound and inflationary pressures and interest rate increases impacted UK businesses. Activity remains strong in these teams. Mandates have been generated both in-market and internally, including working alongside experts in Gateley Vinden and our legal services construction unit in delivery of market-leading services to insurers who have bonded construction projects that have become distressed.

In consultancy services, our team at Gateley Global had a strong year in continuing to help public and private sector clients realise their international expansion plans, inward and outward of the UK. Revenue increased by 47.4% to £1.1m (FY22: £0.74m). In addition, the team is a consistent cross-referrer of revenue to other parts of the Group as clients require mixed services to implement expansion.

Andrew Macmillan
Partner and People
Platform Head

People Platform

Our People Platform supports clients in dealing with and developing people and in administering individuals' personal affairs. The team help employers fix the people issues that arise within organisations in everyday operations and change projects.

A good spread of activity across both legal and consultancy services grew the People Platform revenue by 6.3% to £20.4m. In legal services, our pensions team had a strong year and performance in our employment team was good as clients' HR teams returned to more business-as-usual activity post-pandemic. Our private client team remains focused on high-net-worth clients and related opportunities.

In consultancy services, our pension trustee business Entrust, continues to deliver growing, recurring revenue. The team is seeing an increase in the number of pension schemes looking to complete full liability buy-outs, with Entrust at the helm. In addition, more businesses are looking to out-source management of their pension schemes, which is generating greater opportunity for Entrust to grow both organically and via potential acquisitions.

t-three and Kiddy & Partners, our talent assessment, development and cultural change businesses, are now combined for management purposes. The team won 67 new clients during the financial year and increased, by 45%, the number of clients buying both t-three and Kiddy services, with particular focus on scalable products to high growth clients. The pipeline remains strong as most organisations are looking to develop their people and/or transform in some way.

In aggregate, consultancy revenue now represents 32.7% of People Platform revenue.

Callum Nuttall
Partner and Property
Platform Head

Property Platform

Our Property Platform is currently our most diverse and mature Platform. It is focused on clients' activities in real estate development and investment and in the built environment in the widest sense.

The Platform grew its revenue by 33.3% to £81.7m during FY23, significantly assisted by strong activity across the Platform's consultancy businesses.

In legal services our real estate development team remains a market-leader in the warehousing and logistics sector, delivering cross-Platform services to complex acquisition and development projects. Whilst activity in the wider commercial property market eased in the second half of the financial year, we saw and continue to see an increase in non-transactional advisory and dispute resolution services. This includes helping our wide range of residential development clients navigate regulation under the high-profile Building Safety Act (post-Grenfell) and advising on related remediation projects. This is long-dated, specialist work in which we continue to invest, including by long term redeployment of appropriate resource from within the Group to our construction team, which had a record year and continues to be very busy. Elsewhere, current economic conditions have resulted in an increase in work helping or opposing organisations seeking to escape commercially onerous contracts.

In our market-leading house-builder team, we continue to act for all of the top developers, many of whom have significantly reduced their panel of advisors in favour of larger providers who cover all bases, which describes us both geographically and in service lines. This should result in more work for the team.

Despite the fact that developers are currently finding the retail housing market slow, we continue to handle over 50 large strategic residential-led schemes, with over 1,000 new homes each. Our clients need to continue to build and sell and have other outlets for which they require our services. This includes an increase in advising on shared ownership framework agreements and in bulk sales to housing associations and build to rent investors. In addition, housing-led urban regeneration work continues to attract public and private funding. We act for all of the leading developers in this space and remain busy with schemes where our unique combination of legal and consultancy services is relevant to the whole life-cycle of the project.

In consultancy services, we saw the first full year of Gateley Smithers Purslow following our deliberate diversification into specialist services to the property insurance complex claims market. Gateley Smithers Purslow contributed revenue of £13.8m (FY22: £0.6m), representing annualised growth for that business of 26.1%. We also saw strong revenue growth of 25.6% from Gateley Vinden's broad range of specialist services and growth of 19.9% from Gateley Hamer, which is carrying a strong pipeline of work in regeneration, energy and telecoms projects.

Our recently announced acquisition of Richard Julian and Associates Limited ("RJA") surveyors, extends our reach to organisations that deliver affordable housing, a resilient sector underpinned by high levels of grant to support delivery of the Government's housing targets. The team also has specialists in major loss property claims, which will enhance related expertise in both Gateley Smithers Purslow and Gateley Vinden.

We maintain our view that the range of expertise now housed on our Property Platform puts us in a position to compete with well-established, multi-disciplinary property consultancies in the wider market.

Inspiring our people



Gateley is a business full of incredible people who are passionate about what they do and how they do it for their clients. They are the driving force for our continued growth.

We are proud of our culture and place great importance on maintaining that as we continue to grow. This is fundamental in being able to continue to support and develop our talent as well as attract new people into our business.

Inspiring through leadership

At Gateley we lead by example and key to that is ensuring that those we influence and impact every day are inspired by the leaders around them, as being well as mentored and guided in the right way. This has to come from the top and in January our CEO, Rod Waldie was recognised for his leadership in The Lawyer's Hot 100 2023 list. The coveted annual list features the crème de la crème of the legal world. Rod was commended for leading the way for listed law firms as well as his leadership of the Group and the business's successful cross-selling of both legal and consultancy services.

In June 2022 we were the only legal business in the UK to rank in the Glassdoor UK Top 25 Companies for Senior Leadership. Glassdoor is the worldwide leader on insights about jobs and companies and the list was determined solely based on feedback from employees.

Recognising commitment and celebrating achievement

Supporting our people with their ambitions, trusting them to perform to the best of their abilities and allowing them the freedom to be themselves at work are some of the areas that underpin what we call our Gateley Team Spirit.

During the Autumn we celebrated more than 150 people from across the business who were nominated by their colleagues in our annual Gateley Team Spirit Awards. A number of finalists were then selected by a judging panel to attend the annual award ceremony where winners were presented with their trophies and a prize as acknowledgment of their achievements under our Gateley Team Spirit values. These values are covering working together, being ambitious for success, giving colleagues room to breathe, being forward thinking and being trusted to do. This year's ceremony is coming up this Autumn and we have added in a number of new categories this year to recognise excellent leadership and also colleagues who are delivering stellar results across our four Platforms.

Growing emerging talent

Growing our own is an important part of our people strategy and our success. We are committed to mentoring and investing in the development of our emerging talent and bringing on the next generation of Gateley senior managers and leaders.

Our offering remains differentiated and our broad range of career opportunities is attractive. We continue to evolve our people strategies to drive a stimulating, purposeful and rewarding environment in which our people can progress their careers. This year we have promoted 126 colleagues across the Group.

We also launched two new community groups for employees who are at different stages of their Gateley careers. Influence is for senior managers across the Group, encouraging conversation and discussion to influence upwards and downwards. Ignite is open to those at the earlier stages of their career within Gateley, whatever their role.

Both groups help our people to build connections, improve collaboration across teams and create more cross-selling opportunities with colleagues at a similar level of seniority.

Inspiring our people
continued

Inspiring for growth

Our annual internal conferences are a key component in arming our senior leaders and managers with the tools needed to develop and help our business to grow while ensuring they are supporting their teams to do the same.

This year's conference theme was 'Platforms for growth'. We concentrated on how we can work together within our teams and across our Platforms to achieve sustainable growth and the importance of developing a growth mindset in order to be able to achieve our ambitions.

Linking into our purpose, we focused on key themes around developing and accelerating growth with our clients as well as learning how companies can achieve growth over market. We discussed what our barriers to growth might be, both as individuals and teams and considered how we might overcome them and where possible, turn them into opportunities.

Incentivising our people

We believe the ability for all of our people to participate in share ownership is a great motivator and incentive and also represents a recruitment differentiator. Our employee share scheme gives everyone in the Group, at every level, the opportunity to participate in the future success of the business.

In addition, the FY23 result satisfied the three-year performance criteria set in the first LTIP awards scheme granted in FY20 and also underpins the performance criteria applicable to our in-flight LTIP schemes. Alongside this, our wider CSOP and SAYE schemes will mature during FY24 resulting in the release of circa 3.4m shares to scheme participants. All of this is in line with our strategy of creating wider equity participation for more of our people. Currently around 65 per cent of our people either hold shares or participate in share schemes.

Responsible Gateley

Our Responsible Business approach is at the heart of our organisation. It's embedded right from the top and is threaded into our culture and the way we operate.

Our Responsible Business actions focus on the wellbeing of our employees, on being a force for good in society and within the communities in which we operate and by playing our part in protecting and repairing our planet. Measuring the value and the impact we are having in all these areas is as important as taking action because it enables us to evaluate where we are effecting change and how we can improve and progress over time.

In our third Responsible Business report, we will outline the 15 key objectives that we set ourselves for the financial year ended 30 April 2023 which are all linked to our Purpose in delivering results that delight our clients, inspire our people and support our communities. We are delighted to have achieved all of the targets set.

> ***"Delivering with purpose is central to the Group's continued success and aligns with our Responsible Business strategy. We of course acknowledge that there is more to be done, but I'm really proud of the steps we are taking to fulfil our promise to be a force for good and provide positive and lasting impact in society."***
>
> **Rod Waldie,** Chief Executive Officer

Our 2022/23 report will be published soon and will outline a new set of objectives for the current year to help us to continue to evolve and make good progress towards our ESG goals.

Responsible Gateley
continued

22/23 review of set objectives

Review and refresh our environmental policy, considering sustainability in more detail.	✓	We have refreshed our environmental policy and will be sharing it across the Group this year.
Draft a sustainable procurement policy.	✓	A sustainable procurement policy has been drafted and approved by all parties concerned.
Explore carbon net zero at the Strategic Board.	✓	This has been explored and we have a dedicated task force in place to drive forward carbon net zero initiatives.
Draft a carbon reduction plan.	✓	The plan addresses the reduction of scope 1, 2 and 3 emissions.
Implement new printers into the business and measure the impact that these improved machines have in terms of volume of print.	✓	New printers have been implemented across all offices and we are continuing to monitor the volume of print.
Introduce data monitoring to support TCFD reporting.	✓	Data monitoring has been implemented.
Deliver TCFD reporting for the financial year ending 30 April 2023.	✓	We will use this data to measure our sustainability progress on an annual basis.
Increase employee engagement on the Social Impact Dashboard with a 20% increase in registered users and a 10% increase in recorded activities.	✓	We reached our target of a 20% increase in registered users and exceeded our 10% target in recorded activities by 50%.
Explore potential for introducing Alzheimer's UK as a new charity partner for 2023/2024.	✓	We launched a new charity partnership with Alzheimer's Research UK.
Increase the level of Gateley Gives local charitable activity across all offices during the year with a measurable increase in fundraising alongside more opportunities to share insight and raise awareness.	✓	All offices now have Gateley Gives committees and have all completed fundraising activities within the year.
Introduce the language diversity guide.	✓	We published inclusive language guidance through our internal communication channels and promoted resources that included up to date, detailed information about inclusive language and terminology.
Increase the number of stories of different routes into our business that colleagues have followed and share these on our website.	✓	As part of our Employee Value Proposition project, we shared feedback from some of our apprentices and the support they received from our people.
Embed our fifth network group, Ability, within the business, raising awareness and encouraging participation in events.	✓	We launched our first wheelchair basketball event.
Avoid single use plastics wherever possible within the office e.g., catering/ promotional items.	✓	We have been more conscious when using single use plastics.
Refresh our volunteering policy and launch to the business, sharing opportunities for volunteering as identified through our charity partners.	✓	We launched our volunteering policy signposting opportunities through some of our charity partners such as The Fifth Day, Inspiring the Futures, Make Good Grow and the NSPCC.

Delighting our clients

We work with an incredibly diverse range of clients. Businesses of all different sizes, in diverse sectors, with differing challenges and ambitions. Over the last year we have connected with them to share good practices and create opportunities to listen and learn from one another.

By working together with our clients, we can inspire each other to work towards a common goal and continue to deliver great results.

As we look to the future, we will continue to support our clients by collaborating with them in meaningful activities that help our communities through our newly launched volunteering policy.

Being a force for good

We understand that we have a responsibility to our clients, people and planet to take steps in the right direction to reduce our carbon footprint. We have worked hard to improve our environmental credentials by having open discussions with clients to share and implement best practice across our business. We have set ourselves an attainment of net zero emissions by 2040 with interim targets for 2030 and have set up a sustainability task force and drafted a sustainability action plan to support the achievement of these targets. We are also looking to secure a new partnership with an environmental charity to drive progress forward in taking positive climate action.

Continuing to inspire our teams

Building on our inclusive culture is something we continually invest time and energy in at Gateley and to ensure we always create a sense of belonging for all of our colleagues. Our five network groups create a place of debate where people can learn from each other, educate each other and celebrate our differences.

belong...

ability
Supporting employees with disabilities and raising awareness around neurodiversity

inspire
Nurturing our talent and supporting their careers

thrive
Taking care of the health and wellbeing of all our employees

pride
Supporting our LGBTQ+ community, raising awareness across our business and collaborating with related external charities, groups and networks.

unity
Recognising, celebrating and supporting people from different cultures, religions and backgrounds

Responsible Gateley
continued

Supporting our communities

An important part of our purpose is supporting the communities in which we operate and measuring our social impact so we can provide the right support and make progress in the future. Where we're based and the people that we work with are a vital part of conducting our business. Across our organisation, we have many different connections, whether this is through our national charity partners or the links with educational institutions and community groups which we have developed to support and encourage potential.

Following feedback from colleagues who are caring for family members with dementia, we have launched a new charitable partnership with Alzheimer's Research UK. The partnership will see us fund a research project to join them in their mission of finding a cure for dementia.

We have fostered excellent relationships with schools and educational partners in the past year and we will strengthen these relationships further by getting more of our people involved to inspire and motivate the next generation to the world of work.

We also look forward to continuing our existing charity partnerships with SportsAid and University Academy 92 to support young people through funding or enrichment opportunities.

We acknowledge that there is more to be done, but we're proud of the steps we are already taking to fulfil our promise to be a force for good and provide positive and lasting impact in society. We look forward to working towards the achievement of the new targets we have set ourselves for this year which continue to be built around our clients, our people, sustainability and supporting the communities in which we operate.

Social Impact Dashboard

Over the last 12 months, colleagues from across our Group have recorded all the good work they have been involved in, within and outside of Gateley, to support our communities.

Highlights include:

Over
£100,000
fundraised. This includes the fundraising efforts put together by our Gateley Gives teams

Supported a total of
82
good causes

Over
1,500
volunteering hours completed

"Gateley, our patron, have been early adopters of the Social Impact Dashboard, and provide strategic support, mirror our values and believe in our purpose unwaveringly!"

Nigel Shanahan, Founder of Make Good Grow

Five key reasons to invest

Our professional services group creates a platform for scalable and sustainable growth.

1. **18.6%** revenue growth in FY23 with net assets of £78.1m
2. **103.9%** adjusted cash conversion since IPO*
3. **9.4%** compound annual growth in adjusted profit before tax since IPO
4. **16.3p** adjusted fully diluted EPS FY23
5. **11.8%** growth in FY23 dividend to 9.5p

- Gateley's experienced management team has delivered an unbroken track record of revenue and profit growth through multiple economic cycles
- The market in UK legal services provides a strong foundation on which to base a strategy for growing a wider professional services group, further increasing the Group's resilience
- Our strategic position creates strong organic growth opportunities and a platform upon which we can diversify through acquisition
- Gateley has a strong balance sheet, with net cash and committed acquisition finance facilities placing us in an excellent position to invest for further growth
- Gateley has established and resilient revenue streams with a high conversion of profit into cash
- Gateley provides an attractive income stream with up to 70% of adjusted post-tax profits earmarked for dividends. Since IPO in 2015 (at 95p) we have returned 52p to shareholders
- Gateley has significant internal share ownership and a strong people culture with purpose-led responsible business objectives

* Cash conversion is net cash flows from adjusted operating activities as a percentage of adjusted profit for the year after tax

Strategic report

In this section

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

The Chairman's Statement, Chief Executive Officer's Review and Chief Financial Officer's Review, as set out on pages 24 to 42, form an integral part of the Strategic report.

Chairman's statement

Summary of the year

I am delighted to present Gateley's audited final results for the year ended 30 April 2023, another successful year for the business.

Nigel Payne
Chairman

With revenue increasing by 18.6% to £162.7m and underlying profit before tax increasing by 16.2% to £25.1m, Gateley has again demonstrated the strength of its business model and the resilience from its diversification strategy. These strong results led to a 4.0% increase in Group net assets to £78.1m (FY22: £75.1m), and an increase of 12.0% in adjusted fully diluted earnings per share to 16.28p per share (FY22: 14.54p).

I am particularly proud that this year's strong performance was delivered despite challenging circumstances. With the economic recovery from COVID-19 somewhat compromised by inflationary pressures, with uncertainty as a consequence of the terrible events in Ukraine and the onset of higher than usual wage inflation within the legal and indeed other sectors, Gateley has navigated the year well and I am pleased with the resulting benefits for all of our stakeholders.

Strategic delivery

As I enter my ninth, and last, year as Chairman of Gateley, this feels like a good moment to reflect on the progress the Group has made since it became the first legal services group in the UK to undertake an IPO. There are two points that stand out to me and, I believe, are a testament to the quality of the Group and the people within it.

Firstly, consistency. Since IPO Gateley has delivered an unbroken track record of revenue and underlying profit growth. Above and beyond the absolute progression, Gateley has also outgrown the UK professional services market, which continues to benefit from a number of structural growth drivers. Gateley's growth has been accelerated by acquisitions but underpinning our growth has been the strength of our legal services foundation. Outperformance does not come automatically but is hard earned through a consistency of client delivery and execution across all levels of the Group.

Secondly, commitment. Since IPO, our strategy has been clear; to build a professional services group of scale and breadth. From our legal foundations, we have sought to bring in new business lines, and business models, that complement and add to the suite of services that we offer to our increasingly diverse clients.

By sticking to the discipline of our Platform strategy, we have been able to focus our organic, and inorganic, investment where it has mattered the most. Clearly, part of the motivation behind the IPO was to facilitate this growth strategy and that motivation remains undimmed. In the eight years since IPO, much has happened in the stock market and the wider world that has been out of our control. Yet despite these challenges, Gateley's strategic commitment has not wavered. Our Group is now more diverse and resilient than at any point in the last nine years.

Results overview

During the year we delivered on our strategic intent to further diversify the business, placing the Group in a stronger position to deliver further profitable growth in the coming years. In doing so, we also expanded the breadth and depth of our offering on the Business Services Platform with the acquisition of patent and trade mark attorney business, Symbiosis.

To support our acquisition strategy, we committed to a three-year revolving credit facility of up to £30m to assist with acquisitions. This combined with our strong balance sheet places us in a good position to acquire further businesses in the future.

Within our consultancy businesses, overall headcount increased by 23.0% to 358 (FY22: 291) and fee-earner staff by 27.4% to 279 (FY22: 219). Revenues from this part of the Group were over £41.8m, demonstrating the further diversification of service offering and the deepening of our relationships with our clients. Our staff have also shown great adaptability to the constant changes throughout the past few years and their dedication towards the business, their colleagues and clients has been first class in what was a challenging year across a wide range of fronts.

As we continue to grow and strengthen our business, the board remains committed to providing its people with the opportunity to own shares in the Company. We believe that employee share ownership secures a strong alignment with the Group's external shareholders, incentivises employees and is reflective of Gateley's long-established culture. At least 65% of current staff are existing share or option holders in the Company.

Responsible Business

The board has made the further development of Gateley's Responsible Business commitment a key strategic priority this year. We achieved this by working together with The Purpose Coalition, an independent ESG consultancy who helped us develop our own set of levelling up goals.

In December 2022, we published our second edition, 2022 Responsible Business report, for which we again received significant positive feedback. We have introduced 15 new responsible business objectives for FY 24 and confirmed our intention to reduce our CO_2 emissions by 50% by 2030 and to become net zero by 2040.

Our Responsible Business actions focus on the wellbeing of our employees, on being a force for good in society and within the communities in which we operate, and by playing our part in protecting and repairing our planet. Measuring the value and the impact we are having in all these areas is as important as acting because it enables us to evaluate where we are effecting change and how we can continue to improve over time.

I am delighted with the progress we have made and how this important initiative has been embraced across the Group. We are committed to ensuring diversity, equality and inclusion and our goal is to foster a positive work ethic, whilst remaining results and client focused, and demonstrating our commitment to doing the right thing for our people, our planet and developing potential wherever we can.

Board changes

The UK Corporate Governance Code determines that the recommended tenure for the chair of publicly listed companies is nine years. There is no recommended tenure for non-executive directors, though after nine years they are generally no longer considered to be independent, and this tends to act as a 'de facto' ceiling on tenure. The assessment of the independence of non-executive directors holding office after nine years is a matter of board judgement, thereby allowing boards some room to extend the tenure beyond nine years, where appropriate.

Gateley was admitted to AIM in June 2015, becoming the first commercial law firm to list on the London Stock Exchange. The current financial year ending 30 April 2024 will therefore be the ninth year that Gateley has been on AIM and in line with the above best practice, the following changes to the board will be introduced.

With regards to my own role, as the current year ending 30 April 2024 is my ninth year as Chairman, it will therefore be my last and I will stand down at the Group's AGM in 2024. The board has already begun a process to appoint a new Chairman and an announcement will be made in due course.

With regard to the Chair of the Audit and Risk Committee, the financial year ending 30 April 2024 will be Joanne Lake's ninth year in the role and would therefore ordinarily be her last. Given, however, the planned change to my own role and the unforeseen retirement of Suki Thompson, should Joanne also stand down in 2024 then all of the Group's non-executives would leave within the same financial year. I have therefore agreed with the board and with the Group's largest five institutional shareholders that it is in the best interests of all stakeholders for there to be a degree of continuity on the board and that Joanne will serve one more year as Audit and Risk Committee Chair and will stand down at the AGM in 2025.

With regard to the Chair of the Remuneration Committee, Colin Jones, who was appointed to the board today, as non-executive director, succeeds Joanne Lake, who has been temporarily chairing the committee, following Suki Thompson's retirement.

Chairman's statement
continued

With regard to executive board positions, Victoria Garrad, Group HR Director, was appointed to the board on 1 May 2023, in line with succession planning outlined in the Group's Half Year Results announcement issued on 12 January 2022. Victoria replaced Peter Davies, Chief Operating Officer, who stepped down from the board on 30 April 2023. Victoria joined Gateley in 1996 and has been the Group HR director, a non-plc board role, since 1 May 2017. Prior to this, she was a Partner in the legal services employment team and has been a member of the Operations Board since 2011 and the Strategic Board since 2017.

Upon standing down as Chief Executive on 30 April 2020, Mike Ward agreed to stay on as an executive director of the Group for a period to lend his experience to Roderick Waldie, who took over the role on 1 May 2020. Having now been in position for three years, Mike will stand down from the board at the 2023 AGM. On behalf of the board and all of the staff in the Group, I would like to extend my thanks to Mike for his insights whilst in office.

Dividends

An interim dividend of 3.3p per share (FY22: 3.0p) was paid on 31 March 2023 to shareholders on the register at the close of business on 24 February 2023. The board is pleased to propose a final dividend of 6.2p per share (FY22: 5.5p), giving a total dividend for the year of 9.5p per share (FY22: 8.5p), subject to approval at the forthcoming Annual General Meeting, which will be held on 17 October 2023. If approved, this final dividend will be paid in October to shareholders on the register at the close of business on 29 September 2023. The shares will go ex-dividend on 28 September 2023.

The board's dividend policy remains to distribute up to 70% of specifically adjusted profit after tax to shareholders, whereby the adjustment relates to the remuneration for post-combination services and gains on bargain purchase. The dividend is typically split one third following the Company's half year results and two thirds after the full year results.

Summary and outlook

This year has been another strong one for Gateley. Our people have excelled in client delivery, they have continued to overcome every challenge presented to them, and have delivered further strategic progress for the business, combining to generate an excellent set of results.

As we focus on service line enhancing opportunities that meet our clients' needs and fulfil our strategy to build a broader professional services group, our acquisition pipeline remains strong, trading in the current year is in line with the board's expectations and we look forward to the immediate future with cautious optimism.

Nigel Payne
Chairman

5 September 2023

Chief Executive Officer's review

Rod Waldie
Chief Executive Officer

Introduction

I am pleased with the Group's strong performance in FY23, delivered by the highly skilled and dedicated people across our business. These results maintain the Group's unbroken record of year-on-year revenue and underlying profit growth. We are proud of this and of the consistent progress made against our key metrics since our admission to AIM in June 2015.

Throughout the Period a combination of global and UK-specific events created a challenging macro-economic backdrop. This was particularly pronounced during H2 23 and macro-uncertainty remains the dominant characteristic in the market. Despite this, the Group once again demonstrated its resilience and ability to adapt to shifting market conditions. These characteristics are not the product of chance; they result from the implementation, since 2015, of our strategy to operate and grow a diverse professional services business with legal services as its foundation. We have been consistent in our adherence to this proven strategy, which informs all that we do. Since acquiring our first consultancy business in 2016 our disciplined approach to M&A has grown non-legal revenue to £41.8m (FY22: £21.3m), being 25.7% of the Group's revenue.

We have a highly focused market proposition and differentiate ourselves by making selective investments in, and growing, quality legal and consultancy services on each of our four Platforms, focused on our core markets of Business Services, Corporate, People, and Property. As the Group continues to expand, we have more choice in how to deploy our investments in the legal and wider professional services markets. In the meantime, our mix of services remains unique and clearly enhances our resilience, as evidenced in our FY23 results, during a more challenging period for transactional legal services overall. Our diversification strategy is clear and proven.

Whilst continuing to appraise new acquisition opportunities from our encouraging pipeline, our current operational focus is firmly on the basics in the business; from fee rate increases, cost management and, of course, consistent delivery of excellent service, to maximising cross-selling opportunities on and across each Platform.

On responsible business, as reported at the end of H1 23, with the publication of our second Responsible Business Strategy we achieved all 15 of the initial targets set for FY23. In doing so we reinforced our belief that an integrated Responsible Business Strategy develops solutions that positively impact people, the planet and profit. Our work here is ongoing in line with our Purpose to deliver results that delight our clients, inspire our people and support our communities. We are revising our annual Responsible Business reporting to coincide as closely as possible with the release of our annual results and I therefore look forward to publication of our next report very soon.

Chief Executive Officer's review continued

Finally, we are delighted to propose a progressive final dividend of 6.2p per share at the Group's AGM on 17 October 2023, taking the total dividend for the Period to 9.5p (FY22: 8.5p), an increase of 11.8% on the prior year.

Results overview

The Group performed well during FY23, building on the progress reported at the half year and delivering growth in revenue and profit. Revenue grew by 18.6% to £162.7m (FY22: £137.2m) and underlying profit before tax increased by 16.2% to £25.1m (FY22: £21.6m). Profit before tax decreased by 39.6% to £16.2m (FY22 restated: £26.8m) as a result of the IFRS 3 related acquisition accounting treatments, further details of which are set out in the Chief Financial Officer's Review. Profit after tax decreased by 47.0% to £12.2m (FY22 restated: £23.0m).

Salary cost inflation has been and continues to be a post-pandemic characteristic across all professional services businesses. In addition, FY23 saw the return of more discretionary costs (e.g. travel, marketing and entertaining). Planned one-off costs in the Period included significant investment in a new, market-leading business management system and associated integration costs. Despite all of this and general cost inflation, our FY23 results delivered another year of growth.

Our outturn for the Period was underpinned by the quality and breadth of the increasing range of legal and consultancy services offered through our Platforms. Transactional activity was strong in H1 23 but, as reported at the half year, we were beginning to see transactional activity levels reduce from the previous unprecedented highs. During H2 23 the Group started to pivot towards greater activity in the more counter-cyclical service lines that are deliberately designed within each Platform. Although not immune from the effects of challenging market conditions, these services helped our second half performance and continue to perform strongly.

Platform performance

Business Services Platform
This Platform supports clients in dealing with their commercial agreements, managing risks, protecting assets and resolving disputes.

Revenue on this Platform grew by 21.1% to £21.8m, buoyed in H1 23 by transactional activity and in H2 23 by an increase in ongoing work across the legal services dispute resolution teams, underpinned by a good performance throughout the whole Period from the Platform's consultancy businesses.

In legal services, the dispute resolution specialists saw an increase in demand from both UK and overseas clients. This trend is continuing. Mandates from UK clients are representative of current economic circumstances and include an increase in instructions from financial services clients as interest rates rise and lending tightens, which often results in default or lays-bare fraudulent activity. Projects from overseas clients include a return of some activity in Central Europe.

We continue to make strategic investment in new dispute service lines, predominantly in competition litigation, class actions and international arbitration where, in all cases, we see huge opportunity and have very recently recruited highly regarded senior expertise, including from within magic circle law firm.

In consultancy services, activity in our growing patent and trade mark attorney business was consistent throughout the Period. It was enhanced by the acquisition of Symbiosis, specialising in the life sciences industry and adding to Adamson Jones' expertise in engineering, medical devices, pharmaceuticals and biotechnology. Both businesses are working well together with related legal services across the Group and on shared opportunities. We will continue to build critical mass in these services where typical projects are long-dated and our expertise is highly valued by clients whose businesses are founded upon ideas and inventions that need to be protected to preserve value. More UK and international client opportunities exist here and will be realised as we progress our strategy to grow our business in this space.

In aggregate, consultancy revenue now represents 23.4% of Business Services Platform revenue.

Corporate Platform
This Platform is focused on the corporate, financial services and restructuring markets in both transaction and business support services.

Currently, this Platform is dominated by legal services, some of which encountered more challenging conditions in H2 23. Despite this, Platform revenue grew by 1.8% to £38.8m and delivered a strong contribution margin. It is likely that the Corporate Platform will always be legal services dominated. This is because our transactional Corporate teams draw support from consultancy services which are particular to each transaction, whilst in day-to-day terms those consultancies find their more natural, "core" home on one of our other Platforms.

Corporate transactional activity was strong in H1 23, particularly with our private equity clients and in wider M&A. The corporate team generated a deal book in that period comprising an impressive list of complex, high value transactions across a wide range of sectors, which utilised additional legal and consultancy services across the Group. Ultimately, the team had another strong year and the corporate unit remains our biggest internal referrer of business, with most, if not all, other teams benefitting in some way. H2 23 transactional activity was more constrained and remains so. However, the pipeline is reasonable, with anticipated further improvement in activity in H2 24. This pattern is also reflected in our banking team, which had a strong H1 23 but saw a drop-off in support to corporate transactions and a reduction in bank lending during H2 23. However, the team is now seeing an increase in loan covenant reset and refinancing work, this being an excellent example of pro and counter-cyclical revenue opportunities which exist in almost all of our legal service lines.

Our restructuring and recovery teams are a natural counterweight to transactional activity and following, a sustained period of quiet trading conditions, activity levels rose by 24% in FY23, as government pandemic support for companies unwound and inflationary pressures and interest rate increases impacted UK businesses. Activity remains strong in these teams and our restructuring team won the Institute for Turnaround's Legal Advisor of the Year Award in 2022, one of the sector's most significant awards. Mandates have been generated both in-market and internally, including working alongside experts in Gateley Vinden and our legal services construction unit in delivery of market-leading services to insurers who have bonded construction projects that have become distressed.

In consultancy services, the team at Gateley Global had a strong year in continuing to help public and private sector global clients realise their international expansion plans, inward and outward of the UK. Revenue increased by 47.4% to £1.1m (FY22: £0.74m). In addition, the team is a consistent cross-referrer of revenue to other parts of the Group as clients require mixed services to implement expansion.

People Platform
This Platform supports clients in dealing with and developing people and in administering individuals' personal affairs.

Good activity in both legal and consultancy services grew Platform revenue by 6.3% to £20.4m. In legal services, our pensions team had a strong year and performance in our employment team was good as clients' HR teams returned to more business-as-usual activity post-pandemic. Our private client team remains focused on high-net-worth clients and related opportunities.

In consultancy services, our pension trustee business Entrust, continues to deliver growing, recurring revenue. The team is seeing an increase in the number of pension schemes looking to complete full liability buy-outs, with Entrust at the helm. In addition, more businesses are looking to out-source management of their pension schemes, which is generating greater opportunity for Entrust to grow both organically and via potential acquisitions.

t-three and Kiddy & Partners, our talent assessment, development and cultural change businesses, are now combined for management purposes. The team won 67 new clients during FY23 and increased, by 45%, the number of clients buying both t-three and Kiddy services, with particular focus on scalable products to high growth clients. Combined revenue grew to £6.7m (FY22: £6.3m). The pipeline remains strong as most organisations are looking to develop their people and/or transform in some way.

In aggregate, consultancy revenue now represents 32.7% of People Platform revenue.

Property Platform
This Platform is focused on clients' activities in real estate development and investment and in the built environment in the widest sense.

Currently, this is our most diverse and mature Platform. It grew revenue by 33.1% to £81.7m during FY23, significantly assisted by strong activity across the Platform's consultancy businesses.

In legal services our real estate development team remains a market-leader in the warehousing and logistics sector, delivering cross-Platform services to complex acquisition and development projects. Whilst activity in the wider commercial property market eased in H2 23 (and continues to be more subdued), we saw and continue to see an increase in non-transactional advisory and dispute resolution services. This includes helping our wide range of residential development clients navigate regulation under the high-profile Building Safety Act (post-Grenfell) and advising on related remediation projects. This is long-dated, specialist work in which we continue to invest, including by long-term redeployment of appropriate resource from within the Group to our construction team, which had a record year and continues to be very busy. Elsewhere, current economic conditions have resulted in an increase in work helping or opposing organisations seeking to exit commercially onerous contracts.

In our market-leading house-builder team, we continue to act for all of the top developers, many of whom have significantly reduced their panel of advisors in favour of larger providers who cover all bases, which describes us both geographically and in service lines. This should result in more work for the team. Despite the fact that developers are currently finding the retail housing market slow, we continue to handle over 50 large strategic residential-led schemes, with over 1,000 new homes each. Our clients need to continue to build and sell and have other areas for which they require our services. This includes an increase in advising on shared ownership framework agreements and in bulk sales to housing associations and build-to-rent investors. In addition, housing-led urban regeneration work continues to attract public and private funding. We act for all of the leading developers in this space and remain busy with schemes where our unique combination of legal and consultancy services is relevant to the whole life cycle of the project.

In consultancy services, FY23 was the first full year of Gateley Smithers Purslow following our diversification into specialist services to the property insurance complex claims market. Gateley Smithers Purslow contributed revenue of £13.8m (FY22: £0.6m), representing annualised growth for that business of 26.1%. We also saw strong revenue growth of 25.6% from Gateley Vinden's broad range of specialist services and growth of 19.9% from Gateley Hamer, which is carrying a strong pipeline of work in regeneration, energy and telecoms projects.

Chief Executive Officer's review
continued

Our recently announced post-Period acquisition of surveyors Richard Julian and Associates Limited ("RJA"), extends our reach to organisations that deliver affordable housing, a resilient sector underpinned by high levels of grant to support delivery of the Government's housing targets. The team also has specialists in major loss property claims, which will enhance related expertise in both Gateley Smithers Purslow and Gateley Vinden.

We maintain our view that the range of expertise now housed on our Property Platform puts us in position to compete with well-established, multi-disciplinary property consultancies in the wider market given that FY23 consultancy revenue represented 35.3% of Property Platform revenue, which will be enhanced by RJA's contribution in FY24.

Operational review

During the year, we invested in and delivered the phase one implementation of a new, market leading business management, productivity and financial system, 3E. This caused some short-term disruption to parts of the business during Q1 23, however, phased adoption enables system adaptation based on learnt experience. We are delighted with the system and its functionality and are now looking forward to integrating the remainder of the Group during the remaining phases. This investment was essential for integration of our growing Group. The ability to drive increasing scale through a single system should help us to improve our margin over the longer term.

We also made sensible investments in our office facilities to continue to improve and adapt them to agile working. This is an ongoing exercise, in parallel with the consolidation of offices in our network and the gradual release of vacated space. We have identified further synergies and savings in this regard. Whilst these will take time to realise, our objective is to reduce our office cost in the medium term.

In line with our differentiation strategy, we have focused our internal messaging on the power of our Platforms in delivering commercial, joined-up solutions for our clients. In-Period, this involved a refresh of our website, aligning all services and insights according to the Platforms; the publication of four Platform magazines which share perspectives on the hot topics facing organisations such as equality, diversity and inclusion, innovation and maximising infrastructure efficiencies; and the sharing of case studies and client stories, which demonstrate how the Platforms collaborate to deliver cost-effective solutions.

People and Culture

Attracting, developing and motivating talent, at all levels across the Group, is a key objective every year. In FY23, overall headcount in the Group increased by 6.4% to 1,455 (FY22: 1,368). Legal services headcount growth was 1.9% to 1,097 employees (FY22: 1,077), following growth of 1.7% and 9.0% respectively in FY21 and FY22. Consultancy headcount increased by 23.0% to 358 (FY22: 291), primarily as a result of acquisitions.

The Gateley offering remains differentiated and our broad range of career opportunities is attractive. We continue to evolve our people strategies to drive a stimulating, purposeful and rewarding environment in which our people can progress their careers. We recently announced a total of 126 internal promotions and celebrated these across the Group.

The ability for all of our people to participate in share ownership is attractive and represents a recruitment differentiator. I am pleased for all of our option holders that our FY23 result satisfied the three-year performance criteria set in the first LTIP awards scheme granted in FY20 and also underpins the performance criteria applicable to our in-flight LTIP schemes. Alongside this, our wider CSOP and SAYE schemes will mature during FY24 resulting in the release of circa 3.4m shares to scheme participants. All of this is in line with our strategy of creating wider equity participation for more of our people. Currently circa 65% of our people either hold shares or participate in share schemes.

Once again, we owe the success of our business to the quality and dedication of our people at all levels. Clients come to us for our broad specialist knowledge and experience and our determination to deliver results for them. As we extend our range of services, our strong client relationships enable more cross-selling opportunities, which remains a key focus for us in generating further organic growth.

Responsible Business

Being a responsible business is now an integral part of our purpose and there has been good momentum in our responsible business strategy since we published our second annual report in December 2022. We have introduced 15 new objectives for FY 24 and confirmed our intention to reduce our CO_2 emissions by 50% by 2030 and to become net zero by 2040.

The release of our third responsible business report is imminent and will contain a detailed review of our progress during FY23.

Current trading and outlook

Looking forward, like all companies, we are mindful of ongoing macro-uncertainty. It seems that inflation and interest rates will be in the economic headlines for the immediately foreseeable future. Our expectation is that transactional activity in H1 24 is likely to be more constrained than the comparative strong H1 23, but with better trading conditions anticipated in H2 24. In the meantime, non-transactional and consultancy business activity and the pipeline across our increasingly resilient Group remains good.

The professional services industry in the UK has demonstrated steady growth through multiple cycles over the last twenty years. Since our IPO, Gateley has outperformed this already strong backdrop through a combination of organic growth and carefully selected acquisitions. Our strategy has been to build a diversified group of complementary and additive businesses, based on a legal services foundation, that can continue to deliver growth through the cycle. As the Group continues to expand, we have more choice in how to deploy our investments in the wider legal and professional services market. In the meantime, notwithstanding more challenging shorter-term trading conditions for some of our business lines, we remain confident in our vision and ability to deliver.

The Group enters FY24 with a positive mindset and cautious optimism.

R.R. Waldie

Roderick Waldie
Chief Executive Officer

5 September 2023

As the Group continues to expand, we have more choice in how to deploy our investments in the legal and wider professional services markets. In the meantime, our mix of services remains unique and clearly enhances our resilience, as evidenced in our FY23 results, during a more challenging period for transactional legal services overall. Our diversification strategy is clear and proven."

Rod Waldie, Chief Executive Officer

Chief Executive Officer's Q&A

Chief Executive Officer, Rod Waldie, talks here about how the year has gone and priorities for the future.

Q What is your appraisal of market conditions during the last 12 months and how are things shaping up for professional services businesses into 2024?

The speed of effects is an incredible thing in the modern world. An already fragile UK plc discovered this in the wake of the political chaos last autumn which closely followed the unrest in Central Europe.

We know that macro-economic conditions have made it difficult for many advisory businesses to absorb the high costs of the post-pandemic rebound at the same time as seeing a dip in demand. That said, Gateley's foundations remain strong. We have a sound strategy to continue to build a diverse and resilient professional services group. This strategy is supported by a strong balance sheet and net cash at bank.

Looking forward, like all companies, we are mindful of ongoing macro-uncertainty. It seems that inflation and interest rates will be in the economic headlines for the immediately foreseeable future. Our expectation is that transactional activity in the first half of this year is likely to be more constrained than the comparative strong period in the first half of the last financial year, but with better trading conditions anticipated in the second half of the year. In the meantime, non-transactional and consultancy business activity and the pipeline across our increasingly resilient Group remains good.

The professional services industry in the UK has demonstrated steady growth through multiple cycles over the last twenty years. Since our IPO, Gateley has outperformed this already strong backdrop through a combination of organic growth and carefully selected acquisitions. As the Group continues to expand, we have more choice in how to deploy our investments in the wider legal and professional services market. In the meantime, notwithstanding more challenging shorter-term trading conditions for some of our business lines, we remain confident in our vision and ability to deliver.

Q What are your growth ambitions for the Group and where do the biggest opportunities lie?

We spent some time with our leadership teams and senior management at our 'Platform for Growth' themed annual conferences this year, talking about growth and considering the importance of growth mindset in achieving it. There is no doubt that growth mindset crafted Gateley. You only have to look at our history and track record to see that.

Ideas from within continue to fuel our growth and enhance our Platforms. We continue to invest in opportunities to enhance the quality and diversity of revenue. This includes deliberately investing in businesses and workstreams that should be agnostic as to the economic climate. As well as generating quality revenue they enhance our resilience. I think that it's important to emphasise this as being part of our strategy given current macro-economic challenges.

In uncertain and challenging times there always comes opportunity. Opportunities to work together in new ways and to tap into new markets. Opportunities to develop our people and our emerging talent. And opportunities to accelerate our growth and build on our successes to ensure we can continue to grow in a sustainable way.

Q How do you plan to further develop your Platform strategy and what have been the highlights this year?

We have a highly focused market proposition and differentiate ourselves by making selective investments in, and growing, quality legal and consultancy services on each of our four Platforms, focused on our core markets of Business Services, Corporate, People, and Property.

Key to the successful development of our Platform strategy is ensuring it is communicated and understood internally, right across the Group. This year we have worked hard to focus our internal messaging on the power of our Platforms in delivering commercial, joined-up solutions for our clients. This has involved a refresh of our website, aligning all services and insights according to the Platforms; the publication of four bi-annual Platform magazines which share perspectives on the hot topics facing organisations such as equality, diversity and inclusion, innovation and maximising infrastructure efficiencies; and the sharing of case studies and client stories, which demonstrate how the Platforms collaborate to deliver cost-effective solutions.

Gateley Smithers Purslow (GSP) is a good example of how our Platform businesses have worked together this year. The business houses some service lines that complement what our excellent Gateley Vinden business does but in parallel with some experts in Gateley Vinden, at its core, GSP is a provider of specialist services to the UK property insurance market. This is a market that generates work no matter what the economic climate is. Add further to that the recent strategic acquisition in July of Gateley RJA, a fast-growing business that complements the existing market leading expertise within Gateley Legal's residential development and construction teams as well as GSP and Gateley Vinden. Its core market, which is affordable housing, is a buoyant sector and the deeper reach into that market adds further resilience to the Group's Property Platform.

There are also some highlights in our legal services business. On the Business Services Platform, we've recently invested in a complex class actions practice. This includes complex claims where liability has already been established and the core arguments are around the quantum of loss. The types of clients in the class that we are representing are corporate and financial institutions of a type that we want to act for in other parts of our Group. There are potential opportunities across other Platforms here. In addition, we have two experienced litigators who have recently joined us from a Magic Circle firm to create an International Arbitration workstream. This is an excellent field of work and accessing it with this established expertise will be a real breakthrough for us. Again, the type of client typically involved here is the type that we want to be acting for more widely. All of these areas of work are quality and sit well alongside the existing complex litigation and recoveries work that we do elsewhere on the Platform.

A particular highlight for me has been how well our two patent attorney acquisitions onto the Business Services Platform have started to collaborate and in tandem with the IP teams within our legal business.

The acquisition of Symbiosis in October 2022, which specialises in the life sciences industry has added weight to Adamson Jones (acquired in January 2022) whose expertise lies predominantly in engineering, medical devices, pharmaceuticals and biotechnology. Both businesses are working really well together with related legal services across the Group and on shared opportunities. We will continue to build critical mass in these services where typical projects are long-dated and our expertise is highly valued by clients whose businesses are founded upon ideas and inventions that need to be protected to preserve value. More UK and international client opportunities exist here and will be realised as we progress our strategy to grow our business in this space.

Q How much of a priority is your responsible business strategy and what are your objectives for the next 12 months?

An absolute priority. It's led from the top and is threaded throughout our organisation, being intrinsically linked to our Purpose. You can see more details on this outlined in the Responsible Gateley section of this report on page 17.

We are publishing our third annual Responsible Business report shortly which outlines activity for the year ended 30 April 2023. We achieved all 15 of the targets that we set ourselves for that year and in doing so reinforced the belief that an integrated Responsible Business strategy develops solutions that positively impact our people, the planet and profit. Our work here is ongoing in line with our Purpose to deliver results that delight our clients, inspire our people and support our communities.

We have set ourselves a new set of 15 objectives for the current financial year and are already making progress on many of these.

These objectives include, amongst other things, delivering on our sustainability action plan including securing a new partnership with an environmental charity to support this ambition and exploring the achievement of carbon neutral certification for the Group; collaborating on more community projects with clients and enabling our people to be more widely involved in that through our recently launched volunteering policy; launching a new Responsible Business podcast, The Purpose Pod; partnering with more schools through our outreach programme aligned to our offices with the aim of encouraging more diversity of candidates applying for roles in law in the future and continuing to build on our commitment to the Workplace Menopause Pledge through our recently launched menopause policy, support group and menopause cafés.

Chief Financial Officer's review

"The year continued our long track record of underlying profitable growth through a blend of organic expansion and acquisition which consistently delivers attractive returns for all stakeholders."

Neil Smith
Chief Financial Officer

Financial overview

The Group has grown strongly, despite the challenging economic backdrop of FY23, through a combination of organic and acquired growth, with revenue up 18.6% to £162.7m. Organic revenue growth from legal services was 4.9%, with exceptional organic growth of 18.4% from consultancy service lines, demonstrating our strategy to build and diversify into a broader professional services group, augmented by our acquisition strategy, which continues to enhance our offering to clients and sets us apart from our listed and unlisted peers.

We saw strong activity levels at the start and the end of the financial year, and despite the September 2022 to December 2022 impact of the mini-budget, the Group overall delivered fee earner utilisation levels at 89% on average across the year. This mid-year pause also caused a delay in the completion of a number of assignments which pushed the billing point, and revenue recognition, into FY24.

FY23 included a full year of costs for Gateley Smithers Purslow and Adamson Jones, and six months of costs following the acquisition of Symbiosis in October 2022. Despite this, the Group's strong cost control and adherence to its important cost to revenue metrics, during a period of significant inflationary pressure, has remained a key focus and assisted significantly in the growth in underlying profit before tax of 16.2% to £25.1m. Underlying operating profit margin remained above the 15% group-wide target at 15.4%, compared to 16.4% in FY22, whilst staff costs remained at c.60% of fees. Whilst delivering market expectations, due to the challenging economic back drop, our audited result was below the threshold triggering discretionary staff bonus payments.

Our EPS performance will generate meaningful rewards post year-end to our LTIP, CSOP and SAYE option holders and our dividend per share remains strong, even in an environment of higher interest rates, for all shareholders.

Our revolving credit facility has significant headroom and with a closing net cash position of £4.3 million we are well-placed to capitalise on current market conditions, as we have done previously, to enable further expansion and growth.

Post period end, on 19 July 2023, we were pleased to announce the acquisition of Richard Julian and Associates Limited, trading as RJA Consultants ("RJA"), a fast-growing business that complements the existing market leading expertise within Gateley Legal's residential development and construction teams. Its core market, which is affordable housing, is a buoyant sector and the deeper reach into that market adds further resilience to the Group's Property Platform. Total consideration is up to £6m including, subject to certain revenue targets being achieved, an incremental profitability-based earn-out, in respect of each twelve-month period expiring 31 March 2024 and 31 March 2025. The acquisition is expected to generate operational synergies and be immediately earnings enhancing.

Revenue and margin by platform

Group total revenue grew by 18.6% (FY22: 13.0%) to £162.7m (FY22: £137.2m). Revenue from core legal service lines grew organically by 4.9% (FY22: 8.7%). In addition, total revenue from consultancy businesses grew by 96.4% to £41.8m which now represents 25.7% of total revenues (FY22: £21.3m or 15.5%), highlighting the ongoing success of our Platforms' diversification strategy.

Despite the Group continuing its important investment in people, it has lowered its percentage of personnel costs to revenue in FY23 to 59.5% (FY22: 63.0%) and we will continue to sensibly manage this key metric as market conditions improve. The full effect of staff wage inflation over the last two years has now been absorbed into our personnel cost base causing our Group and Platform margins to decrease from pre-pandemic levels. We do, however, expect to see an improvement in FY24 as the lagged effect of price increases continues to work through the assignments we work on. Price increases in some aspects of professional services with fixed term pricing arrangements that span multiple years typically lag behind more immediately adjustable pricing structures elsewhere in our Group.

Contentious work types continue to increase in nature and volume as down-cycle trends are starting to materialise in our work streams across all of our Platforms. The sluggish nature of the UK economy continues to extend and pause a number of transactional activities, especially those needing debt support.

The table below represents Platform performance over the last two reported years along with each Platform's direct contribution towards our one profit view of the Group's performance.

FY23	**Business Services £m**	**Corporate £m**	**People £m**	**Property £m**	**Total £m**
Revenue	21.8	38.8	20.4	81.7	**162.7**
Segmental contribution	5.3	13.9	6.0	31.1	**56.3**
Contribution margin	24.4%	36.0%	29.3%	38.1%	**34.6%**
FY22					
Revenue	18.0	38.1	19.2	61.3	**136.6**
Segmental contributions	5.7	15.4	6.9	23.0	**51.0**
Contribution margin	31.7%	40.4%	35.9%	37.5%	**37.3%**
Revenue movement (%)	21.1%	1.8%	6.3%	33.3%	**19.1%**
Contribution margin change (%)	(7.3)ppts	(4.4)ppts	(6.6)ppts	0.6ppts	**(2.7)ppts**

Underlying operating profit before tax

The Group has recorded strong underlying operating profit before tax of £25.0m, up by 11.1% from £22.5m in FY22. Whilst we have continued to invest across the business in our legal and consultancy teams, a particular focus has been on headcount investment in Gateley Smithers Purslow since its acquisition in April 2022.

Continuing and robust demand for UK legal services, which led to continued wage inflation pressure in the UK professional services recruitment market, has alleviated in our business following our extensive pay review processes of the last two financial years. Whilst our underlying trading margins have decreased slightly to 15.4% (FY22: 16.4%) we expect operating overheads to level out in FY24 and wage inflation to return to more normalised levels, compared to double digit increases seen across each of the FY22 and FY23 financial years.

Underlying operating profit before tax excludes amortisation of acquisition related intangibles, all share-based charges and exceptional acquisition related items, including the acquisition accounting treatment of consideration payments on acquisitions being reclassified as employment costs in the income statement, as well as gains on bargain purchases arising from the related restatement of acquisition accounting, as further described below. 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.

Chief Financial Officer's review
continued

Extract of UK statement of comprehensive income	2023 £'000	Restated 2022 £'000
Revenue	**162,683**	137,249
Operating profit	**16,122**	27,723
Operating profit margin (%)	**9.91**	20.20
Reconciliation to alternative performance measure: underlying operating profit before tax		
Operating profit	**16,122**	27,723
Non-underlying items		
Amortisation of intangible assets	**2,073**	1,581
Share based payment charge – Gateley Plc	**1,984**	1,100
Share based payment charge – Gateley Smithers Purslow Limited	**-**	113
Contingent consideration treated as remuneration	**6,190**	3,509
Gain on bargain purchase	**(1,389)**	(12,380)
Acquisitions costs	**-**	373
One off remuneration charge – Gateley Smithers Purslow Limited	**-**	497
Underlying operating profit before tax	**24,980**	22,516
Adjusted underlying operating profit margin (%)	**15.36**	16.41

Personnel costs and operating expenses

Our total personnel costs increased by 11.9% (FY22: 11.7%) to £96.8m, as average numbers of legal and professional staff rose by 25.0% (FY22: 3.9%) to 1,000 (FY22: 800), whilst support staff numbers rose by 25.4% to 439 (FY22: 350). This was due to the impact of staff introduced to the business via acquisitions at the end of FY23 and during the year, predominately in consultancy services. However, as a result of the decisions and impact of external factors referred to earlier in this note, personnel costs as a percentage of fees decreased to 59.4% of revenue from 63.0% in FY22, excluding share-based payment charges.

Operating expenses have increased by £12.5m or 53.0% to £36.1m (FY22: £23.6m) due mainly to the investment in new systems and the full year impact following the acquisitions of Gateley Smithers Purslow and Adamson Jones. Like-for-like overheads in specific areas such as travel, marketing and premises have increased as we have seen a greater return to office usage and client interaction during FY23 than in the previous two financial years. On top of this we have not been immune to the effects of current UK-wide inflation impacting ongoing running costs. Overall, operating overheads have increased as a percentage of revenue from 17.2% in FY22 to 22.2% in FY23 but are expected to normalise at this level during FY24 as we continue to work on operational efficiencies across all aspects of the Group.

Restatement of acquisition accounting

During my tenure as Chief Financial Officer of the Group I have always believed it important to keep the accounting treatment as simple as possible and to aid understanding of the Group's financial statements. I have avoided using alternative performance measures where they were not necessary to improve the understanding of the underlying trading performance of the Group. We have accounted sensibly for the substance of all acquisitions as capital in nature and classified them as investing, activities so that cash generated from trading is separately visible from cash used for investment purposes. The accounting profession's view has been constantly evolving on the application and interpretation of various accounting standards and as a result of recent changes to the application of IFRS 3 (Business Combinations) many companies have been required to reassess and restate their accounts where there are earn outs relating to acquisitions. Payments for contingent consideration are now required, in many relevant circumstances to be treated as remuneration for post-combination services causing a charge to the income statement rather than treating those payments as capital in nature whereby consideration is recognised on a company's balance sheet as goodwill.

We have been cognisant of this judgemental area and the interpretation of this standard which is why in assessing it in the previous year's financial statements we disclosed fully the rationale for continuing to class all consideration as capital in nature. After discussions with the Financial Reporting Council, and in the best interests of reaching a sensible conclusion to those discussions, we have decided this year to change our accounting treatment on past acquisitions, from FY23 with the prior year, FY22, being restated to reflect this change. This judgement and accounting treatment will be applied to future periods where applicable.

Whilst not affecting the underlying performance of the Group in any way, the Group's reported performance now reflects the above change, bringing statutory results in line with prevailing applicable financial reporting standards. Therefore, this year we have restated the statement of profit and loss and other comprehensive income, Group statement of financial position and Group cash flow statement in respect of a change of IFRS 3 accounting treatment for consideration paid on all relevant historical acquisitions. These changes have no impact on Group cash, however they do now classify all previously disclosed investing activities for applicable acquisitions as operating in nature. A restatement of such entries has also been made.

The net impact of these changes on the statement of profit and loss and other comprehensive income is to typically increase reported profits after tax as a result of recognising profit from bargain purchase gain accounting immediately upon acquisition, followed by decreases in profit after tax in subsequent reporting years as a result of releasing the paid and expected to be paid total consideration as a non-underlying expense as remuneration for post-combination services is released over the relevant period. The impact on the balance sheet is to treat initial consideration as a prepayment and to reduce the goodwill previously created in the Group. Any contingent consideration is accrued over time building a liability to be paid or not when measurement is possible.

Note 33 in this report discloses in full the judgements applied resulting in this change.

Earnings Per Share (EPS)

Basic EPS decreased by 49.5% to 9.77p (restated FY22: 73.1% to 19.35p). Basic EPS before non-underlying and exceptional items increased by 12.1% to 16.71p (FY22: 10.6% to 14.90p). Diluted EPS decreased by 49.6% to 9.52p (restated FY22: increased by 70.2% to 18.89p). Diluted EPS before non-underlying and exceptional items increased by 12.0% to 16.28p (FY22: 10.4% to 14.54p).

Share option schemes

Over 65% of our people are existing share or option holders in the Group. The board remains committed to providing its people with the opportunity to own shares in the Company, as further evidenced by the continued issuance of restricted shares awards (RSAs) across senior leaders within the Group during the year. Such share ownership promotes strong alignment with the Group's external shareholders, incentivises employees and is reflective of Gateley's long-established culture of long-term ownership. The RSAs, which vest on receipt, are made on a discretionary basis when an individual is promoted to partner or an equivalent position and also for lateral hires performing in line with their expected business plan. Awards are subject to a five-year non-dealing restriction and are forfeited should employment cease within that period. 1,175,000 RSAs (FY22: 1,267,560) shares were awarded on 23 February 2023.

The board also announced in February 2023, a third vintage of LTIP awards to certain Executive Directors and Senior Management over up to 1,360,000 Ordinary Shares of 10 pence each in the Company ("Ordinary Shares"). Awards under the LTIP vest at the end of a three-year period, dependent upon the achievement of profit-related performance conditions and continuous employment.

Profits used to calculate underlying EPS each year are disclosed below:

	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Reported profit after tax	**12,240**	23,023	13,157	11,723
Adjustments for non-underlying and exceptional items:				
– Amortisation of acquired intangible assets	**2,073**	1,581	2,073	1,375
– Share-based payment adjustments	**1,984**	1,213	956	1,355
– Contingent consideration treated as remuneration	**6,190**	3,509	-	-
– Gain on bargain purchase	**(1,389)**	(12,380)	-	-
– Impairment of software development costs	**-**	-	-	463
– Acquisition-related costs	**-**	870	-	107
– Tax impact of above	**(168)**	(94)	-	(20)
Underlying profit after tax	**20,930**	17,722	16,186	15,003
Weighted average number of ordinary shares for calculating diluted earnings per share	**128,527,341**	121,893,238	118,508,833	115,599,727
Underlying adjusted fully diluted EPS	**16.28p**	14.54p	13.66p	12.98p

Chief Financial Officer's review
continued

Taxation

The Group's tax charge for the Period was £4.0m (FY22: £3.8m) which comprised a corporation tax charge of £5.0m (FY22: £4.0m) and a deferred tax credit of £1.0m (FY22: credit of £0.2m).

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 22.6% (FY22: 21.2%) based on reported profits before tax. The increase in the effective rate of tax is as a result of the change in treatment of earn-out related consideration on acquisition now being disclosed as a remuneration charge. Such charges are not allowable for corporation tax purposes.

The net deferred taxation liability decreased to £2.1m (FY22: £2.5m) as a result of the increased deferred tax asset recognised on share-based payment schemes yet to vest.

Dividend

The Group paid an interim dividend of 3.3p per share on 31 March 2023 and proposes a final dividend at the Company's Annual General Meeting on 17 October 2023 of 6.2p (FY22: 5.5p) per share, which if approved, will be paid in October to shareholders on the register at the close of business on 29 September 2023. The shares will go ex-dividend on 28 September 2023. The board's dividend policy remains to distribute up to 70% of specifically adjusted profit after tax to shareholders, whereby the adjustment relates to the remuneration for post-combination services and gains on bargain purchase, typically one third following its half year results and two thirds after the full year results are known. Despite the changes arising from acquisition accounting on FY23 profit after tax, the board has decided to propose the same value of dividend as would have resulted from paying 70% of profit after tax.

Balance sheet

The Group's net asset position has increased by £3.0m (FY22: £22.3m) to £78.1m (FY22: restated £75.1m), due to the following movements:

There was a £2.2m increase in total current assets, resulting from £1.7m additional trade and other receivables through acquired businesses and the strong organic growth of the Group. Contract assets ("unbilled revenue") increased by £3.1m and cash at bank decreased by £5.0m as excess cash was redeployed into acquisitions and to support working capital required for continued growth.

Non-current assets increased by £2.4m, resulting predominantly from an increase of £2.5m from a change in property use and right of use asset values as a new lease was entered into in our London office.

The board has carefully considered the impact of macro-economic uncertainties, 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 2023, the board concluded that the goodwill and intangible assets do not require impairment.

Total liabilities decreased by £0.8m, due to the reduction in accrued bonus offset by the increase in lease liabilities and draw down of loans to fund the acquisition of Symbiosis Limited.

Cash flow

During the year, the Group increased its usage of its revolving credit facility from £5.7m to £6.8m. The facility provides total committed funding of £30m until April 2025, split equally between Bank of Scotland and HSBC UK, that is specifically earmarked to fund growth and expansion via acquisition. Interest is payable on the loan at a margin of 1.95% above the SONIA reference rate.

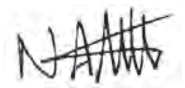
The Group also has in place a litigation funding facility for an initial £20m of funding towards significant litigation cases, which has the ability to increase to £50m if required. To date the Group has not yet utilised this facility but has a number of large assignments currently being assessed for consideration in FY24.
Cash generation was once again good with net cash inflows from operating activities of £9.7m (restated FY22: £5.3m) representing 79.6% (restated FY22: 23.1%) of profit after tax. The Group ended the year with net cash of £4.3m (FY22: £10.4m), the result of continued strong trading and also management's sustained focus on cost efficiencies and costs management.
Adjusted free cashflow during the year from operations after adjusting for IFRS 16 and IFRS 3 specific items noted in the table below) was £6.0m (FY22: £7.4m), which represents an increase to 48.8% (FY22: 32.0%) of reported profit after taxation ("PAT"). Adjusted free cashflows therefore represent a decrease to 28.3% (FY22: 41.4%) of underlying PAT as the Group saw a decrease in margin this year and in continuation of its investment in capital expenditure, mainly through its new finance system. These movements were partially offset by an increase in interest received.

	2023 £'000	Restated 2022 £'000
Net cash generated from operations	**14,065**	9,805
Tax paid	**(4,320)**	(4,497)
Net interest paid	**1,393**	1
Cash outflow from IFRS 16 leases (rental payments excluded from operating cash flows under IFRS 16)	**(4,579)**	(3,870)
Cash outflow paid on acquisitions	**1,518**	7,033
Purchase of property, plant and equipment	**(1,312)**	(775)
Purchase of other intangible assets	**(787)**	(319)
Free cash flow	**5,978**	7,378
Underlying profit after tax	**12,240**	23,023
Free cash flow (%)	**48.8%**	32.0%
Adjusted free cash flow		
Profit after tax	**12,240**	23,023
Non-underlying operating items	**8,858**	(6,077)
Exceptional items	**-**	870
Underlying profit after tax	**21,098**	17,816
Free cash flow	**28.3%**	41.4%

Overall, working capital levels remained in line with the previous year, as unbilled revenue represented 53 days in line with last year, of Pro-forma net revenue and Group debtor days have remained at 113 days of Pro-forma net revenue which includes revenue from acquisitions on a full year pro-forma basis. As the Group continues to grow strongly, our volume of debtors has grown proportionately. We have made a good start to collections in FY24. Unbilled revenue recognised in the Group's statutory accounts, from time recorded on non-contingent work, totalled £20.4m or 12.5% of revenue recognised over the year (FY22: £17.2m or 12.5%).

Summary

FY23 continued our long track record of underlying profitable growth through a blend of organic expansion and acquisition which consistently delivers attractive returns for all stakeholders. Results for FY23 reflect another strong year for the Group. They include good organic growth across our legal foundations in a tough market and strong organic growth from consultancy service lines, aided significantly by the full year impact of prior year acquisitions. We have maintained rigid control of costs despite both market specific and macro-economic challenges, and we have a strong balance sheet with significant facility headroom to further expand the Group both organically and through acquisition. Share ownership rewards for our staff continue to play a significant part in our vision of wider, long-term connectivity across the Group and will deliver a significant opportunity to all staff in FY24 and beyond.



Neil Smith
Chief Financial Officer
5 September 2023

Principal activity, 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 sells its services through 25 business lines, grouped into four operating segments, known as Platforms. 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 twenty 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.

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 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
- 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
- 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 Chief Financial Officer's report on pages 36 to 41 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 18.6% (2022: 13.0%) to £162.7m (2022: £137.2m)
- Underlying profit before tax up 16.2% (2022: 11.9%) to £25.1m (2022: £21.6m)
- Profit after tax down 47.0% (2022: up 74.2%) to £12.2m (2022: £23.0m)
- Operating profit margin 9.9% (2022: 20.2%) – Operating profit as a percentage of revenue
- Basic Earnings per share (EPS) down 49.5% (2022: up 73.1%) to 9.77p (2022: 19.35p)
- Total dividend declared up 11.8% to 9.5p (2022: 8.5p)

Alternative Performance Measures (APMs):

- Operating profit before non-underlying charges up 11.1% to £25.0m (2022: £22.5m). Operating profit before non-underlying charges excludes income or expenses that relate to acquisition related amortisation, share based payment charges and non-underlying and exceptional items, see reconciliation on page 38. 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 and exceptional charges 15.4% (2022: 16.4%) – Operating profit before non-underlying and exceptional charges as a percentage of revenue.
- Revenue per pound of salary cost £1.68 (2022: £1.59): 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.

Principal activity, objectives, strategy and outlook continued

- Revenue days 113 (2022: 113): 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 89% (2022: 83%): Utilisation represents an average of the total hours billed as a percentage of total available 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 9.2% (2022: 8.2%): 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.
- Net cash £4.3m (2022: £10.4m): Net cash or 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 9.77p (2022: 19.35p). Diluted EPS was 9.52p (2022: 18.89p). Adjusted, fully diluted EPS was 16.28p (2022: 14.54p).

Cash flow generated and net debt position

Net cash generated from operating activities was £9.7m (restated 2022: £5.3m).

The Group's net cash position as at 30 April 2023 was £4.3m (2022: £10.4m).

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 Chief Financial Officer's review, together with the financial position of the Group, its cash flows, liquidity position and borrowings. Financial projections have been prepared to October 2024 which show positive earnings and cash flow generation. The COVID-19 situation during the previous two financial years 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 typically applies 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 any current financial projections based on various downside scenarios to illustrate the potential impact from a downturn in client activity or any increases in costs.

The Group continues to work closely with its supportive banks, utilising the three-year revolving credit facility, of which £7m was drawn down at 30 April 2023, with committed funding of £30m until April 2025. As at 30 April 2023 the Group has net cash of £4.3m and continues to sensibly manage its cash position within permitted covenants relating to its facility.

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 have identified the appropriate mitigating actions in order for the Group to maintain a robust balance sheet and liquidity position. In addition, the board have 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 their assessment of going concern.

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
Macro-economic headwinds and inflationary pressures	
There is a risk that external macro-economic factors impact the ability of the Group to deliver on its strategic objectives. Our people and clients are impacted by the cost of living crisis and wider economic uncertainty. **Liquidity risk** • 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 macro-economic uncertainty which could slow down collection of cash as forecast. M Chance: Medium M Impact: Medium + Change in risk: New risk	The Group has proven that it is well positioned to withstand the effects of the economic headwinds, as it navigated successfully through the pandemic. This is due to the broad-based nature of the Group's activities; comprising legal and non-legal services delivered to a diverse and well spread client base. The balance between transactional services and litigation services effectively hedges the position of the business. 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. The Group continues to realise operational efficiencies, to mitigate the impacts of wage inflation. The Group continues to maintain a strong balance sheet to be able to absorb the impact of short-term economic instability.
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'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. 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. M Chance: Medium H Impact: High = Change in risk: No change	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. 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. 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.

Details of Risk	Mitigating Factors
Operational and 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. M Chance: Medium H Impact: High = Change in risk: No change	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 has in place a business continuity plan and an IT disaster recovery plan that are reviewed as appropriate. The Group, and external partners assisting in the development and implementation of the new system have undertaken risk assessment and have concluded that adequate safeguards are in place to minimise the risk of loss or disruption to the business.
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. H Chance: High H Impact: High = Change in risk: No change	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. 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. 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 was 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.
Professional liability and uninsured risks	
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. L Chance: Low M Impact: Medium = Change in risk: No change	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.

Principal risks and uncertainties
continued

Details of Risk	Mitigating Factors
Employees	
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. A failure to implement effective succession planning throughout the business could also adversely affect financial performance. 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. L Chance: Medium M Impact: High = Change in risk: No change	Recruitment is led by senior members of the business with all professional staff being interviewed by partners and senior managers. Remuneration arrangements include a range of benefits and are considered to be highly competitive. Employee contracts include appropriate provisions to protect the business where possible. A comprehensive training programme is in place for all staff providing management, leadership, technical and skills training. 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. Use of internal communications systems is continuously reviewed and developed to meet staff needs. The Group has a vision statement which sets out the core values and behaviours expected of staff.

> Pictured: Gateley's Risk & Compliance team

Details of Risk	Mitigating Factors
Regulatory Compliance	
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. 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. L Chance: Low M Impact: Medium = Change in risk: No change	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. 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.
Acquisition risk	
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. A failure to successfully integrate acquisitions may impact on Group profitability. The availability of viable acquisition opportunities may decrease. L Chance: Low M Impact: Medium = Change in risk: No change	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. Integration plans are formulated as part of the acquisition process and executed in anticipation of and following acquisition as appropriate. 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.

Management have considered the principal risks and uncertainties faced by the Group for the year and not felt the need to add any risks to those disclosed last year. Management have removed the risk associated with the impact of 'Covid-19' due to the broad-based nature of the Group's activities; comprising legal and non-legal services delivered to a diverse and well spread client base.

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 as 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 at www.gateleyplc.com/investors/investor-relations/aim-rule-26/. 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.

Board decision made in the year	Application of s.172
Strategy: **Acquisition of businesses during the year**	The Group has made one acquisition in the year. During the board's consideration of the acquisition management presented its due diligence findings. The board considered how the acquisition would fit in with the culture of the business and the long-term value creation strategy of the wider Group. The acquired business demonstrated its alignment with the Gateley ethos and strong potential for growth.
Strategy: **Dividend**	The board has declared an interim dividend of 3.3p per share and proposes a final dividend of 6.2p per share. In reaching this decision the board considered all key stakeholders including shareholders, employees and creditors. 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 FY23.
Governance: **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.
Finance: **Approval of 2023/24 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 FY24 year -end budget. In the current economic climate this has involved close monitoring of the impact of economic headwinds 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.

Task Force on Climate Related Financial Disclosures

Being a purpose-led business, we are committed to minimising the impact that we have on the environment and operating in a sustainable manner.

This is the first year that the Group has reported under the TCFD framework, as an AIM listed business with greater than 500 employees. We have made progress during the last 12 months in considering the climate-related risks within our operation and will continue to focus over the coming years as we recognise that there is work still to be delivered by the Group, and all businesses, if the world is to achieve the Paris Agreement's goal of being net zero by 2050.

Our disclosures are summarised below against each of the 11 TCFD disclosure recommendations.

Governance

Describe the Board's oversight of climate-related risks and opportunities
The board has oversight of climate-related risks and opportunities. On a monthly basis the Sustainability Task Force reports to the board identifying risks, opportunities and progress made. These climate-focused updates are discussed at each monthly board meeting. Partner and Strategic Board member Peter Davies leads on sustainability, ensuring that climate-related risks are managed in line with our Group-wide risk management framework.

Describe management's role in assessing and managing climate-related risks and opportunities
The board considers climate-related risks and opportunities with management responsibilities integrated into the relevant functional areas including Facilities; IT; Risk; Finance; HR and Marketing. During 2023, operational team members have received training in respect of Carbon Literacy, obtaining certification.

Our Responsible Business team meets on a 6-weekly basis to consider all aspects of ESG, including climate-related risks and opportunities.

Our Sustainability Task Force, led by Peter Davies, meets monthly to ensure momentum is maintained on climate-related initiatives which are captured in a Sustainability Action Plan ("SAP"). The Sustainability Task Force regularly reports to the board on progress against our ESG ambitions, climate strategy and related commitments.

Risk management

Describe the organisation's processes for identifying and assessing climate-related risks.
As outlined previously, our board report on the climate-related risks that are most likely to impact the business, and these are aligned to our risk management framework when determining the materiality of the Group's exposure to climate-related risks.

On an annual basis, as part of our business continuity training and assessments, our Operations Board consider emergency scenarios which may impact the Group, including climate-related emergencies.

Describe the organisation's processes for managing climate-related risks.
We consider climate-related risks in categories aligned to our purpose: clients; people; communities. Alongside this we also consider the climate-related risks which may impact our infrastructure, including our IT systems. Our approach to managing climate-related risk is developing as our understanding, and the information that is available more widely, is developing.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.
Our approach to climate risk management is aligned to our Group-wide risk management framework. 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 and, due to the nature of the business and the markets in which it operates, many of the risks it faces including climate-related risks are ongoing, proving relevant to more than one single year. We tailor our underlying policies and controls to manage the different risks and exposures.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

We have outlined the climate-related risks and opportunities in the table that follows in line with our purpose: clients; people; communities; and have also included infrastructure.

We consider short term to be less than one-year, medium term to be by 2030 and long term to be by 2050. We aim to be net zero in our operations and supply chain by 2040.

Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning.
We have considered the impact of climate-related issues on our business strategy, and financial planning within the table. We recognise that our assessment will continue to evolve over time and that more work needs to be done as our collective understanding of climate related risks and opportunities grows.

Describe the resilience of the business model and strategy, taking into consideration of different climate-related scenarios, including a 2 degrees or lower scenario.
We have considered two climate-related scenarios: 1.5 degrees above pre-industrial levels and a 'Hothouse Earth' scenario with 4 degrees of warming above the pre-industrial age, which would create a global climate emergency.

Task Force on Climate Related Financial Disclosures
continued

1.5 degrees above pre-industrial levels

Risk/ opportunity	Timeframe	Business impact	Business response
Clients			
Property loss/ damage due to climate-related change events.	Short/ medium term	The increase in climate-related weather events (such as floods) has and will continue to cause property damage and loss for our clients. There is an opportunity for the Group to offer relevant services to support our clients negatively impacted by such weather events.	We have invested in the capabilities of qualified and experienced loss adjusters through the acquisition of Gateley Smithers Purslow. The team provides specialist insurance loss services to clients impacted by climate-related events to ensure that our clients can respond to and recover from the risk presented through premises damage and the inability to occupy.
Transition to a net zero carbon economy.	Short/ medium	There is an opportunity to review the products and services that we offer our clients to help them to achieve their own net zero carbon objectives throughout their supply chain. Risk exists that we could lose our trusted adviser position if we are unable to provide the advisory support which our clients require, and they look to another provider for that and associated advice.	Through our annual business planning process and regular client listening, we are actively engaging with our clients to understand their sustainability challenges and concerns within their operations and where we can provide legal advice and advisory services to help them to address these challenges. Such opportunities are reviewed on a quarterly through each of our four Platforms and discussed within our Strategic Board.
Clients / People			
Reputation	Medium and long term	Being linked to clients or suppliers that are not operating in a sustainable manner would be detrimental to our responsible business ethos, damaging our reputation both inside and outside of the business, which could result in clients deciding to no longer instruct us.	We review the clients that we engage with to assess their ESG commitments, including their sustainability protocols, and would escalate any decisions on whether to act of a client which did not operate in an ethical manner to our board. Gateley is well-placed to influence the energy agenda as we work for 18 of the UK's top 20 housebuilders and are involved in many significant infrastructure projects. We are able – through the professional advice that we give – to support our clients in delivering place strategies which make a positive impact in terms of CO_2 reduction including new public transport connections, walking and cycling routes and green infrastructure. Strategic procurement projects are reviewed from a sustainability perspective to ensure that all aspects of our supply chain are as sustainable as they can be, recognising that many businesses, like us, are on a journey towards net zero and are evolving their products and working practices.

Risk/ opportunity	Timeframe	Business impact	Business response
People			
Talent retention	Short, medium, long term	We are a people business and attracting and retaining the best people is essential to the future success of our business. Ensuring that our people understand and buy-in to our sustainability commitment, recognising our activities as credible and authentic, is central to delivering our purpose as a responsible business.	We engage with our colleagues to provide opportunities for them to support our transition to net zero through changes in the way that they work (for example using Teams technology to avoid excessive travel or the ongoing commitment to paperlite working practices) or the way that they commute to our offices (through the introduction of an electric/ hybrid car scheme or the ability to work on an agile/ hybrid basis).
Infrastructure			
Business occupancy	Short, medium term	The increased use of agile working, both within our own operations and that of our clients, has significantly changed the number of people who routinely commute into our office network daily. This creates a risk that property-related cost is being incurred that is not required. There is also an opportunity to consider the use of our office space and identify opportunities to reshape the space that we use, potentially generating additional revenue for the Group.	We actively review our property portfolio to consider whether the space can be used in a different way which would reduce cost or generate additional revenue. During the year this has resulted in us consolidating our occupied office space in a number of offices including Manchester, Birmingham, Leicester, Guildford and Leeds and this process will continue with assessments in other offices such as London. We have also identified opportunities to bring businesses together into shared locations and during the year have relocated colleagues from newly acquired patent attorneys Adamson Jones into our existing offices in Nottingham, colleagues from Gateley Smithers Purslow into our Reading office and Gateley Vinden colleagues in to our Manchester office. This assessment forms part of our post-integration activities after we have acquired a business into the Group and the reviews will continue over the years ahead as building lease arrangements are up for renewal.
Communities			
Reducing carbon with our supply chain	Short, medium, long term	Although our supply chain is not as carbon intensive as other sectors, we remain reliant on the actions of the suppliers within our supply chain to meet their low carbon/ net zero targets. The risk is that suppliers are unable to meet their low carbon targets in the timeframe that would enable us to meet our own.	Our procurement strategy continues to focus on working with suppliers that share our commitment to ESG principles across all aspects of their operations. Sustainability assessments form part of each strategic procurement decision.

Task Force on Climate Related Financial Disclosures continued

4 degrees above pre-industrial levels

Risk/ opportunity	Timeframe	Business impact	Business response
Clients			
Impact of extreme weather events.	Medium/ long term	Clients are exposed to the impact of extreme weather and the ability to operate in locations where extreme weather events, such as wildfires or flooding has taken place. Our property developers and housebuilders may not be able to find opportunities to acquire suitable land or to develop the land that they already have as a result of the unsuitability of certain locations due to climate-related events. This could lead to a reduction in instructions for Gateley.	We are a resilient and diversified business which ensures that we are able to provide support to a diverse client base and are not over-reliant on a sector or geography. The diversified offering, with the combination of legal and advisory services, means that we are well placed to help our clients to implement strategies and solutions to mitigate the risk to their businesses or to recover post-incident.
People			
Impact of extreme weather events.	Short, medium and long term	Like our clients, extreme weather events could make it difficult for our colleagues to work in certain office environments, but it does depend on the type and location of the extreme weather event.	The shift to hybrid working has ensured that are able to deliver excellent client service regardless of office location. With continued use agile working practices combined with technology, we would be able to service our clients in spite of the impact of extreme weather events.
Infrastructure			
IT infrastructure	Medium and long term	Extreme weather events could damage our IT infrastructure, for example due to fire, flood or overheating. Our ability to deliver our services would be significantly impacted by the loss of our IT environment.	Through our business continuity planning and training, we regularly review, update and test the protocols which would ensure that we could continue to operate should one of our technology hubs was out of action. We use fail over technology to ensure that we could move our operations on to servers operated out of technology hubs not impacted by this weather event.

Metrics and targets

Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes.
We are committed to achieving net zero ahead of the UK Government's target of 2050 to achieve the goals of the Paris Agreement. 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. Energy and GHG emissions have been calculated using previously set guidance from an independent third party consultancy.

Disclose Scope 1, 2 and 3 greenhouse gas (GHG) emissions, and the related risks.
We report scope 1, 2 and part of scope 3 greenhouse gas emissions resulting from the energy used in our buildings and employees' business travel. These are included in our Environmental Actions Statement on page 55.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
Having reviewed what other legal and professional services firms are doing in relation to setting net zero targets (recognising that the Government's Net Zero Strategy has set a target date of 2050 for the UK to achieve net zero), Gateley has committed to:

- The attainment of net zero emissions by 2040.
- setting interim targets for 2030 to reduce CO_2 emissions by 50% compared to 2019 levels.

This will ensure that we can meet the demands of our clients, our people, and our investors.

Environmental actions statement

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.

The data reported is for Gateley Plc. The parent company consumes less than 40MWh of energy per year and is, therefore, exempt from providing full disclosure in this report.

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 emissions sources for the current reporting period 1 May 2022 to 30 April 2023.

	2023	2022	Change
Energy (thousand kWh)			
Natural Gas	**1,304**	1,290	1%
Electricity	**2,530**	2,555	(1%)
Transport	**292**	149	96%
Total energy (thousand kWh)	**4,125**	3,994	3%
Emissions (tCO2e)			
Natural Gas	**304**	301	1%
Electricity	**590**	596	(1%)
Transport	**69**	35	96%
Total SECR emissions	**963**	932	3%
Intensity metrics			
£m turnover	**163**	137	19%
tCO2e per £m of turnover	**5.9**	6.8	(13%)
Average headcount	**1,439**	1,150	25%
tCO2e per employee	**0.7**	0.8	(16%)
Square footage (thousand sq.ft)	**126**	125	1%
tCO2e per square foot	**7.6**	7.5	2%

Data records and methodology

Metered kWh consumption taken from supplier or landlord invoices is reported where possible.

Scope 1,2 and 3 consumption 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 2023 and 30 April 2022:

- Database 2021, Version 1.0

Transport emissions have been calculated based on mileage expense claim records, applying the average UK split between petrol and diesel vehicles to estimate relative fuel usage. Mileage per fuel type was converted into equivalent GHGemissions using the most recent emissions factors published by BEIS in 2021, and then divided by the gross Calorific Value to deduce kWh consumption.

Social matters

We believe that running a profitable and growing business, which creates jobs and contributes to the economic success of the areas 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 a national and local office charity 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 five staff network groups providing support to staff.

- **Unity** – Unity recognises, celebrates and supports employees from all different cultures, religions, and backgrounds. 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 wellbeing of all employees to promote high levels of performance both physically and mentally across the Group. The Thrive committee 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.
- **Pride** – The Gateley 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.
- **Ability** – Ability is our most recent network group set up to provide a focus on, and raise awareness of, disabilities to ensure that we are providing a welcoming, supportive and confidential space for colleagues across the Group to discuss issues of disability and to ensure enhanced awareness is reflected in a positive, inclusive and fulfilling working environment.

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.

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 CSOPs schemes. Our internal digital communication platform, is 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.

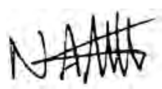
Political donations

The Group made no political donations in the year (2022: £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 22 to 57 constitute the strategic report, which has been approved by the Board of Directors and signed on its behalf by:



Neil Smith
Chief Financial Officer

5 September 2023

Corporate governance

In this section

Board of Directors

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

Nigel Payne

Non-Executive Chairman

aged 63

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, Non-Executive Director of Kwalee Limited and Non-Executive Director of BlueBet Plc.

Previously Nigel was the CEO 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.

Committees & Boards: N R A H

Roderick Waldie

Chief Executive Officer

aged 55

Roderick was appointed to the position of Chief Executive Officer on 1 May 2021. He has been a key member of the Group's Strategic Board since joining the business via the acquisition of the Manchester office of Halliwells LLP in 2010. Prior to his appointment as CEO, Roderick 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.

Roderick 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.

Committees & Boards: N H S

Victoria Garrad

Chief Operating Officer (appointed 1 May 2022)

aged 49

Victoria was appointed to the board as COO elect on 1 May 2022 and formally took up post as COO on 1 May 2023. She is an award winning employment lawyer with over 24 years' experience undertaking a mix of contentious and non-contentious work. Having joined the business in 1996 as a trainee solicitor, Victoria was promoted to partner in the legal services employment team in 2005. She has been a member of the Operations Board since 2011 and was appointed to the Strategic Board on 1 May 2017 to undertake the Group HRD role.

Committees & Boards: H S O

Neil Smith

Chief Financial Officer and Company Secretary

aged 47

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 Halliwells 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 he is also the Group's compliance officer for finance and administration ("COFA") and a fellow of the Association of Certified Chartered Accountants.

Committees & Boards: H S O

Michael Ward

Executive Director

aged 64

Mike 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 CEO. Mike is a former President and Treasurer of the Birmingham Law Society and a former President of the Greater Birmingham Chamber of Commerce.

Committees & Boards: H

Joanne Lake

Non-Executive Director

aged 59

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 digital services group, Made Tech Group Plc, Non-Executive Deputy Chairman of Main Market-listed land promotion, property development and construction group, Henry Boot Plc and Honeycomb Investment Trust Plc. Joanne is also Non-Executive Director of Main Market quoted Braemar Shipping Services 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.

Committees & Boards: A N R H

Board changes

Suzanne (Suki) Thompson was a Non-Executive Director and Remuneration Committee Chair during the year ended 30 April 2023. Suki resigned from the board on 27 June 2023 due to ill health with Joanne Lake being appointed interim Remuneration Committee Chair post that announcement. Joanne has provided the Remuneration Committee statement for this report on page 62.

Colin Jones, aged 63, will become Non-Executive Director and Chair of the Remuneration Committee, succeeding Joanne Lake, who has been temporarily chairing the committee, following Suki Thompson's retirement.

Colin is currently Non-Executive Chair of Centaur Media Plc, the premium-listed provider of business intelligence to the marketing and legal professions, and an independent Non-Executive Director and Audit Committee Chair at AIM-listed M&C Saatchi Plc. He is also a Non-Executive Director of The City Literary Institute, London's leading adult education college, where he chairs its Finance and Commercial Committee. He is a member of the Remuneration Committee at all three of these businesses.

During his executive career, Colin was CFO of Euromoney Institutional Investor Plc, the B2B data and research group, where he worked in leadership roles in the UK and US for 22 years. He is also a Chartered Accountant.

Committee Key: N Nomination R Remuneration A Audit & Risk **Board Key:** H Gateley (Plc) Holdings S Strategic O Operations

Report on remuneration:
voluntary disclosure

Dear shareholders,

I am pleased to introduce the Directors' Remuneration Report for the financial year ended 30 April 2023. 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 coming 2023 AGM.

On 27 June 2023 Suki Thompson resigned as Non-Executive Director and Chair of the Remuneration Committee with immediate effect due to ill health. I would like to take the opportunity to express thanks to Suki for her support and wise counsel as a member of the board and as Chair of the Remuneration Committee since she joined the Company in 2017.

Key reward principles

Remuneration at Gateley for executives and the wider workforce is guided by the following principles:

- Support an effective pay for performance culture which enables the Group to attract, retain and motivate the very best talent, without paying excessively.
- Support the delivery of the business strategy and promote long term sustainable performance, whilst ensuring that performance related pay does not encourage individuals to operate outside of the Group's risk appetite.
- Reward outcomes should fairly reflect Group and personal performance and take into account the experience of shareholders.

Joanne Lake
Remuneration Committee Chair

Bonus outcome for FY23

The Group continued to perform well throughout FY23. The Group's resilient business model delivered growth in revenue and underlying PBT in line with consensus market expectations despite the impact of macro-economic and geo-political factors in the second half of the year.

Despite the continued record of revenue and underlying profit growth we must recognise that as a result of the macro-economic and geo-political factors we fell short of our internal fees target that would have created a self-funded bonus pot. As such, we have taken the difficult decision to make no bonus awards across both the Executives and wider workforce.

Share Plans

During FY23 the Group continued to focus on the growth, attraction, incentivisation and retention of talent.

As part of this focus, the Restricted Share Award Plan ("RSA") introduced in FY22 was further embedded across the Group to support long term share ownership for employees promoted to partner or partner equivalent roles and to foster stewardship amongst this cohort.

Executive Directors currently participate in the Group's performance based LTIP and are not eligible to participate in the RSA. N Smith and V Garrad were both granted LTIP awards on 23 February 2023 and details are set out on page 67.

More generally, the board remains committed to providing its people with the opportunity to own shares in the Company and continues to grant awards under the Save As You Earn scheme and the Company Share Option Plan. At least 65% of current staff are existing share or option holders in the Group.

Executive Director remuneration

As set out in previous reports, the committee has been implementing a strategy of gradually aligning the remuneration for the Group's Executive Directors to market rates. Whilst progress has been made, it is acknowledged that the remuneration for the Executive Directors remains broadly below market rate for similar roles in similar sized AIM listed businesses. After careful reflection, the committee considered that the current year was not the time to implement any material increases, as a result of the geo-political and macro-economic factors. The committee continues to focus on Executive Directors remuneration with a view to ensure that with effect from FY25 it is aligned with market rates and the incentive arrangements in place continue to support our core reward principles, in order to retain the right skill set and experience within our leadership team to deliver the Group's strategic objectives.

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.

Joanne Lake
Remuneration Committee Chair

Report on remuneration: voluntary disclosure continued

This report is for the year ended 30 April 2023. 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 was chaired throughout FY23 by Suzanne (Suki) Thompson. Suki resigned from the Board with immediate effect due to ill- health on 27 June 2023 and therefore Joanne Lake is currently Chair of the Committee until a new Non-Executive Director is appointed. The other member of the Committee is Nigel Payne.

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: -

- Determining incentive outcomes for the Executive Directors for FY23;
- Determining salary increases for the Executive Directors for FY24;
- Further embedding the RSA by granting awards under the RSA to senior talent to support long term share ownership for this cohort.
- Granting awards under the Long Term Incentive Plan to certain Executive Directors and senior leaders.

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 and V Garrad also participate in the performance pool.	**Merit pool** Each year, a pre-agreed percentage of pre-tax profits is allocated to the merit pool, subject to a minimum threshold of profit to ensure the bonus scheme is self-funding. The merit pool is distributed to participants based on their individual performance during the year. **Performance pool** 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	
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.	

Report on remuneration: voluntary disclosure continued

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 2021 following the expiry of the previous 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 are 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 2021.

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. 45% of the Group's issued share capital was held by employees as at 30 April 2023.

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.

Together with the Executive, the Committee also examines the time that the Non-Executive Directors commit to the business ensuring that each Non-Executive has sufficient time to carry out their duties in light of their other business commitments. This exercise concluded that all of the Non-Executives have available and apply sufficient time to discharge their duties.

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 were reappointed for a third three year term which commenced on 1 October 2021. Suzanne Thompson resigned from the Board with immediate effect on 27 June 2023 due to ill-health and a process is underway to appoint a new Non-Executive Director. 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 2023 and 30 April 2022:

	Salaries and fees £'000	Bonus £'000	Share options £'000	Total 2023 £'000	Salaries and fees £'000	Bonus £'000	Share options £'000	Total 2022 £'000
Nigel Terrence Payne	**72**	**-**	**-**	**72**	56	-	-	56
Joanne Carolyn Lake	**48**	**-**	**-**	**48**	42	-	-	42
Suzanne Frances Allison Thompson	**48**	**-**	**-**	**48**	42	-	-	42
Roderick Richard Waldie	**323**	**-**	**-**	**323**	300	212	-	512
Michael James Ward	**152**	**-**	**-**	**152**	144	45	-	189
Peter Gareth Davies	**-**	**-**	**-**	**-**	180	112	-	292
Victoria Louise Garrad	**225**	**-**	**-**	**225**	-	-	-	-
Neil Andrew Smith	**240**	**-**	**-**	**240**	225	112	-	337
	1,108	**-**	**-**	**1,108**	989	481	-	1,470

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

Salary and fee increases for FY24

Details of FY23 salary and fee increases are set out in the FY22 report on remuneration.

The Committee agreed to increase RR Waldie's salary and NA Smith's salary by 5% with effect from 1 May 2023 to £338,625 and £252,000 respectively. V Garrad was appointed as Chief Operating Officer on 1 May 2023 having shadowed the former COO, Peter Gareth Davies for 12 months leading up to her appointment. The Committee agreed to increase her salary to £252,000 to reflect her new role. MJ Ward's salary has remained in line with the prior year. The Committee took into consideration salary increases for the wider workforce when determining the Executive Director's salary increases; the average increase for the wider workforce exceeded 5%.

With regard to Non-Executive Directors, NT Payne's annual fee increased to £75,600 with effect from 1 May 2023 and JC Lake's annual fees increased to £50,400. These fee increases were considered appropriate reflecting the time commitment required in order for the Non-Executives to effectively carry out their duties.

Bonus outcome for the year

Despite the continued record of revenue and underlying profit growth we must recognise that as a result of the macro-economic and geo-political factors we fell short of our internal fees target that would have created a self-funded bonus pot. As such, we have taken the difficult decision to make no bonus awards across both the Executive's and wider workforce.

Long term incentives granted during the year

Awards were granted to certain Executive Directors and selected senior employees under the LTIP on 23 February 2023.

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 2026

	Amount Vesting %
Below 5%	0%
5%	25%
Between 5% and 10%	Straight line vesting
Above 10%	100%

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
- the tax impact of adjustments above

LTIP awards of 40,000 each were granted on 23 February 2023 to NA Smith and V Garrad. No awards were granted to MJ Ward or RR Waldie as they are deemed to be sufficiently incentivised by their existing shareholding.

Report on remuneration: voluntary disclosure continued

Directors' Interests

Directors' shareholdings at the year end were as follows:

	At 30 April 2023		At 30 April 2022	
	10p ordinary shares		10p ordinary shares	
	Number of shares	Percentage Holding	Number of shares	Percentage Holding
Nigel Terrence Payne	**70,942**	**0.06%**	70,942	0.06%
Joanne Carolyn Lake	**26,300**	**0.02%**	26,300	0.02%
Suzanne Francis Alison Thompson	**12,272**	**0.01%**	10,000	0.01%
Roderick Richard Waldie	**1,275,670**	**1.01%**	1,275,670	1.04%
Michael James Ward	**1,990,000**	**1.57%**	1,990,000	1.62%
Victoria Louise Garrad	**569,478**	**0.45%**	-	-
Peter Gareth Davies	**-**	**-**	1,983,357	1.61%
Neil Andrew Smith	**362,537**	**0.29%**	362,537	0.29%

The following Directors held share options under the LTIP Scheme as at 30 April 2023:

	Number of shares at 30 April 2023	Date of grant	Exercise price	Earliest exercise date
Neil Andrew Smith	15,974	22 July 2020	£nil	22 July 2023
Neil Andrew Smith	25,000	27 April 2022	£nil	1 May 2025
Neil Andrew Smith	40,000	23 February 2023	£nil	1 May 2026
Victoria Louise Garrad	15,974	22 July 2020	£nil	22 July 2023
Victoria Louise Garrad	25,000	27 April 2022	£nil	1 May 2025
Victoria Louise Garrad	40,000	23 February 2023	£nil	1 May 2026

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 April 2023.

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 82.

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 28 to 35 and the Chief Financial Officer's review on pages 36 to 41. The Group's key performance indicators (KPIs) are set out on page 43. The strategic report, which includes a description of the principal risks and uncertainties facing the Group, is set out on pages 22 to 57.

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 2023 the EBT purchased 281,702 shares in the company (2022: 187,033) at a cost of £435,791 (2022: £75,854).

Dividends

The Directors propose to recommend a final dividend of 6.2p (2022: 5.5p) per share, be paid, giving a total dividend for the year of 9.5p (2022: 8.5p). The final dividend has not been included within creditors as it was not approved before the year end.

During the period the board became aware of a technical issue in respect of a number of historic dividends paid by the Company. Details are included in Note 12 to the consolidated financial statements. A circular will be sent to shareholders shortly and will be available on the Company's website at www.gateleyplc.com/investors/investor-relations.

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

	10p ordinary shares		10p ordinary shares	
	Number of shares 2023	Percentage Holding 2023	Number of shares 2022	Percentage Holding 2022
Nigel Terrence Payne	**70,942**	**0.06%**	70,942	0.06%
Joanne Carolyn Lake	**26,300**	**0.02%**	26,300	0.02%
Suzanne Frances Allison Thompson	**12,272**	**0.01%**	10,000	0.01%
Roderick Richard Waldie	**1,275,670**	**1.01%**	1,275,670	1.04%
Victoria Louise Garrad	**569,478**	**0.45%**	-	-
Michael James Ward	**1,990,000**	**1.57%**	1,990,000	1.62%
Peter Gareth Davies	**-**	**-**	1,983,357	1.61%
Neil Andrew Smith	**362,537**	**0.29%**	362,537	0.29%

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 21 July 2023:

Name	Number of ordinary shares	% of issued share capital
Liontrust Asset Management	**12,993,544**	10.25%
Octopus Investments	**9,643,847**	7.61%
Columbia Threadneedle Investments	**8,456,378**	6.67%

Directors' report
continued

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 27 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 UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 advisors to ensure it operates in accordance with the market regulations.

The CEO and CFO, have regular meetings with the Group's Relationship Manager at the Solicitors Regulatory 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.

Corporate Governance Statement

Since September 2018 all AIM companies have been required to set out details of a recognised corporate governance code that the Board of Directors has chosen to apply, how they comply with that code, and where it departs from its chosen corporate governance code an explanation for doing so.

The board adopted the Quoted Companies Alliance ('QCA') Code. The Group's application of this code is detailed in the Corporate Governance Statement as detailed on the Group's website at www.gateleyplc.com/investors/investor-relations/aim-rule-26/. As required under AIM Rule 26, the information in this statement is updated annually.

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.

Subsequent events

On 19 July 2023, Gateley (Holdings) Plc completed the acquisition of the entire issued share capital of Richard Julian and Associates Limited ('RJA') for a maximum consideration of £6,000,000. The initial consideration payable on completion was £3,931,000, split as £2,027,000 paid in cash and £1,904,000 through the issuance of 1,192,163 new ordinary shares of 10 pence each in Gateley ('Ordinary Shares'. The cash consideration is being funded by the existing revolving credit facility. RJA is a chartered surveying practice, providing quantity surveying and project management services across a variety of construction sectors. It specialises in the provision of these services to organisations that deliver affordable housing, a resilient sector which is underpinned by high levels of grants to support delivery of the Government's housing targets.

At the time when the financial statements were authorised for issue, the determination of the fair values of the assets and liabilities acquired had not been finalised because the individual valuations had not been concluded. It was not possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

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

R. R. Waldie

Roderick Waldie
Chief Executive Officer

5 September 2023

One Eleven Edmund Street
Birmingham
West Midlands
B3 2HJ

Financial statements

In this section

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 75 to 77 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. 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, as an individual entity. The relevant legislation governing the 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 2023.

The financial statements that we have audited comprise:

- the consolidated statement of profit and loss and other comprehensive income
- the consolidated statement of financial position
- the consolidated statement of changes in equity
- the consolidated cash flow statement
- Notes 1 to 33 to the consolidated financial statements, including significant accounting policies
- the parent company statement of financial position
- the parent company statement of changes in equity
- The parent company cash flow statement and
- Notes 1 to 15 to the Company financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company's financial statements is applicable law and UK adopted International Accounting Standards.

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 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Group's and the Parent Company's operations and specifically their business model.
- The evaluation of how those risks might impact on the available financial resources.
- An examination of budgets and forecasts and their basis of preparation.
- Liquidity considerations including examination of cash flow projections at Group and Parent Company level.
- Consideration of the funding facilities available to the Group and the market attitude to lending in the legal sector.

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

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

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Group, including the Parent Company, 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.

Materiality	2023	2022	
Group	£810k	£950k	5% (2022: 5%) of profit before tax
Parent Company	£405k	£460k	1% (2022: 1%) of net assets

Key audit matters

Group (recurring KAMS)	• Accrued income - valuation • Revenue recognition - existence/cut off of billed revenue
Group (first year KAM)	• Historical acquisitions

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 – Accrued income - valuation	
Revenue (in respect of client matters) is recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'. There is judgement in the calculation of accrued income in terms of the recoverability of the time recorded. Management changed their provision calculation process in FY23. Historically, the unbilled revenue provision was calculated on a 3 year average recovery rate, however, in the current period, fee earners have reviewed unbilled revenue for each matter on a line by line basis and an enhanced ECL calculation has also been applied. There is a risk that this methodology change will have a material impact on the current year provision. There is also a risk that the methodology will not be consistently applied in future periods. Management have continued to apply guidance under IFRS 9, utilising the simplified approach for contract assets and therefore this is not a change of estimate and does not need to be applied retrospectively. 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 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. 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. 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 recognised in the year we tested on a sample basis that entitlement to revenue had been obtained through proof of service being carried out and that time had been recorded pre year end confirming that the matter is live, and that unbilled revenue is recoverable. We sent out a questionnaire to fee earners on a sample basis to obtain an understanding of their rationale behind the line by line review and application of provisions against unbilled revenue. We also reviewed post year-end billing to balances at year end to review recoverability. We assessed the adequacy of provisions against irrecoverable unbilled revenue by review of aged work in progress reports. We also applied prior year recovery rates to the year end unbilled revenue to ascertain whether this would have a material impact on the year end valuation. We then deducted provisions already applied for ECL and contingent fees. **Key observations communicated to the Group's Audit Committee** We concluded that there was no material misstatement in the valuation of unbilled revenue, and that unbilled revenue has been recorded 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 – revenue recognition – existence	
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 reviewed a sample of sales invoices issued during the year to ensure that the service had been provided pre year end, confirming that entitlement to record the invoice as revenue had been reached. The evidence of services being provided 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 identify significant credit notes being raised indicating erroneous recognition of revenue in the current year. **Key observations communicated to the Group's Audit Committee** We concluded that revenue had been recorded appropriately. We did not identify any material errors in relation to existence or cut-off.
Historical acquisitions	
During the year, the Financial Reporting Council (FRC) performed a review of the audited Gateley (Holdings) plc accounts for the year ended 30 April 2022, including the accounting treatment of contingent consideration relating to an acquisition made during that year. Management had accounted for this as part of the cost of investment, based on the factors detailed in IFRS 3 and consistent with previous acquisitions. The FRC's view was that it should be accounted for as remuneration and therefore expensed to profit or loss, and that the same applied to all historical acquisitions that contained the same clauses. As explained in note 33, management have therefore adjusted the contingent consideration element on all relevant historical acquisitions. The significance of the adjustment has led us to treat historical acquisitions as a Key Audit Matter.	We reviewed FRC correspondence and management's previous treatment to understand the reasons for the adjustments. We reviewed management's calculations to ensure that the adjustments have been correctly understood and processed. We reviewed the disclosure of the reasons for the adjustments. **Key observations communicated to the Group's Audit Committee** We concluded that historical acquisitions have been recorded and disclosed in line with the new accounting treatment.

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 £810k (2022: £950k) which was determined on the basis of 5% (2022: 5%) of the Group's profit before tax. Materiality in respect of the Parent Company was set at £405k (2022: £460k), determined on the basis of 1% (2022: 1%) of the Parent Company's net assets. Profit before tax was deemed to be the appropriate benchmark for the calculation of Group materiality as this is a key area of the financial statements because this is the metric by which the performance and risk exposure of the Group and Parent Company is principally assessed. In our opinion this is therefore the benchmark with which the users of the financial statements are principally concerned.

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 for the Group was set at £567k (2022: £665k) and at £283.5k (2022: £322k) for the Parent Company which represents 70% (2022: 70%) 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 and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £40.5k and £20.25k in respect of the Group and Parent Company respectively to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the Scope of the Group and Parent Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each Company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements, of the 21 reporting components of the Group, we identified 20 components in the UK and mainland Europe which represent the principal business units within the Group.

The Group comprises of a Parent Company which does not trade, a main trading Subsidiary, and several smaller trading Subsidiaries. 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.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Net assets/ (liabilities)	Profit before tax
Full scope audit	2	72%	116%	73%
Analytical review and specific targeted procedures	19	28%	(16%)	27%
Total	21	100%	100%	100%

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle. We also tested operating effectiveness but did not place reliance on the controls.

We deployed our internal IT audit specialists to obtain an understanding of the general IT environment. Two low priority findings were raised with management. No evidence was identified which suggests the environment is not operating effectively. They have also concluded that the data migration into the new accounting system 3E, was successful during the year.

Climate-related risk

In planning our audit and gaining an understanding of the Group and Parent Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

We then engaged internal specialists to assess, amongst other factors, the benchmarks used by management, the nature of the Group's business activities, its processes and the geographic distribution of its activities. We have agreed with managements' assessment that climate-related risks are not material to these financial statements.

Reporting on other information

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

We have nothing to report in this regard.

Strategic Report and Directors report

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.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report continued

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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Group.
- We enquired of the directors and management concerning the Group's and the Parent Company's policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates particularly in determining expected credit losses and provisions against unbilled revenue.

Audit response to risks identified In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Company's audit committee meetings.
- audit procedures performed by the engagement team in connection with the risks identified included:
  - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
  - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
  - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
  - enquiry of management around actual and potential litigation and claims.
  - challenging the assumptions and judgements made by management in its significant accounting estimates.
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

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

Andrew Moyser FCA FCCA
(Senior Statutory Auditor)
for and on behalf of MHA,
Statutory Auditor
London, United Kingdom

5 September 2023

Consolidated statement of profit and loss and other comprehensive income
for the year ended 30 April 2023

	Note	2023 £'000	Restated 2022 £'000
Revenue	4	**162,683**	137,249
Other operating income	5	**49**	-
Personnel costs, excluding IFRS 2 charge	7	**(96,765)**	(86,517)
Depreciation – Property, plant and equipment	13	**(936)**	(851)
Depreciation – Right-of-use asset	13	**(3,976)**	(3,783)
Impairment of trade receivables and contract assets	19/20	**(1,334)**	(866)
Other operating expenses, excluding non-underlying and exceptional items		**(34,741)**	(22,716)
Operating profit before non-underlying and exceptional items	6	**24,980**	22,516
Non-underlying operating items	6	**(8,858)**	6,077
Exceptional items	6	**-**	(870)
		(8,858)	5,207
Operating profit	6	**16,122**	27,723
Financial income	9	**1,735**	194
Financial expense	9	**(1,645)**	(1,141)
Profit before tax		**16,212**	26,776
Taxation	10	**(3,972)**	(3,753)
Profit for the year after tax attributable to equity holders of the parent		**12,240**	23,023
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
- Revaluation of other investments		**(26)**	(190)
- Exchange differences on foreign branch		**(49)**	58
Profit for the financial year and total comprehensive income all attributable to equity holders of the parent		**12,165**	22,891
Statutory Earnings per share			
Basic	11	**9.77p**	19.35p
Diluted	11	**9.52p**	18.89p

The results for the periods presented above are derived from continuing operations.

The accompanying notes on pages 88 to 127 form an integral part of these financial statements.

Consolidated statement of financial position
at 30 April 2023

	Note	2023 £'000	Restated 2022 £'000	Restated 2021 £'000
Non-current assets				
Property, plant and equipment	13	**1,628**	1,334	1,323
Right of use asset	13	**27,098**	24,627	27,007
Investment property	14	**164**	164	164
Deferred tax asset	23	**830**	638	138
Intangible assets and goodwill	15	**12,929**	14,002	5,617
Other intangible assets	17	**1,090**	564	282
Other investments	18	**147**	173	363
Total non-current assets		**43,886**	41,502	34,894
Current assets				
Contract assets	19	**20,388**	17,239	13,900
Trade and other receivables	20	**73,272**	71,587	46,587
Cash and cash equivalents	25	**11,105**	16,105	19,605
Total current assets		**104,765**	104,931	80,092
Total assets		**148,651**	146,433	114,986
Non-current liabilities				
Other interest-bearing loans and borrowings	21	**(6,813)**	(5,715)	-
Lease liability	29	**(28,716)**	(25,207)	(27,702)
Other payables	22	**-**	(40)	(120)
Deferred tax liability	23	**(2,941)**	(3,089)	(772)
Provisions	24	**(1,290)**	(863)	(763)
Total non-current liabilities		**(39,760)**	(34,914)	(29,357)
Current liabilities				
Trade and other payables	22	**(25,933)**	(31,719)	(28,897)
Lease liability	29	**(3,257)**	(3,719)	(2,743)
Provisions	24	**(107)**	(101)	(176)
Current tax liabilities		**(1,482)**	(842)	(1,066)
Total current liabilities		**(30,779)**	(36,381)	(32,882)
Total liabilities		**(70,539)**	(71,295)	(62,239)
NET ASSETS		**78,112**	75,138	52,747

Consolidated statement of financial position
continued

	Note	2023 £'000	Restated 2022 £'000	Restated 2021 £'000
EQUITY				
Share capital	26	**12,664**	12,456	11,792
Share premium		**11,846**	11,342	9,421
Merger reserve		**(9,950)**	(9,950)	(9,950)
Other reserve		**15,413**	14,465	6,815
Treasury reserve		**(677)**	(261)	(312)
Translation reserve		**(51)**	(2)	(60)
Retained earnings		**48,867**	47,088	35,041
TOTAL EQUITY		**78,112**	75,138	52,747

These financial statements were approved by the directors on 5 September 2023 and were signed and authorised for issue on their behalf by:

Roderick Waldie
Chief Executive Officer

Neil A Smith
Chief Financial Officer

Company registered number: 09310078

The accompanying notes on pages 88 to 127 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 2021	11,792	9,421	(9,950)	6,815	(312)	41,560	(60)	59,266
Impact of restatement (note 33)	-	-	-	-	-	(6,519)	-	(6,519)
At 1 May 2021 (restated)	11,792	9,421	(9,950)	6,815	(312)	35,041	(60)	52,747
Comprehensive income:								
Profit for the year	-	-	-	-	-	23,023	-	23,023
Revaluation of other investments						(190)	-	(190)
Exchange rate differences	-	-	-	-	-	-	58	58
Total comprehensive income	-	-	-	-	-	22,833	58	22,891
Transactions with owners recognised directly in equity:								
Issue of share capital	664	1,921	-	7,650	-	-	-	10,235
Purchase of own shares at nominal value	-	-	-	-	-	(132)	-	(132)
Sale of treasury shares	-	-	-	-	127	-	-	127
Purchase of treasury shares	-	-	-	-	(76)	-	-	(76)
Recognition of tax benefit on gain from equity settled share options	-	-	-	-	-	563	-	563
Dividend paid	-	-	-	-	-	(12,430)	-	(12,430)
Share based payment transactions	-	-	-	-	-	1,213	-	1,213
Total equity at 30 April 2022 (restated)	12,456	11,342	(9,950)	14,465	(261)	47,088	(2)	75,138
At 1 May 2022, as previously presented	12,456	11,342	(9,950)	14,465	(261)	44,863	(2)	72,913
Impact of restatement (note 33)	-	-	-	-	-	2,225	-	2,225
At 1 May 2022 (restated)	12,456	11,342	(9,950)	14,465	(261)	47,088	(2)	75,138
Comprehensive income:								
Profit for the year	-	-	-	-	-	12,240	-	12,240
Revaluation of other investments	-	-	-	-	-	(26)	-	(26)
Exchange rate differences	-	-	-	-	-	-	(49)	(49)
Total comprehensive income	-	-	-	-	-	12,214	(49)	12,165
Transactions with owners recognised directly in equity:								
Issue of share capital	208	504	-	948	-	-	-	1,660
Purchase of own shares at nominal value	-	-	-	-	-	(133)	-	(133)
Sale of treasury shares	-	-	-	-	20	-	-	20
Purchase of treasury shares	-	-	-	-	(436)	-	-	(436)
Recognition of tax benefit on gain from equity settled share options	-	-	-	-	-	(398)	-	(398)
Dividend paid	-	-	-	-	-	(11,004)	-	(11,004)
Share based payment transactions	-	-	-	-	-	1,100	-	1,100
Total equity at 30 April 2023	**12,664**	**11,846**	**(9,950)**	**15,413**	**(677)**	**48,867**	**(51)**	**78,112**

Consolidated statement of changes in equity
continued

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 88 to 127 form an integral part of these financial statements.

Consolidated cash flow statement
for year ended 30 April 2023

	Note	2023 £'000	Restated 2022 £'000
Cash flows from operating activities			
Profit for the year after tax		**12,240**	23,023
Adjustments for:			
Depreciation and amortisation	13/15/17	**7,246**	6,215
Financial income	9	**(1,735)**	(194)
Financial expense	9	**495**	193
Interest charge on capitalised leases	9	**1,150**	948
Equity settled share-based payments	7	**1,100**	1,213
Gain on bargain purchase	16	**(1,389)**	(12,380)
Acquisition related earn-out remuneration charge	6	**6,190**	3,509
Earn-out consideration paid - acquisition of subsidiary		**(50)**	-
Initial consideration paid on acquisitions		**(1,468)**	(7,033)
Loss on disposal of property, plant and equipment	6	**82**	16
Tax expense	10	**3,972**	3,753
		27,833	19,263
Increase in trade and other receivables		**(6,942)**	(10,299)
(Decrease)/increase in trade and other payables		**(7,259)**	816
Increase in provisions	24	**433**	25
Cash generated from operations		**14,065**	9,805
Tax paid		**(4,320)**	(4,497)
Net cash flows from operating activities		**9,745**	5,308
Investing activities			
Acquisition of property, plant and equipment	13	**(1,312)**	(775)
Acquisition of other intangible assets	17	**(787)**	(319)
Cash acquired on business combinations		**483**	1,051
Interest received	9	**1,735**	194
Net cash flows from investing activities		**119**	151
Financing activities			
Interest and other financial income paid	9	**(371)**	(193)
Lease repayments		**(4,550)**	(3,870)
Receipt of new revolving credit facility, net of refinancing costs	21	**1,000**	5,715
Proceeds from sale of own shares		**-**	90
Acquisition of own shares by Employee Benefit Trust		**(416)**	(39)
Cash received for shares issued on exercise of SAYE/CSOP options		**477**	1,768
Dividends paid	12	**(11,004)**	(12,430)
Net cash used in financing activities		**(14,864)**	(8,959)
Net decrease in cash and cash equivalents		**(5,000)**	(3,500)
Cash and cash equivalents at beginning of year		**16,105**	19,605
Cash and cash equivalents at end of year	25	**11,105**	16,105

The accompanying notes on pages 88 to 127 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 required the Group to be consolidated at the date of the business combinations as though the Group structure had always been in place. No goodwill was 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 statements of Gateley (Holdings) Plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. 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 44 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 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
Gateley Omega Limited	13367322
Kiddy & Partners Limited	11379755
Gateley Global Limited	08597472
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
SP 2018 Limited	11344448
Byrom Clark Roberts Limited	02390547
Gateley Smithers Purslow Limited	01402539
Smithers Purslow Group Limited	05508205
Ainsley Stokes Limited	03219786
Adamson Jones Holdings Limited	10698979
Adamson Jones IP Limited	07188937
Symbiosis IP Limited	06658551
GEG Services Limited	12374579

The outstanding liabilities at 30 April 2023 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 at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting 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 reporting 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 foreign currency 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 in relation to debt securities and over the life time of trade and other receivables in line with the approach provided within the standard. The Group have 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.

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'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 (including members' capital of subsidiary LLPs) are classified as a financial liability. Profit distributions relating to equity instruments are debited direct to equity.

Notes to the consolidated financial statements
continued

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.

i) Investments
Other investments in 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 price and carried at amortised cost under IFRS 9.

In line with IFRS 9, the Group recognises as disclosed in note 19 and 20 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 under IAS 32 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. Following the end of the measurement period contingent consideration is continually remeasured to fair value with changes in fair value being reflected in Profit or Loss. Any interest payable on the balance is reflected in the value of the liability and charged to 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	term 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 when new). 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);
- 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 2021 the International Accounting Standards Board issued COVID-19-Related Rent Concessions (the 2021 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 2023.

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 16.

Notes to the consolidated financial statements continued

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.

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 up to fifteen 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	3 to 11 years
Brands	15 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 assess 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 ECLs are determined using historic credit loss experience adjusted for forward-looking factors and specific provisions based on management knowledge and expertise.

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 Contingent consideration treated as remuneration

Certain acquisitions made by the Group include an element of consideration, known as an earn-out, that is contingent on the financial performance of the acquired business meeting pre-determined targets over a specified period. Where the earn-out is also contingent on the continued employment of the seller(s) following the acquisition, this is then treated as a non-underlying remuneration charge (see note 1.21), accrued over the retention period (i.e. the period over which the effective employment condition is applicable) as a liability. Where initial consideration transferred is also subject to these same employment conditions, this too is treated as a non-underlying remuneration charge, with the prepaid consideration transferred being released to the Statement of Profit and Loss over the retention period.

Notes to the consolidated financial statements continued

1.16 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 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 recognise 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.

1.17 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 have 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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:

- Consideration treated as remuneration: such charges are treated as non-underlying in order to reflect the commercial substance of the transaction. All former vendors who remain employed by the Group are paid at market rates and the earn-out remuneration is a function of the interpretation of IFRS, and related emerging guidance only.
- 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.

1.22 Exceptional items

Exceptional items are one off transactions, unrelated to the underlying trading performance of the Group disclosed separately in the Consolidated Statement of Profit and Loss 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 6 to the Financial Statements.

1.23 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
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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.

Notes to the consolidated financial statements
continued

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.

Estimates

Impairment assessment of trade receivables (note 20) and unbilled revenue (note 19)
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.

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 applied to trade receivables:

	Increase/ (decrease) in value of trade receivables £'000
+1% increase in ECL	(582)
-1% decrease in ECL	582

Management have 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 have 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	(203)
-1% decrease in ECL rate	203

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

Unbilled revenue on client assignments (note 19)
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 look 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 expert's 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 are 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 15)
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 have selected the appropriate rates based on a combination of observed historical growth, industry norms and forecasted influencing factors. 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.

4. Revenue and operating segments

The Chief Operating Decision Maker ("CODM") is the Strategic Board. The Group have the following four strategic divisions, comprising both legal and consultancy services, which are its reportable segments, and referred to as its Platforms.

The following summary describes the operations of each reportable segment as reported up to 30 April 2023 and also the new service lines:

Reportable segment/Platforms	Legal service lines	Consultancy service lines
Corporate	**Banking** **Corporate** **Restructuring advisory** **Taxation**	**GEG Services** **International Investment Services**
Business services	Commercial Commercial Dispute Resolution Complex International Litigation Reputation, media and privacy law	Adamson Jones Symbiosis IP
People	**Employment** **Pension** **Private client**	**Entrust Pension** **Kiddy and Partners** **T-three**
Property	Real Estate Residential Development Construction Planning Real Estate Dispute Resolution	Gateley Capitus Gateley Hamer/Persona Gateley Smithers Purslow Gateley Vinden

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

	2023 £'000	2022 £'000
United Kingdom	**151,489**	127,386
Europe	**5,459**	5,336
Middle East	**2,390**	923
North and South America	**1,675**	692
Asia	**1,163**	1,501
Other	**507**	1,411
	162,683	137,249

The Group has no individual customers that represent more than 10% of revenue in either the 2023 or 2022 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 £0.08m (2022: Net Group assets of £0.08m) are located in the Group's Dubai subsidiary. Revenue generated by the Group's Dubai subsidiary to customers in the UAE totalled £2.39m (2022: £0.92m) as disclosed above as due from the customers in the Middle East.

Notes to the consolidated financial statements
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2023

	Business Services £'000	Corporate £'000	People £'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	4,952	16,578	8,409	17,002	46,941	1	**46,942**
Segment revenue from services transferred over time	16,872	22,200	12,027	64,642	115,741	-	**115,741**
Total Segment revenue	21,824	38,778	20,436	81,644	162,682	1	**162,683**
Segment contribution (as reported internally)	5,330	13,948	5,983	31,037	56,298	1	**56,299**
Costs not allocated to segments:							
Other operating income							**49**
Personnel costs							**(11,091)**
Depreciation and amortisation							**(7,246)**
Other operating expenses							**(15,104)**
Share based payment charges							**(1,984)**
Gain on bargain purchase							**1,389**
Contingent consideration treated as remuneration							**(6,190)**
Net financial income							**90**
Profit for the financial year before taxation							**16,212**

2022 *(restated)*

	Business Services £'000	Corporate £'000	People £'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	3,467	10,175	5,901	10,994	30,537	305	**30,842**
Segment revenue from services transferred over time	14,490	27,889	13,264	50,426	106,069	338	**106,407**
Total segmental revenue	17,957	38,064	19,165	61,420	136,606	643	**137,249**
Segment contribution (as reported internally)	5,733	15,373	6,919	22,956	50,981	643	**51,624**
Costs not allocated to segments:							
Other operating income							**-**
Personnel costs							**(10,487)**
Depreciation and amortisation							**(6,215)**
Other operating expenses							**(13,987)**
Share based payment charge							**(1,213)**
Gain on bargain purchase							**12,380**
Contingent consideration treated as remuneration							**(3,509)**
Exceptional costs							**(870)**
Net financial expense							**(947)**
Profit for the financial year before taxation							**26,776**

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 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. £16.4 million of the current period revenue is derived from services satisfied, in part, in the previous period.

Notes to the consolidated financial statements
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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.

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

	2023 £'000	2022 £'000
Rental and service charge income	49	-

6. Expenses and auditor's remuneration

Included in operating profit are the following:

	2023 £'000	2022 £'000
Depreciation on tangible assets (see note 13)	936	851
Depreciation on right-of-use asset (see notes 13 and 29)	3,976	3,783
Short term and low value lease payments (see note 29)	82	75
Operating lease costs on property (see note 29)	166	-
Loss on sale of fixed assets	82	16

	2023 £'000	Restated 2022 £'000
Non-underlying items		
Amortisation of intangible assets (see note 15)	2,073	1,581
Share based payment charges – Gateley Plc	1,984	1,100
Share based payment charges – Gateley Smithers Purslow Limited	-	113
Gain on bargain purchase	(1,389)	(12,380)
Consideration treated as remuneration	6,190	3,509
	8,858	(6,077)
Exceptional items		
Acquisition costs	-	373
One off remuneration charge – Gateley Smithers Purslow Limited	-	497
Total non-underlying and exceptional items	8,858	(5,207)

Acquisition costs in the 2022 financial year represent professional fees in respect of the acquisition of SP 2018 Limited, Adamson Jones Holdings Limited and the business and assets of Tozer Gallagher LLP.

Share based payment charges in Gateley Plc represent charges in accordance with IFRS 2 in respect of unexercised SAYE, CSOP, LTIP and RSA schemes (See note 8).

Notes to the consolidated financial statements
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Share based payment charges in Gateley Smithers Purslow Limited represent shares awarded to staff following the successful acquisition of SP 2018 Limited (See note 7 and 8).

	2023 £'000	2022 £'000
Auditor's remuneration		
Fees payable to the Company's Auditor in respect of audit services:		
Audit of these financial statements	**107**	85
Audit of financial statements of subsidiaries of the Company	**22**	20
	129	105
Amounts receivable by the Company's auditor and its associates in respect of:		
Other assurance services	**34**	31

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

7. Personnel costs

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

	Number of employees	
	2023	**2022**
Legal and professional staff	**1,000**	800
Administrative staff	**439**	350
	1,439	1,150

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	**83,942**	76,672
Social security costs	**9,984**	7,769
Pension costs	**2,839**	2,076
	96,765	86,517
Non-underlying items (see note 6)		
Share based payment expense – Gateley Plc	**1,984**	1,100
Share based payment expense – Gateley Smithers Purslow Limited	**-**	113
	98,749	87,730

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 page 67.

8. Share based payments

Group

At the year end the Group has nine 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 360,365 SAYE 18/19 options vested with 311,806 being exercised by 30 April 2023 leaving 48,559 options still to be exercised. New shares were issued to satisfy these options being 311,806 10p shares with a nominal value of £31,181.

Company Share Option Plan ('CSOP')
The Group operates an HMRC approved CSOP scheme for associates, senior associates, legal directors, equivalent positions in Gateley Group 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.

Long Term Incentive Plan ('LTIP')
The Group operates 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 2023/2025/26	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 granted options on 23 February 2023 based on performance conditions commencing on 1 May 2023. In total, 1,320,000 options have been granted which, subject to satisfying the above performance conditions, will vest in the period following the year ending 30 April 2026.

Restricted Share Award Plan ('RSA')
The Group operates an RSA for the benefit of Senior Management. Awards under the RSA entitle the option holder to participate in dividends however, the shares are restricted for a period of 5 years from issue, such that they cannot be traded.

Notes to the consolidated financial statements
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The annual awards granted under all schemes are summarised below:

	Weighted average remaining contractual life	Weighted average exercise price	Originally granted Number	Lapsed/ exercised at 30 April 2022 Number	At 1 May 2022 Number	Granted during the year Number	Lapsed during year Number	Exercised in the year Number	At 30 April 2023 Number
SAYE									
SAYE 18/19 – 21 September 2018	0 years	£1.27	620,432	(449,919)	170,513	-	(134,037)	(36,476)	**-**
SAYE 19/20 – 30 September 2019	0 years	£1.28	822,625	(218,412)	604,213	-	(243,848)	(311,806)	**48,559**
SAYE 20/21 – 6 November 2020	0.5 years	£1.02	2,337,197	(219,826)	2,117,371	-	(243,513)	-	**1,873,858**
SAYE 21/22 – 25 August 2021	1.3 years	£1.70	673,077	(14,925)	658,152	-	(157,137)	-	**501,015**
SAYE 22/23 – 22 September 2022	2.4 years	£1.55	-	-	-	1,070,154	(36,850)	-	**1,033,304**
			4,453,331	(903,082)	3,550,249	1,070,154	(815,385)	(348,282)	**3,456,736**
CSOPS									
CSOPS 18/19 – 24 October 2018	0 years	£1.44	812,131	(628,045)	184,086	-	(62,470)	(121,616)	**-**
CSOPS 20/21 – 7 July 2020	0.2 years	£1.35	976,797	(147,045)	829,752	-	(97,969)	-	**731,783**
CSOPS 22/23 – 14 December 2022	2.6 years	£1.74	-	-	-	300,000	(10,000)	-	**290,000**
			1,788,928	(775,090)	1,013,838	300,000	(170,439)	(121,616)	**1,021,783**
LTIPS									
LTIPS 20/21 – 22 July 2020	0.2 years	£0.00	1,405,766	(169,331)	1,236,435	-	(134,188)	-	**1,102,247**
LTIPS – 27 April 2022	2.0 years	£0.00	1,115,000	-	1,115,000	-	(90,000)	-	**1,025,000**
LTIPS 23 Feb 23	2.8years	£0.00	-	-	-	1,320,000	-	-	**1,320,000**
			2,520,766	(169,331)	2,351,435	1,320,000	(224,188)	-	**3,447,247**
RSA									
RSA – 27 April 2022	4.0 years	£0.00	1,422,560	-	1,422,560	-	-	-	**1,422,560**
RSA 23 February 2023	5.0 years	£0.00	-	-	-	1,175,000	(50,000)	-	**1,125,000**
			1,422,560	-	1,422,560	1,175,000	(50,000)	-	**2,547,560**

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. The inputs to this model for awards granted during the financial year are detailed below:

	SAYE	CSOP	LTIP	RSA
Grant date	22/09/2022	14/12/2022	23/02/2023	23/02/2023
Share price at date of grant	£1.99	£1.74	£1.825	£1.825
Exercise price	1.55	1.74	£nil	£nil
Volatility	31%	30%	27%	27%
Expected life (years)	3.3	3.3	3.3	5.0
Risk free rate	3.473%	3.277%	3.523%	3.569%
Dividend yield	4.29%	4.22%	4.38%	0.00%
Fair value per share				
Market based performance condition	-		-	-
Non-market based performance condition/no performance condition	£0.55	£0.30	£1.58	£1.825

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 each of the options granted.

The total charge to the income statement for all schemes now in place, included within non-underlying items, is £1,984,000 (2022: £1,213,000).

9. Financial income and expense

Recognised in profit and loss

	2023 £'000	Restated 2022 £'000
Financial income		
Interest income	**1,735**	194
Total financial income	**1,735**	194
Financial expense		
Interest expense on bank borrowings measured at amortised cost	**(495)**	(193)
Interest on lease liability	**(1,150)**	(948)
Total financial expense	**(1,645)**	(1,141)
Net financial income/(expense)	**90**	(947)

Notes to the consolidated financial statements
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10. Taxation

	2023 £'000	2022 £'000
Current tax expense		
Current tax on profits for the year	4,974	3,949
Under provision of taxation in previous period	58	15
Total current tax	5,032	3,964
Deferred tax expense		
Origination and reversal of temporary differences	(472)	(211)
Under provision on share-based payment charges	(588)	-
Total deferred tax expense	(1,060)	(211)
Total tax expense	3,972	3,753

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:

	2023 £'000	Restated 2022 £'000
Profit for the year (subject to corporation tax)	16,212	26,776
Tax using the Company's domestic tax rate of 19%	3,080	5,087
Expenses not deductible/(deductible) for tax purposes	1,422	(1,349)
Under provision of taxation in previous period	58	15
Under provision on share-based payment charges	(588)	-
Total tax expense	3,972	3,753

The Finance Act 2022 increased the main rate of corporation tax to 25% from 1 April 2023. Closing deferred tax balances have therefore been valued at 25% (2022: 19% or 25% depending on the date they expect to fully unwind).

11. Earnings per share

Statutory earnings per share

	2023 Number	2022 Number
Weighted average number of ordinary shares in issue, being weighted average number of shares for calculating basic earnings per share	125,244,334	118,961,047
Shares deemed to be issued for no consideration in respect of share-based payments	3,283,007	2,932,191
Weighted average number of ordinary shares for calculating diluted earnings per share	128,527,341	121,893,238

	2023 £'000	Restated 2022 £'000
Profit for the year and basic earnings attributable to ordinary equity shareholders	12,240	23,023
Non-underlying and exceptional items (*see note 6*)		
Operating expenses	8,858	(5,207)
Tax on non-underlying and exceptional items	(168)	(94)
Underlying earnings before non-underlying and exceptional items	20,930	17,722

Earnings per share is calculated as follows:

	2023 Pence	Restated 2022 Pence
Basic earnings per ordinary share	9.77	19.35
Diluted earnings per ordinary share	9.52	18.89
Basic earnings per ordinary share before non-underlying and exceptional items	16.71	14.90
Diluted earnings per ordinary share before non-underlying and exceptional items	16.28	14.54

12. Dividends

	2023 £'000	2022 £'000
Equity shares:		
Interim dividend in respect of 2023 (3.3p per share) - 24 March 2023	4,169	-
Final dividend in respect of 2022 (5.5p per share) - 22 October 2022	6,835	-
Interim dividend in respect of 2021 (2.5p per share) - 28 June 2021	-	2,940
Final dividend in respect of 2021 (5p per share) - 8 October 2021	-	5,908
Interim dividend in respect of 2022 (3p per share) - 31 March 2022	-	3,582
	11,004	12,430

The board proposes to recommend a final dividend of 6.2p (2022: 5.5p) per share at the AGM. If approved, this dividend will be paid in October 2023 to shareholders on the register at the close of business on 29 September 2023. The shares will go ex-dividend on 28 September 2023. This dividend has not been recognised as a liability in these final statements.

Breach of Companies Acts requirements in respect of historic dividend payments - circular to shareholders

The board has become aware of a technical issue in respect of the payment of a number of historic dividends paid by the Company, as a result of the restatement in respect of acquisition accounting, as outlined in note 15 to the Company accounts.

The Company has always filed its statutory annual accounts on time in accordance with the requirements of the Companies Act 2006 (the "Act"), and at all times had sufficient profits and other distributable reserves to justify the payment of dividends.

However, the Company has not satisfied certain procedural requirements of the Act before paying certain of the dividends in the years since the Company's IPO (the "Relevant Distributions"). These procedural requirements relate to the failure to file interim accounts at Companies House which justified the payment of interim dividends or the payment of final dividends before the circulation to members of the audited accounts of the Company in respect of the relevant financial year.

The Company has been advised that, as a consequence of the above distributions being made otherwise than in accordance with the Act, it may have claims against past and present shareholders who were recipients of the Relevant Distributions and against those persons who were directors of the Company at the time of the Relevant Distributions.

Notes to the consolidated financial statements
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The Company wishes to put all potentially affected parties so far as possible in the position in which they were always intended to be had the Relevant Distributions been made in accordance with the procedural requirements of the Act.

Accordingly, a resolution will be proposed at the upcoming annual general meeting, which will, if passed, give the board authority to enter into deeds of release to discharge these parties from any obligation to repay any amount to the Company in connection with the Relevant Distributions.

The proposed ratification of the Relevant Distributions, and the entry by the Company into the Shareholders' Deed of Release and Directors' Deed of Release will not have any effect on the Company's financial position.

A circular to shareholders to convene the annual general meeting and giving more information about the Relevant Distributions will be sent to shareholders shortly.

13. Property, plant and equipment

	Leasehold improvements £'000	Equipment £'000	Fixtures and fittings £'000	Right-of-use assets £'000	Total £'000
Cost					
Balance at 1 May 2021	317	6,493	5,396	34,025	**46,231**
Arising on acquisition after fair value adjustments	-	266	63	793	**1,122**
Additions	23	583	169	610	**1,385**
Disposal	-	(110)	-	-	**(110)**
As at 30 April 2022	340	7,232	5,628	35,428	**48,628**
Balance at 1 May 2022	340	7,232	5,628	35,428	48,628
Additions	-	827	485	6,447	**7,759**
Disposal	(27)	(323)	(88)	(1,722)	**(2,160)**
As at 30 April 2023	**313**	**7,736**	**6,025**	**40,153**	**54,227**
Depreciation and impairment					
Balance at 1 May 2021	209	5,814	4,860	7,018	**17,901**
Arising on acquisition after fair value adjustments	-	173	53	-	**226**
Depreciation charge for the year	22	514	315	3,783	**4,634**
Eliminated on disposal	-	(94)	-	-	**(94)**
Balance at 30 April 2022	231	6,407	5,228	10,801	**22,667**
Balance at 1 May 2022	231	6,407	5,228	10,801	**22,667**
Depreciation charge for the year	16	562	358	3,976	**4,912**
Eliminated on disposal	(27)	(247)	(82)	(1,722)	**(2,078)**
Balance at 30 April 2023	**220**	**6,722**	**5,504**	**13,055**	**25,501**
Net book value					
At 30 April 2022	109	825	400	24,627	**25,961**
At 30 April 2023	**93**	**1,014**	**521**	**27,098**	**28,726**

14. Investment property

	£'000
Fair value	
Balance at 1 May 2021 and 30 April 2022	164
Balance at 1 May 2022 and 30 April 2023	**164**

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 2023 at £164,000 (2022: £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 (2022: £nil) was received during the year. Services charges of £3,089 (2022: £3,089) were incurred during the year.

15. Intangible assets and goodwill

	Goodwill £'000	Customer lists £'000	Brands £'000	Total £'000
Deemed cost				
At 1 May 2021 (restated)	1,550	9,850	-	**11,400**
Arising through business combinations	-	6,411	3,518	**9,929**
At 30 April 2022	1,550	16,261	3,518	**21,329**
Arising through business combinations	-	1,000	-	**1,000**
At 30 April 2023	**1,550**	**17,261**	**3,518**	**22,329**
Amortisation				
At 1 May 2021	-	5,783	-	**5,783**
Charge for the year	-	1,534	10	**1,544**
At 30 April 2022	-	7,317	10	**7,327**
Charge for the year	-	1,838	235	**2,073**
At 30 April 2023	**-**	**9,155**	**245**	**9,400**
Carrying amounts				
At 30 April 2022	1,550	8,944	3,508	**14,002**
At 30 April 2023	**1,550**	**8,106**	**3,273**	**12,929**

Notes to the consolidated financial statements
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Goodwill is allocated to the following cash generating units:

	2023 £'000	Restated 2022 £'000
Property Group		
Gateley Capitus Limited	-	-
Gateley Hamer Limited	-	-
GCL Solicitors (acquisition of trade and assets)	-	-
Persona Associates Limited	40	40
Gateley Vinden Limited	934	934
Tozer Gallagher (acquisition of trade and assets)	-	-
Gateley Smithers Purslow Limited	-	-
	974	974
Employment , Pensions and Benefits Group		
Kiddy & Partners Limited	-	-
International Investment Services Limited	-	-
T-three Consulting Limited	-	-
	-	-
Business Services Group		
Gateley Tweed (acquisition of goodwill)	576	576
Adamson Jones IP Limited	-	-
Symbiosis IP Limited	-	-
	576	576
	1,550	1,550

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.

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% (2022: 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.
- 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 2% to 10% (2022: 2-10%) 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 2%. 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.

16. Acquisitions

During the year ended 30 April 2023 the Group completed one acquisition:

Acquisition of Symbiosis IP Limited

On 3 October 2022 Adamson Jones IP Limited acquired the entire issued share capital of Symbiosis IP Limited. Symbiosis IP is a patent attorney firm serving exclusively the life science industry. They have a wealth of experience in working closely with academic institutions and early stage start-up companies.

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
Intangible asset relating to customer list	-	1,000	**1,000**
Cash	483	-	**483**
Trade receivables	330	-	**330**
Prepayments	33	-	**33**
Total assets	846	1,000	**1,846**
Trade payables	(119)	-	**(119)**
Accruals and other payables	(88)	-	**(88)**
Deferred tax	-	(250)	**(250)**
Total liabilities	(207)	(250)	**(457)**
Total identifiable net assets at fair value	639	750	**1,389**
Negative goodwill arising on acquisition			**(1,389)**
Total consideration			**-**
Satisfied by:			
Initial cash consideration paid			**1,468**
Issue of 523,012 new 10p ordinary shares in Gateley (Holdings) Plc			**1,000**
Less: amounts subject to continuing employment conditions			**(2,468)**
Total consideration			**-**
Net cash outflow arising on acquisition			
Cash paid			**(1,468)**
Net cash acquired			**483**
Net cash outflow arising on acquisition			**(985)**

Notes to the consolidated financial statements continued

The negative goodwill of £1,389,000 has been recognised immediately in the Statement of Profit and Loss.

From the date of acquisition Symbiosis IP Limited has contributed £1.3m of revenue to the Group's Statement of Comprehensive Income together with after tax profit of £0.2m. If the acquisition had been completed on the first day of the financial year, Group revenue and profit after tax would have been higher by £1.2m and £0.2m respectively.

17. Other intangible assets

	IT development costs £'000	Computer software £'000	Total £'000
Cost			
Balance at 1 May 2021	258	121	379
Additions	-	319	319
At 30 April 2022	258	440	**698**
Additions	24	763	**787**
At 30 April 2023	**282**	**1,203**	**1,485**
Amortisation			
Balance at 1 May 2021	-	97	97
Charge for the year	-	37	37
At 30 April 2022	-	134	**134**
Charge for the year	40	221	**261**
At 30 April 2023	40	355	**395**
Net book amount at 30 April 2022	258	306	564
Net book amount at 30 April 2023	**242**	**848**	**1,090**

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.

18. Other investments

The Group holds other investment interests in the following third party investments:

	£'000
Fair value	
Balance at 1 May 2021	363
Loss on revaluation - FVOCI	(190)
Balance at 30 April 2022	**173**
Loss on revaluation - FVOCI	**(26)**
Balance at 30 April 2023	**147**

£nil (2022: £15,000) – Gateley Investments Limited holds a 1.9% investment in the ordinary shares of Manchester Biotech Limited (formerly PeptiGelDesign Ltd).

£146,535 (2022: £157,998) – Gateley Plc holds a 3.0% investment in the ordinary shares in Incanthera Plc, acquired on 26 February 2020.

19. Contract assets and liabilities

	Contract assets £'000	Trade receivables £'000	Contract liabilities £'000
As at 30 April 2023	**20,388**	**54,167**	**(499)**
As at 30 April 2022	17,239	50,201	(569)

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 (2022: £2,661,000) were acquired in business combinations.

An impairment loss of £542,000 has been recognised in relation to contract assets in the year (2022: loss £108,000). This is based on the expected credit loss under IFRS 9 of these types of assets. The contract asset loss is estimated at 2.7% (2022: loss 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 1.17.

	2023 £'000	2022 £'000
Contract asset value at 1 May 2022	**17,239**	13,900
Contract assets arising on acquisition	**-**	2,661
Contract asset value added in the year	**22,333**	19,237
Contract asset value realised in the year	**(19,184)**	(18,559)
Contract asset value at 30 April 2023	**20,388**	17,239

The Group have 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.

Contract liabilities recognised under IFRS 15
Under IFRS 15 the Group is required to recognise contract liabilities.

	2023 £'000	2022 £'000
Contract liabilities at 1 May 2022	**569**	1,243
Contract liabilities gained in the year	**469**	533
Contract liabilities credited to P&L in year	**(539)**	(1,207)
Contract liabilities at 30 April 2023	**499**	569

Notes to the consolidated financial statements continued

20. Trade and other receivables

	2023 £'000	Restated 2022 £'000
Amounts falling due within one year:		
Trade receivables	**54,167**	50,201
Prepaid consideration subject to earn-out service conditions	**6,015**	5,712
Prepayments	**5,777**	5,626
Other receivables including insurance receivables	**233**	341
	66,192	61,880

	£'000	£'000
Amounts falling due after one year:		
Prepaid consideration subject to earn-out service conditions	**7,080**	9,707

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

	2023 £'000	2022 £'000
Brought forward provision	**(3,941)**	(4,171)
Recognition of provisions for businesses acquired	**-**	(173)
Provision utilised	**908**	1,161
Charged to statement of profit and loss	**(984)**	(1,173)
Provisions released	**192**	415
	(3,825)	(3,941)

The Group applies the simplified approach to providing for the expected credit losses under IFRS 9. Management have 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:

2023	Not passed due	Past due 0-30 days	Past due 31-120 days	Past due greater than 120 days	Total
Expected credit loss rate	2.98%	4.93%	5.96%	17.58%	
Estimated total gross carrying amount £'000	33,175	6,594	5,943	12,280	**57,992**
Lifetime ECL £'000	987	325	354	2,159	**3,825**

2022	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%	5.11%	18.53%	
Estimated total gross carrying amount £'000	31,544	4,642	5,429	12,526	**54,141**
Lifetime ECL £'000	1,136	207	277	2,321	**3,941**

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 £984,000 has been recognised in relation to trade receivables in the year (2022: £1,173,000). This is based on the expected credit loss under IFRS 9 of these types of assets. The trade receivables loss is estimated at 1.7% (2022: 2.3%) of the balance.

21. 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 27.

	2023		2022	
	Fair value £'000	Carrying amount £'000	Fair value £'000	Carrying amount £'000
Non-Current liabilities				
Bank borrowings	**6,813**	**6,813**	5,715	5,715

On 18 April 2022, the Company entered into a revolving credit facility which provides total committed funding of £30m until April 2025. Interest is payable at a margin of 1.95% above the SONIA reference rate. On 19 April 2022 £6m was drawn down against the facility in order to fund the initial cash consideration in the acquisition of SP 2018 Limited. On 3 October 2022 a further £1m was drawn down against the facility in order to fund the cash consideration in the acquisition of Symbiosis IP Limited.

As at 30 April 2023, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
30 April 2023	Within 6 months £'000	6 to 12 months £'000	1 – 5 years £'000	Later than 5 years £'000
Bank borrowings	**-**	**-**	**7,997**	**-**
Trade and other payables	**9,665**	**1,364**	**-**	**-**
Total	**9,665**	**1,364**	**7,997**	**-**

Notes to the consolidated financial statements
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This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

	Current		Non-current	
30 April 2022 (restated)	**Within 6 months £'000**	**6 to 12 months £'000**	**1 – 5 years £'000**	**Later than 5 years £'000**
Bank borrowings	-	-	6,485	-
Trade and other payables	8,335	-	40	-
Total	8,335	-	6,525	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

22. Trade and other payables

	2023 £'000	Restated 2022 £'000
Current		
Trade payables	**9,370**	7,935
Other taxation and social security payable	**9,913**	10,122
Other payables	**295**	374
Contingent consideration treated as remuneration	**1,364**	26
Accruals	**4,492**	12,693
Contract liabilities	**499**	569
	25,933	31,719

Non-current	**£'000**	**£'000**
Contingent consideration treated as remuneration	**-**	40
	-	40

23. 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 2022	**638**
Credited during the year in the Consolidated Income Statement	**590**
Debited during the year to retained earnings	**(398)**
At 30 April 2023	**830**

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 2021	772
Arising through business combinations – Tozer Gallagher LLP, Adamson Jones Holdings Limited and SP 2018 Limited	2,482
Credited during the year in the Consolidated Income Statement	(165)
At 30 April 2022	3,089
Arising through business combinations – Symbiosis IP Limited	**250**
Credited during the year in the Consolidated Income Statement	**(398)**
At 30 April 2023	**2,941**

24. Provisions

	2023 £'000	2022 £'000
Current provision		
Professional indemnity provision	**107**	101
Total current provision	**107**	101
Non-current provision		
Professional indemnity provision	**903**	649
Dilapidations provision	**387**	214
Total non-current provision	**1,290**	863
Total provisions	**1,397**	964

Professional indemnity estimated claim cost

	2023 £'000	2022 £'000
Brought forward	**750**	725
Provisions made during the year	**350**	35
Provisions reversed during the year	**(90)**	(10)
At end of year	**1,010**	750
Non-current	**903**	649
Current	**107**	101
	1,010	750

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.

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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 have 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 leases to be recognised on a straight line basis over the total lease terms.

	2023 £'000	2022 £'000
At 1 May	214	214
Provision made in the year	173	-
At 30 April	387	214

25. Net debt

	2023 £'000	2022 £'000
Cash and cash equivalents	11,105	16,105
Debt		
Total loans brought forward	(34,641)	(30,445)
Revolving credit facility – due in more than one year	(1,098)	(5,715)
New lease liability in the year	(7,597)	(2,351)
Repayment of lease liability	4,550	3,870
Total loan carried forward	(38,786)	(34,641)
Brought forward from previous year	(18,536)	(10,840)
Movement during year	(9,145)	(7,696)
Net debt at the year end	(27,681)	(18,536)

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 2022	5,715	-	28,926	34,641
Cashflows:				
Repayments	(2,000)	-	(4,550)	(6,550)
Receipt of revolving credit facility	3,000	-	-	3,000
Non-cash				
Loan arrangement fee unwind	98	-	-	98
New lease liability in the year	-	-	7,597	7,597
30 April 2023	6,813	-	31,973	38,786

	Long term borrowings £'000	Short term borrowings £'000	Lease liabilities £'000	Total £'000
1 May 2021	-	-	30,445	30,445
Cashflows:				
Repayments	-	-	(3,870)	(3,870)
Receipt of revolving credit facility	5,715	-	-	5,715
Non-cash				
Fair value on acquisition	-	-	793	793
New lease liability in the year	-	-	1,558	1,558
30 April 2022	5,715	-	28,926	34,641

26. Share capital

Authorised, issued and fully paid

	2023 Number	2023 £	2022 Number	2022 £
Ordinary shares of 10p each				
Brought forward	124,556,879	12,455,687	117,914,205	11,791,420
Issued on acquisition of Tozer Gallagher LLP	-	-	142,179	14,218
Issued on acquisition of Adamson Jones IP Limited	-	-	543,668	54,367
Issued on acquisition of Gateley Smithers Purslow Limited	-	-	3,312,322	331,232
Issued on acquisition of Symbiosis IP Limited	523,012	52,301	-	-
Issued as part of contingent consideration of Tozer Gallagher LLP	25,071	2,507	-	-
Issued on vesting of RSA	1,175,000	117,500	1,477,560	147,756
Issued on vesting of SAYE	356,195	35,620	308,819	30,882
Issued on vesting of CSOPS	-	-	858,126	85,813
At 30 April	126,636,157	12,663,615	124,556,879	12,455,688

The Company has one class of Ordinary shares which carry no right to fixed income.

On 3 October 2022 the Company acquired the entire issued share capital of Symbiosis IP Limited in part for the issue of 523,012 10p ordinary shares.

Between 1 May 2022 and 30 April 2023 356,195 10p ordinary shares were issued upon vesting of the 2018/2019 SAYE schemes to participants.

On 23 February 2023 1,175,000 10p ordinary shares were issued upon issue of the 2023 RSA scheme to participants.

27. 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.

Notes to the consolidated financial statements continued

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 2023.

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 client's 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 a combination of unsecured bank loans together with cash generated from operations. 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 bank borrowings incur variable interest rate charges linked to SONIA plus a margin. Management do not consider this to be a significant risk to the Group.

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/Dirham 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)

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):

	2023 £'000	**Restated 2022 £'000**
Cash and cash equivalents	**11,105**	16,105
Contract assets	**20,388**	17,239
Trade receivables at amortised cost	**54,167**	50,201
Total financial assets	**85,660**	83,545
Trade and other payables	**(15,521)**	(21,028)
Current financial liabilities	**(15,521)**	(21,028)
Long-term borrowings	**(6,813)**	(5,715)
Other payables due after more than one year	**-**	(40)
Total financial liabilities	**(22,334)**	(26,783)

Financial assets contain trade receivables and unbilled revenue whereas financial liabilities contain trade payables, other payables, contingent consideration treated as remuneration 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.

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:

Notes to the consolidated financial statements
continued

	2023 Increase/ (decrease) in profit and loss £'000	2022 Increase/ (decrease) in profit and loss £'000
+1 % movement in interest rates	70	1
-1 % movement in interest rates	(70)	(1)

The Group's borrowing facility consists solely of a revolving credit facility which provides committed funding of £30m until April 2025.

Foreign exchange rate sensitivity analysis

The Group had the following net currency denominated financial instruments at year end:

	2023 £'000	2022 £'000
Net currency	359	183

The effect of foreign currency fluctuations on the financial statements is immaterial.

28. Capital commitments

There were no capital commitments at 30 April 2023 (2022: £nil)

29. Lease 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	15	4.5 years	24,616	4,725	(2,253)	27,088
IT equipment	1	2.5 years	11	0	(2)	9

* 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

Lease liabilities are presented in the Statement of Financial Position as follows:

	2023 £'000	2022 £'000
Current lease liability	3,257	3,719
Non-current lease liability	28,716	25,207

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.

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.

The table below shows amounts recognised in the Statement of Comprehensive Income for short term and low value leases as at 30 April 2023:

	Property £'000	Equipment £'000	Total £'000
Expenses relating to short-term leases	166	20	186
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	-	62	62
	166	82	248

The total minimum undiscounted lease payments at 30 April 2023 under non-cancellable operating lease rentals were:

	30 April 2023 £'000	30 April 2022 £'000
Within one year	4,088	4,645
In the second to fifth year inclusive	19,219	22,435
After five years	11,437	16,606
	34,744	43,686

30. 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 (2022: £120,000) and the amounts outstanding at the year-end are £nil (2022: £80,000).

Compensation paid to key management personnel

At the year end, Directors of Gateley (Holdings) Plc control 3.40% (2022: 5.07%) 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 £3.155m (2022: £4.065m).

Short term remuneration to key management personnel is included in personnel costs and analysed as follows:

	2023 £'000	2022 £'000
Wages and salaries	2,754	3,553
Social security	401	512
Pension costs	-	-
	3,155	4,065

31. 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 £2,839,162 (2022: £2,076,081) and the outstanding balance at the year end was £54,216 (2022: £40,609).

Notes to the consolidated financial statements
continued

32. Subsequent events

On 19 July 2023, Gateley (Holdings) Plc completed the acquisition of the entire issued share capital of Richard Julian and Associates Limited ('RJA') for a maximum consideration of £6,000,000. The initial consideration payable on completion was £3,931,000, split as £2,027,000 paid in cash and £1,904,000 through the issuance of 1,192,163 new ordinary shares of 10 pence each in Gateley ('Ordinary Shares'). The cash consideration is being funded by the existing revolving credit facility. RJA is a chartered surveying practice, providing quantity surveying and project management services across a variety of construction sectors. It specialises in the provision of these services to organisations that deliver affordable housing, a resilient sector which is underpinned by high levels of grants to support delivery of the Government's housing targets.

At the time when the financial statements were authorised for issue, the determination of the fair values of the assets and liabilities acquired had not been finalised because the individual valuations had not been concluded. It was not possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

33. Restatement of acquisition accounting

Impact on Group income statement and financial position

Following a review of the prior period annual report by the Financial Reporting Council's ('FRC') Corporate Reporting Review ('CRR') team[1], we have identified a number of previous acquisitions whereby there is deemed to be a substantive service condition attached to the consideration transferred. Whilst forfeiture of contingent payments by a 'bad leaver' is at the discretion of the remuneration committee, and not automatic, as outlined in IFRS 3 and the January 2013 IFRIC update, this discretion is in the gift of the Group and not the leaver and as such, payments should be treated as remuneration for post-combination services, rather than treating them in the initial assessment of consideration transferred at the point of acquisition. The Group's accounting policy in respect of these arrangements is outlined at note 1.15.

1 Scope and limitations of the FRC review: The review conducted by the FRC was performed solely on the Group's published 2022 Annual Report and Accounts and does not provide any assurance that the Annual Report and Accounts are correct in all material respects The FRC's review did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC accepts no liability for reliance on their review by the Company or any third party.

This change of accounting has no impact on the underlying results or tax position of the Group.

The historical acquisitions that have been impacted by this restatement are as follows:

Gateley Capitus Limited – acquired April 2016

Gateley Hamer Limited – acquired September 2016

GCL Solicitors – acquired May 2018

Kiddy & Partners Limited – acquired July 2018

Gateley Global Limited (formerly International Investment Services Limited) – acquired November 2018

t-three Group Limited – acquired December 2019

Gateley Legal NI and Gateley Legal Ireland (formerly trading as Gateley Tweed) – acquired February 2020

Gateley Vinden Limited – acquired March 2020

Tozer Gallagher – acquired July 2021

Adamson Jones Holdings Limited – acquired January 2022

Gateley Smithers Purslow Limited – acquired April 2022

Consequently, the FY22 results, including the April 2021 opening Group statement of financial position, have been restated in these financial statements to reflect a decrease in goodwill corresponding to the fair value initially recognised for the relevant consideration on these acquisitions, being £18,588k at April 2022 (2021: £10,148k).

For those acquisitions where the relevant earn-out periods had not ended by 30 April 2022, the restated FY22 statement of financial position includes the recognition of a prepaid earn-out asset totalling £15,419k (2021: £3,494k), the removal of all related earn-out liabilities, with fair values totalling £5,460k (2021: £nil), and the inclusion instead of a liability in respect of the accrued non-underlying remuneration costs, being £66k as at 30 April 2022 (2021: £nil).

Group statement of financial position

	2022 (as previously presented) £'000	**Impact of restatement £'000**	**2022 (restated) £'000**	**2021 (as previously presented) £'000**	**Impact of restatement £'000**	**2021 (restated) £'000**
Intangible assets & goodwill	**32,590**	**(18,588)**	**14,002**	15,765	(10,148)	5,617
Other non-current assets	**27,500**	**-**	**27,500**	29,277	-	29,277
Total non-current assets	**60,090**	**(18,588)**	**41,502**	45,042	(10,148)	34,894
Current assets	**89,512**	**15,419**	**104,931**	76,598	3,494	80,092
Other payables	**(5,360)**	**5,320**	**(40)**	(120)		(120)
Other non-current liabilities	**(34,874)**	**-**	**(34,874)**	(29,237)	-	(29,237)
Total non-current liabilities	**(40,234)**	**5,320**	**(34,914)**	(29,357)	-	(29,357)
Trade and other payables	**(31,793)**	**74**	**(31,719)**	(29,032)	135	(28,897)
Other current liabilities	**(4,662)**	**-**	**(4,662)**	(3,985)	-	(3,985)
Total current liabilities	**(36,455)**	**74**	**(36,381)**	(33,017)	135	(32,882)
Net assets	**72,913**	**2,225**	**75,138**	59,266	(6,519)	52,747
Retained earnings	**44,863**	**2,225**	**47,088**	41,560	(6,519)	35,041
Other equity	**28,050**	**-**	**28,050**	17,706	-	17,706
Total equity	**72,913**	**2,225**	**75,138**	59,266	(6,519)	52,747

The impact on the FY22 income statement is the recognition of a gain on bargain purchase, totalling £12,380k, the removal of a net financial cost representing the fair value adjustments to the previously recognised earn-out liabilities, including the unwinding of present value discounting, totalling £8k, the inclusion of the above mentioned non-underlying remuneration costs, totalling £3,509k, and the reversal of the previously recognised credit of £135k in respect of contingent consideration that was released as earn out targets were not met.

Notes to the consolidated financial statements continued

Group statement of comprehensive income

	2022 (as previously presented) £'000	Impact of restatement £'000	2022 (restated) £'000
Revenue	137,249	-	137,249
Personnel costs, excluding IFRS 2 charge	(86,517)	-	(86,517)
Depreciation – Property, plant and equipment	(851)	-	(851)
Depreciation – Right-of-use asset	(3,783)	-	(3,783)
Impairment of trade receivables and contract assets	(866)	-	(866)
Other operating expenses, excluding non-underlying and exceptional items	(22,716)	-	(22,716)
Operating profit before non-underlying and exceptional items	22,516	-	22,516
Non-underlying operating items	(2,659)	8,736	6,077
Exceptional items	(870)	-	(870)
Total non-underlying and exceptional items	(3,529)	8,736	5,207
Operating profit	18,987	8,736	27,723
Financing income	194	-	194
Financing expense	(1,149)	8	(1,141)
Profit before tax	18,032	8,744	26,776
Taxation	(3,753)	-	(3,753)
Profit for the year after tax attributable to equity holders of the parent	14,279	8,744	23,023
Other comprehensive income			
- Exchange differences on foreign branch	58	-	58
- Revaluation of investments held at fair value through other comprehensive income	(190)	-	(190)
Profit for the financial year and total comprehensive income all attributable to equity holders of the parent	14,147	8,744	22,891
Statutory Earnings per share			
Basic	12.00	7.35	19.35
Diluted	11.71	7.18	18.89

Group cash flow statement

The resulting impact on the Group cash flow statement is to recognise all payments made in acquiring businesses where the vendors are subject to a continuing employment clause as operating activities, rather than investing activities, as previously presented. The associated gains on bargain purchase of £12,380k are deducted and the non-underlying remuneration charges of £3,509k added back, to arrive at operating cash flows, as set out below. The remaining adjustments are in respect of the £8k of interest and the reversal of the previously recognised credit of £135k in respect of contingent consideration that was released as earn out targets were not met.

	Note	2022 £'000	Impact of restatement	Restated 2022 £'000
Cash flows from operating activities				
Profit for the year after tax		14,279	8,744	23,023
Adjustments for:				
Depreciation and amortisation	13/15/17	6,215	-	6,215
Financial income	9	(194)	-	(194)
Financial expense	9	201	(8)	193
Release of contingent consideration	6	(135)	135	-
Interest charge on capitalised leases	9	948	-	948
Equity settled share-based payments	7	1,213	-	1,213
Gain on bargain purchase	16	-	(12,380)	(12,380)
Acquisition related earn-out remuneration charge	6	-	3,509	3,509
Initial consideration paid on acquisitions, net of cash acquired		-	(7,033)	(7,033)
Loss on disposal of property, plant and equipment	6	16	-	16
Tax expense	10	3,753	-	3,753
		26,296	(7,033)	19,263
Increase in trade and other receivables		(10,233)	(66)	(10,299)
(Decrease)/increase in trade and other payables		758	58	816
Increase in provisions	24	433	-	25
Cash generated from operations		16,846	(7,041)	9,805
Tax paid		(4,497)	-	(4,497)
Net cash flows from operating activities		12,349	(7,041)	5,308
Investing activities				
Acquisition of property, plant and equipment	13	(775)	-	(775)
Acquisition of other intangible assets	17	(319)	-	(319)
Cash acquired on business combinations		(5,982)	7,033	1,051
Interest received	9	194	-	194
Net cash used in investing activities		(6,882)	7,033	151
Financing activities				
Interest and other financial income paid	9	(201)	8	(193)
Lease repayments		(3,870)	-	(3,870)
Receipt of new revolving credit facility, net of refinancing costs	21	5,715	-	5,715
Proceeds from sale of own shares		90	-	90
Acquisition of own shares by Employee Benefit Trust		(39)	-	(39)
Cash received for shares issued on exercise of SAYE/CSOP options		1,768	-	1,768
Dividends paid	12	(12,430)	-	(12,430)
Net cash used in financing activities		(8,967)	8	(8,959)
Net decrease in cash and cash equivalents		(3,500)	-	(3,500)
Cash and cash equivalents at beginning of year		19,605	-	19,605
Cash and cash equivalents at end of year	25	16,105	-	16,105

Parent company statement of financial position

at 30 April 2023

	Note	2023 £'000	Restated 2022 £'000	Restated 2021 £'000
Non-current assets				
Investments	5	**40,155**	33,623	30,119
Total non-current assets		**40,155**	33,623	30,119
Current assets				
Other receivables	6	**22,309**	20,711	9,180
Cash and cash equivalents		**-**	439	107
Total current assets		**22,309**	21,150	9,287
Total assets		**62,464**	54,773	39,406
Non-current liabilities				
Other interest-bearing loans and borrowings	8	**(6,813)**	(5,715)	-
Other payables	7	**-**	(40)	(17)
Total non-current liabilities		**(6,813)**	(5,755)	(17)
Current liabilities				
Other payables	7	**(1,501)**	(15)	-
Total current liabilities		**(1,501)**	(15)	-
Total liabilities		**(8,314)**	(5,770)	(17)
Net assets		**54,150**	49,003	39,389
Equity				
Share capital	9	**12,664**	12,456	11,792
Share premium		**11,846**	11,342	9,421
Other reserves		**15,413**	14,465	6,815
Share based payment reserve		**5,913**	4,813	3,600
Retained earnings		**8,314**	5,927	7,761
Total equity		**54,150**	49,003	39,389

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 2023 was £13,391,000 (2022: £10,596,000).

These Financial Statements were approved by the Directors on 5 September 2023 and were signed and authorised on their behalf by:

Roderick Waldie
Chief Executive Officer

Neil A Smith
Chief Financial Officer

Company registered number: 09310078.

The accompanying notes on pages 131 to 143 form an integral part of these financial statements.

Parent company statement of changes in equity

for the year ended 30 April 2023

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Other reserves £'000	Retained earnings £'000	Total Equity £'000
At May 2021 (as previously presented)	11,792	9,421	3,600	6,815	8,123	**39,751**
Impact of restatement	-	-	-	-	(362)	**(362)**
At 1 May 2021 (restated)	11,792	9,421	3,600	6,815	7,761	**39,389**
Comprehensive income:						
Profit for the year	-	-	-	-	10,596	**10,596**
Total comprehensive income	-	-	-	-	10,596	**10,596**
Transactions with owners:						
Dividend paid	-	-	-	-	(12,430)	**(12,430)**
Issue of share capital	664	1,921		7,650	-	**10,235**
Share-based payment transactions	-	-	1,213	-	-	**1,213**
Total equity at 30 April 2022 (restated)	12,456	11,342	4,813	14,465	5,927	**49,003**
At May 2022 (as previously presented)	12,456	11,342	4,813	14,465	6,416	**49,492**
Impact of restatement	-	-	-	-	(489)	**(489)**
At 1 May 2022 (restated)	12,456	11,342	4,813	14,465	5,927	**49,003**
Comprehensive income:						
Profit for the year	-	-	-	-	13,391	**13,391**
Total comprehensive income	-	-	-	-	13,391	**13,391**
Transactions with owners:						
Dividend paid	-	-	-	-	(11,004)	**(11,004)**
Issue of share capital	208	504	-	948	-	**1,660**
Share-based payment transactions	-	-	1,100	-	-	**1,100**
Total equity at 30 April 2023	12,664	11,846	5,913	15,413	8,314	**54,150**

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.

Share-based payment reserve – Represents the accumulated share based payment charge and is not distributable.

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

The accompanying notes on pages 131 to 143 form an integral part of these financial statements.

Parent company cash flow statement

for the year ended 30 April 2023

	Note	2023 £'000	Restated 2022 £'000
Cash flows from operating activities			
Profit for the year		**13,391**	10,596
Interest expense		**462**	-
Increase in liabilities		**66**	10
(Increase)/decrease in other receivables		**(4,655)**	856
Net cash flows from operating activities		**9,264**	11,462
Investing activities			
Initial consideration paid on acquisitions		**-**	(6,615)
Net cash used in investing activities		**-**	(6,615)
Financing activities			
Receipt of funds for issue of SAYE/RSA shares		**610**	1,900
Receipt of revolving credit facility, net of refinancing costs	8	**1,000**	5,715
Receipt of funds for issue of shares on acquisition of Tozer Gallagher		**-**	300
Interest paid		**(309)**	-
Dividends paid		**(11,004)**	(12,430)
Net cash used in financing activities		**(9,703)**	(4,515)
Net increase/(decrease) in cash and cash equivalents		**(439)**	332
Cash and cash equivalents at beginning of the year		**439**	107
Cash and cash equivalents at end of year		**-**	439

The accompanying notes on pages 131 to 143 form an integral part of these financial statements.

Parent company notes to the financial statements

For the period ended 30 April 2023
(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 in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. 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 13 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 44 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, 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 Statement of Profit and Loss. 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) Other receivables
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 Company 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 borrowings and contingent consideration treated as remuneration. 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 (ECLs) 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 ECLs 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 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*
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

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 (2022: £10,000) have been borne by Gateley Plc. The company does not have any employees (2022: Nil).

Parent company notes to the financial statements
continued

3. Investment income

Intercompany dividends to the Company have been received from other Group entities as detailed below:

	2023 £'000	2022 £'000
Dividend received from Gateley Plc – 25 April 2023	**8,600**	-
Dividend received from Gateley Plc – 3 February 2023	**350**	-
Dividend received from Gateley Plc – 31 October 2022	**4,500**	-
Dividend received from Gateley Smithers Purslow Limited – 19 October 2022	**200**	-
Dividend received from Gateley Vinden Limited – 19 October 2022	**350**	-
Dividend received from Gateley Plc – 29 October 2021	**-**	3,570
Dividend received from Gateley Plc – 29 April 2022	**-**	5,053
Dividend received from T-Three Consulting Limited – 29 April 2022	**-**	800
Dividend received from Gateley Hamer Limited – 29 April 2022	**-**	628
Dividend received from Gateley Vinden Limited – 29 April 2022	**-**	949
	14,000	11,000

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 2021 (restated)	**30,119**
Share-based payment charge	**1,213**
Capital contribution in respect of acquisition related remuneration	**2,291**
Balance at 30 April 2022 (restated)	**33,623**
At 1 May 2022 (restated)	**33,623**
Share-based payment charge	**1,100**
Capital contribution in respect of acquisition related remuneration	**5,432**
Balance at 30 April 2023	**40,155**

Investments in subsidiaries

The Company has effective control of the following:

	Registered office	Ordinary share proportion held	Nature of business
Gateley Plc	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Legal services
Entrust Pension Limited	Ship Canal House 98, King Street, Manchester, M2 4WU	100%	Pension trustee services
Gateley Capitus Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Tax incentive services
Gateley Hamer Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Specialist property consultancy
Kiddy & Partners Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Human capital consultancy
International Investments Services Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	UK Investment consultancy
Persona Associates Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Dormant
T-Three Consulting Limited*	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Human capital consultancy
T-Three Group Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Intermediate holding company
T-Three Holdings Limited*	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Intermediate holding company
Gateley Vinden Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Corporate advisory, dispute resolution and consultancy to the built environment in the property and construction markets
GEG Services Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	UK Investment services provider
Matsa Holdings Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Intermediate holding company
Thomas Alexander Holdings Limited*	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Intermediate holding company
TVP Holdings Limited*	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Intermediate holding company
SP 2018 Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Intermediate holding company
Smithers Purslow Group Limited*	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Intermediate holding company
Gateley Smithers Purslow Limited*	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Architecture, building surveyance and civil & structural engineering
Byrom Clark Roberts Limited*	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Dormant

Parent company notes to the financial statements
continued

	Registered office	Ordinary share proportion held	Nature of business
Ainsley Stokes Limited*	One Eleven, Edmund Street, Birmingham, B3 2HJ	100%	Architecture, building surveyance and civil & structural engineering
Adamson Jones Holdings Limited	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Intermediate holding company
Adamson Jones IP Limited*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Patent attorney
Symbiosis IP Limited*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Patent attorney
Gateley EBT Limited	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Employee benefit trust
Gateley Investments Limited*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Corporate investment company
Ensco Trustee Company Limited*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Corporate trustee company
Gateley Secretaries Limited*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Non-trading
Gateley Incorporations Limited*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Non-trading
Gateley Custodian and Nominee Services Limited*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Non-trading
Gateley Custodian and Nominee Services No.2 Limited*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Non-trading
Gateley Omega Limited (formerly Ensco 1413 Limited)	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Non-trading
Gateley UK LLP**	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Legal services via a branch in Dubai
Gateley Tweed LLP***	Imperial House, 4-10 Donegall Square East, Belfast, Northern Ireland, BT1 5HD	n/a	Legal services in Northern Ireland
Victoria Louise Garrad, Callum Laing Nuttall, Thomas Oliver Durrant and Richard Julian Healey trading as Gateley Tweed***	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	n/a	Legal Services in Ireland
Gateley Heritage LLP*	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ	100%	Non-trading
Gateley (Manchester) LLP*	Ship Canal House 98, King Street, Manchester, M2 4WU	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. Other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Amounts owed from Gateley Plc	**9,051**	5,010
Amounts owed from Gateley EBT Limited	**517**	903
Amounts owed from Gateley Vinden Limited	**50**	-
Amounts owed from Adamson Jones IP Limited	**2,000**	-
Prepaid consideration subject to earn-out service conditions	**4,946**	5,431
	16,564	11,344

	£'000	£'000
Amounts falling due after one year:		
Prepaid consideration subject to earn-out service conditions	**5,745**	9,367
	5,745	9,367

All intercompany receivables are anticipated to be due within one year and repayable on demand.

The Directors are satisfied that no provisioning for impairment is required in respect of the receivables at 30 April 2023 (2022: £Nil)

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

	2023 £'000	2022 £'000
Contingent consideration treated as remuneration due in one year	**1,364**	-
Other payables	**137**	15
	1,501	15

Parent company notes to the financial statements
continued

	2023 £'000	Restated 2022 £'000
Contingent consideration treated as remuneration due in more than one year	-	40

8. Other interest-bearing loans and borrowings

The contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost, are described below. For more information about the Group's exposure to interest rate and foreign currency risk, see note 27.

	2023		2022	
	Fair value £'000	**Carrying amount £'000**	**Fair value £'000**	**Carrying amount £'000**
Non-Current liabilities				
Bank borrowings	**6,813**	**6,813**	5,715	5,715

On 18 April 2022, the Company entered into a revolving credit facility which provides total committed funding of £30m until April 2025. Interest is payable at a margin of 1.95% above the SONIA reference rate. On 19 April 2022 £6m was drawn down against the facility in order to fund the initial cash consideration in the acquisition of SP 2018 Limited. On 3 October 2022 a further £1m was drawn down against the facility in order to fund the cash consideration in the acquisition of Symbiosis IP Limited.

As at 30 April 2023, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

30 April 2023	Current		Non-current	
	Within 6 months £'000	**6 to 12 months £'000**	**1 – 5 years £'000**	**Later than 5 years £'000**
Other payables	**-**	**1,364**	**-**	**-**
Bank borrowings	**-**	**-**	**7,997**	**-**
Total	**-**	**1,364**	**7,997**	**-**

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting period as follows:

30 April 2022	Current		Non-current	
	Within 6 months £'000	**6 to 12 months £'000**	**1 – 5 years £'000**	**Later than 5 years £'000**
Other payables	-	-	40	-
Bank borrowings	-	-	6,485	-
Total	-	-	6,525	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

9. Capital and reserves

Authorised, issued and fully paid

	2023 Number	2023 £	2022 Number	2022 £
Ordinary shares of 10p each				
Brought forward	**124,556,879**	**12,455,687**	117,914,205	11,791,420
Issued on acquisition of Tozer Gallagher LLP	**-**	**-**	142,179	14,218
Issued on acquisition of Adamson Jones IP Limited	**-**	**-**	543,668	54,367
Issued on acquisition of Gateley Smithers Purslow Limited	**-**	**-**	3,312,322	331,232
Issued on acquisition of Symbiosis IP Limited	**523,012**	**52,301**	-	-
Issued as part of contingent consideration of Tozer Gallagher LLP	**25,071**	**2,507**	-	-
Issued on vesting of RSA	**1,175,000**	**117,500**	1,477,560	147,756
Issued on vesting of SAYE	**356,195**	**35,620**	308,819	30,882
Issued on vesting of CSOPS	**-**	**-**	858,126	85,813
At 30 April	**126,636,157**	**12,663,615**	124,556,879	12,455,688

The Company has one class of Ordinary shares which carry no right to fixed income.

On 3 October 2022 the Company acquired the entire issued share capital of Symbiosis IP Limited in part for the issue of 523,012 10p ordinary shares.

Between 1 May 2022 and 30 April 2023 356,195 10p ordinary shares were issued upon vesting of the 2018/2019 SAYE schemes to participants.

On 23 February 2023 1,175,000 10p ordinary shares were issued upon issue of the 2023 RSA scheme to participants.

10. 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.

Parent company notes to the financial statements continued

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 cash generated from operations. 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 Company's bank borrowings incur variable interest rate charges linked to SONIA plus a margin. Management does 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/ Dirham 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.

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):

	2023 £'000	2022 £'000
Cash and cash equivalents	-	439
Group receivables	11,618	5,913
Total financial assets	11,618	6,352
Other payables	(1,501)	(15)
Current financial liabilities	(1,501)	(15)
Long-term borrowings	(6,813)	(5,715)
Other payables	(1,364)	(40)
Total non-current liabilities	(8,177)	(5,755)
Total financial liabilities	(9,678)	(5,770)

The Company itself does not have any exposure to foreign exchange rates. The Group's exposure is detailed in note 27.

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 Company'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:

	2023 Increase/ (decrease) in profit and loss £'000	2022 Increase/ (decrease) in profit and loss £'000
+1 % movement in interest rates	70	1
-1 % movement in interest rates	(70)	(1)

The borrowing facility consists solely of a revolving credit facility which provides committed funding of £30m until April 2025.

11. Share-based payments

Details of the Group's share-based payment schemes in operation are shown in note 8 of the Group financial statements. All shares are issued by Gateley (Holdings) Plc.

12. 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 30 of the Group Financial Statements.

Parent company notes to the financial statements
continued

13. 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 does not believe any impairment is necessary against the carrying value of its investments.

14. Contingent liability

A cross guarantee between the Company and Gateley Plc exists in respect of all loans and overdrafts. The value of the contingent liability at 30 April 2023 is £6,813,000 (2022: £5,715,000).

See note 33 to the Group Financial Statements for further background on the restatement.

The financial results of the Company are only impacted by this restatement in relation to any acquisitions that were made directly by the Company (rather than by a direct or indirect subsidiary of the Company). For these acquisitions, during the earn-out period the Company was directly liable for the earn-out amounts accrued and paid.

Following the restatement, the non-underlying remuneration costs in relation to these acquisitions is treated as an increase in the quantum of the relevant investment in subsidiary, with no income statement impact in the Company itself as the amounts reflect services to the subsidiary and were paid on the subsidiary's behalf.

However, where initial consideration transferred was also subject to the same leaver provisions, this too will be recognised over the service period, rather than on acquisition as had previously been the case.

The total impact on the previously stated cost of investment for FY22 is a reduction of £20,619k (2021: £2,908k), the recognition of a prepaid earn-out asset totalling £14,798k (2021: £2,411k), with a reduction in liabilities of £5,320k (2021: £135k) and retaining earnings of £489k (2021: £362k).

	2022 (as previously presented) £'000	Impact of restatement £'000	2022 (restated) £'000
Non-current assets			
Investments	54,242	(20,619)	33,623
Total non-current assets	54,242	(20,619)	33,623
Current assets			
Other receivables	5,913	14,798	20,711
Cash and cash equivalents	439	-	439
Total current assets	6,352	14,798	21,150
Total assets	60,594	(5,821)	54,773
Non-current liabilities			
Other payables	(5,360)	5,320	(40)
Other interest-bearing loans and borrowings	(5,715)	-	(5,715)
Total non-current liabilities	(11,075)	5,320	(5,755)
Current liabilities			
Other payables	(27)	12	(15)
Trade payables	-	-	-
Total current liabilities	(27)	12	(15)
Total liabilities	(11,102)	5,332	(5,770)
Net assets	49,492	(489)	49,003
Equity			
Share capital	12,456	-	12,456
Share premium	11,342	-	11,342
Other reserves	14,465	-	14,465
Share-based payment reserve	4,813	-	4,813
Retained earnings	6,416	(489)	5,927
Total equity	49,492	(489)	49,003

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 17 October 2023 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 9 (inclusive) will be proposed as ordinary resolutions and resolutions 10 to 13 (inclusive) will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. To receive the Company's annual accounts for the financial year ended 30 April 2023 together with the Directors' Report and the Auditors' report on those accounts.
2. To approve the Directors' Remuneration Report for the financial year ended 30 April 2023, which is set out in the Company's annual report for the financial year ended 30 April 2023.
3. To declare a final dividend for the year ended 30 April 2023 of 6.2p per share payable in October 2023 to shareholders on the register of members at the close of business on 29 September 2023. The shares will go ex-dividend on 28 September 2023.
4. To reappoint Roderick Richard Waldie (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.
5. 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.
6. To appoint Colin Robert Jones (in accordance with article 23.1 of the Company's articles of association) as a Director of the Company.
7. 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.
8. To authorise the Directors to fix the remuneration of the auditors of the Company.
9. **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 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 £4,289,099 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 17 January 2025) 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

10. To adopt the articles of association that are produced to the Annual General Meeting, marked "X" and initialled by the Chairman for the purposes of identification, as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association with effect from the conclusion of the Annual General Meeting.
11. **THAT**, if resolution 9 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 9 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:

    11.1 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;

    11.2 the allotment of Equity Securities or sale of treasury shares (otherwise than under paragraph 11.1 above) up to an aggregate nominal amount of £1,299,727 representing approximately 10% of the current share capital of the Company; and

    11.3 the allotment of Equity Securities or sale of treasury shares (otherwise than under paragraphs 11.1 or 11.2 above) up to a nominal amount equal to 20% of any allotment of Equity Securities or sale of treasury shares from time to time under paragraph 11.2 above such authority to be used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such authorities, 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 17 January 2025) 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.

12. **THAT,** if resolution 9 above is passed, and in addition to any authority granted under resolution 11 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 9 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:

    12.1 limited to the allotment of Equity Securities or sale of treasury shares pursuant to the authority granted under resolution 9 up to an aggregate nominal amount of £1,299,727 representing approximately 10% of the current share capital of the Company 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; and

    12.2 limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 12.1 above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph 12.1 above used only for the purposes of making a follow-on offer which the Directors determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such authorities, 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 17 January 2025) 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.

13. **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:

    13.1 the maximum number of Ordinary Shares which may be purchased is 12,997,269 (representing 10% of the Company's issued share capital);

    13.2 the minimum price which may be paid for each Ordinary Share is £0.10;

    13.3 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;

    13.4 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 17 January 2025); and

    13.5 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.

14. **THAT,** conditional on: (a) the audited annual accounts and reports for the year ended 30 April 2023 being laid before shareholders; (b) delivery of the completed accounts for the year ended 30 April 2023 to the Registrar of Companies; and (c) the audited annual accounts for the year ended 30 April 2023 showing sufficient distributable profits to enable the releases being entered into:

Notice of annual general meeting
continued

14.1 the appropriation of distributable profits of the Company (as shown in the annual accounts of the Company made up to 30 April 2023 received in resolution 1 above) to the payment of the unlawful element of each of the dividends set out below (each a **Relevant Dividend** and together the **Relevant Dividends**), the unlawful elements of those Relevant Dividends together having a total aggregate sum not exceeding £7,127,330.72, be and are authorised, each by reference to the same record date as the original accounting entries for the Relevant Dividends:

Date of dividend payment	Amount per ordinary share	Total aggregate amount of dividend paid	Total unlawful element of dividend paid
16 March 2018 interim dividend	2.2p	£2,351,024.57	£450,100.00
15 March 2019 interim dividend	2.6p	£2,853,261.84	£1,532,609.17
8 October 2021 final dividend	5.0p	£5,907,839.15	£1,087,741.27
31 March 2022 interim dividend	3.0p	£3,582,071.34	£2,875,579.72
21 October 2022 final dividend	5.5p	£6,834,993.06	£915,742.78
31 March 2023 interim dividend	3.3p	£4,169,312.76	£265,557.79
Total aggregate value	–	–	**£7,127,330.72**

14.2 any and all claims which the Company has, or may have, arising out of or in connection with the approval, declaration and/or payment of the Relevant Dividends against its current or former shareholders who appeared on the register of members on the relevant record date for each respective Relevant Dividend (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if that shareholder is deceased and/or the successors in title or assignees for corporate members) be waived and released, and a deed of release in favour of those shareholders (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if that shareholder is deceased and/or successors in title or assignees for corporate members) be entered into by the Company and any Director in the presence of a witness, any two Directors or any Director and the Company Secretary be authorised to execute that deed of release as a deed for and on behalf of the Company; and

14.3 any and all claims which the Company has, or may have, arising out of or in connection with the approval, declaration and/or payment of the Relevant Dividends against all Directors (present and former) of the Company at the time of declaration and payment of each respective Relevant Dividend (or the personal representatives and their successors in title (as appropriate) of any Director's estate if that Director is deceased), including any breach of fiduciary duties, be waived and released, and a deed of release in favour of those Directors who acted as Directors of the Company at the time of the declaration and payment of each Relevant Dividend (or the personal representatives and their successors in title (as appropriate) of any Director's estate if that Director is deceased) be entered into by the Company and any Director in the presence of a witness, any two Directors or any Director and the Company Secretary be authorised to execute that deed of release as a deed for and on behalf of the Company.

15. **THAT** the amount standing to the credit of the share premium account of the Company be reduced by the sum of £11,912,728.70 to £Nil and the amount standing to the credit of the other reserve account of the Company be reduced by the sum of £17,188,681.71 to £Nil.

BY ORDER OF THE BOARD

Neil Andrew Smith
Secretary

Date:
22 September 2023

Registered office:
One Eleven
Edmund Street
Birmingham
B3 2HJ

NOTES:

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 13 October 2023 (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.

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 or via postal address at Link, Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL. 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. 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.

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 & International 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 13 October 2023. 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 Proxies Through Proxymity Voting

11. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io.

    Your proxy must be lodged by 12.30pm on 13 October 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

Appointment of Proxy by Joint Members

12. 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

13. 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

14. 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

15. 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

16. As at 22 September 2023, the Company's issued share capital comprised 129,972,694 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 22 September 2023 is 129,972,694. The website referred to in note 3 will include information on the number of shares and voting rights.

Questions at the Meeting

17. 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

18. 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

19. Copies of the letters of appointment of the Directors of the Company and a copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed 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 9 – 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 £4,289,099, 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).

Resolution 10 – Adoption of new articles of association
The Directors are proposing that the Company adopts new articles of association to allow the Company to hold general meetings (including Annual General Meetings) as a physical meeting and/or (as the Directors determine) as an electronic meeting (that is, by means of some form of electronic platform). The Directors consider it prudent to obtain the flexibility to hold meetings in such a way.

Resolutions 11 and 12 – 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 £1,299,727, which is equal to 10% of the nominal value of the current ordinary share capital of the Company, which could be used for any purpose (together with an additional aggregate nominal value of £259,945, which is equal to 2% of the nominal value of the current ordinary share capital of the Company, which could only be used for making a follow-on offer to retail investors or existing investors not allocated shares in the offer); and

(b) an additional aggregate nominal value of £1,299,727, which is equal to 10% 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 (together with an additional aggregate nominal value of £259,945, which is equal to 2% of the nominal value of the current ordinary share capital of the Company, which could only be used for making a follow-on offer to retail investors or existing investors not allocated shares in the offer),

subject in each case to resolution 9 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 13 – 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 12,997,269 Ordinary Shares, representing approximately 10% of the Company's issued ordinary share capital as at 22 September 2023, 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 the Directors 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).

Resolution 14 – Dividend rectification
The Directors have become aware of certain procedural issues in relation to the declaration and payment of six historical dividend payments, further details of which are set out in the text of the resolution.

In brief, the Act sets out certain requirements which must be satisfied in order for a company to declare and pay dividends (interim or otherwise). In respect of certain dividends previously paid by the Company it has become apparent that, in contravention of the requirements of the Act, the Company did not properly prepare and file interim accounts to justify the relevant dividends at Companies House before declaring those dividends.

The consequence of those dividends being paid otherwise than in accordance with the Act is that the Company may have a claim against all shareholders who received those dividends as well as a claim against all Directors (former or present) who approved the declaration and payment of those dividends. It is therefore proposed that the Company enter into the Shareholders' Deed of Release and the Directors' Deed of Release (as those terms are defined in the Annex to this Notice). The consequence of the entry into those deeds by the Company is that the Company will be unable to make any claims against: (a) the Recipient Shareholders; and (b) the Relevant Directors, in each case in respect of the payment of the Relevant Dividends otherwise than in accordance with the Act. However, it should be made clear that the Company's clear intention is that no party should be put in a worse position as a result of these procedural breaches. The breaches were technical in nature and in substance the Company could afford to pay the unlawful dividends. The Directors consider it appropriate that no claims should be made and are trying to provide legal effect to the commercial transaction intended at the time the unlawful dividends were paid.

As such, the purpose of resolution 14 is to:

(i) authorise the Company to appropriate distributable profits equal to the amount of the dividends paid otherwise than in accordance with the Act; and

(ii) authorise the Company to enter into deeds of release having the effect of releasing all relevant shareholders and directors from any liability that may exist in respect of those dividends, including any breach of fiduciary duties.

Further details of the background to and impact of resolution 14 are set out in the Annex to this Notice.

Resolution 15 – Reduction of capital
The Company is seeking to eliminate the share premium account of £11,912,728.70 and the other reserve account of £17,188,681.71 which will be credited to a distributable equity reserve for future distributions.

The proposed reduction of the share premium account and other reserve account will not involve any distribution or repayment to Shareholders. The principal effect will be to enable the Company to be put in a position where it has sufficient headroom to lawfully pay dividends out of distributable profits. The Directors will determine the question of future distributions to Shareholders in accordance with the best interests of the Company.

The reduction of capital will not change the number of Ordinary Shares in issue or the rights attaching to those shares. The Ordinary Shares will continue to be traded on AIM. Additionally, the reduction of capital will not affect the future trading prospects of the Company and its net assets will not be reduced as a consequence of the Reduction of Capital.

Notice of annual general meeting continued

ANNEX

Rectification of Relevant Dividends

1. Background to and reasons for resolution 14

1.1 The Act requires that a public limited company must satisfy certain criteria in order to be able to declare and pay a dividend. Not only must a public limited company have distributable profits but the Act also provides that a public limited company may only pay a dividend:

1.1.1 if, at the time of the dividend, the amount of its net assets are not less than the aggregate of its called-up share capital and undistributable reserves; and

1.1.2 if, and to the extent that, the dividend does not reduce the amount of those net assets to less than the aggregate amount of its called-up share capital and undistributable reserves.

1.2 Before paying the Relevant Dividends (as defined below), the Company should have ensured that it had the requisite level of distributable profits and net assets. In order to make this determination, the Company was required to prepare and refer to "relevant accounts" (as defined by the Act).

1.3 If the annual accounts of a company showed sufficient distributable profits to declare a dividend, then those accounts will constitute "relevant accounts" for the purposes of the Act. Where they do not, a company may prepare "interim accounts" (as defined in the Act) which show the requisite level of distributable profits and net assets provided that those interim accounts are filed at Companies House before the declaration and payment of an interim dividend.

1.4 Upon further review in conjunction with the audit of the Company for the financial year ending 30 April 2023, it has come to the board's attention that, in relation to the Relevant Dividends, the technical requirements of the Act as regards the preparing and filing of relevant accounts had not been satisfied (albeit the Company would have been in a position to comply with those requirements), which resulted in the Relevant Dividends being paid otherwise than in accordance with the requirements of the Act.

1.5 The total amount of the unlawful element of the Relevant Dividends declared and paid is £7,127,330.72. The Relevant Dividends were paid in accordance with the Company's dividend policy and established practice.

2. The consequences of the Relevant Dividends having been made otherwise than in accordance with the Act

2.1 Given that the Relevant Dividends have been declared and paid otherwise than in accordance with the Act, the Company may have claims against past and present shareholders who were recipients of the Relevant Dividends (the **Recipient Shareholders**) and against persons who were directors of the Company at the time of the declaration and payment of the Relevant Dividends (being Nigel Terrence Payne, Joanne Carolyn Lake, Suzanne Frances Allison Thompson, Roderick Richard Waldie, Michael James Ward, Neil Andrew Smith, Victoria Louise Garrad and Peter Gareth Davies, together the Relevant Directors).

2.2 If resolution 14 is not passed, the Company would, in theory, retain the ability to bring these potential claims against both the Recipient Shareholders and the Relevant Directors.

2.3 The Company has no intention of bringing such claims, and the board's intention is to instead put all potentially affected parties in the position, so far as is possible, in which they were always intended to be had the Relevant Dividends been declared and paid in accordance with the requirements of the Act.

3. The Relevant Dividends

3.1 The issues discovered and referred to at paragraphs 1 and 2 above affect the unlawful element of the following dividends (the **Relevant Dividends**) paid by the Company and result in each of the Relevant Dividends being made otherwise in accordance with the Act:

Date of dividend payment	Amount per ordinary share	Total aggregate amount of dividend paid	Total unlawful element of dividend paid
16 March 2018 interim dividend	2.2p	£2,351,024.57	£450,100.00
15 March 2019 interim dividend	2.6p	£2,853,261.84	£1,532,609.17
8 October 2021 final dividend	5.0p	£5,907,839.15	£1,087,741.27
31 March 2022 interim dividend	3.0p	£3,582,071.34	£2,875,579.72
21 October 2022 final dividend	5.5p	£6,834,993.06	£915,742.78
31 March 2023 interim dividend	3.3p	£4,169,312.76	£265,557.79
Total aggregate value	–	–	**£7,127,330.72**

3.2 The issues set out above only affect the Relevant Dividends and do not affect any other dividends declared or paid by the Company.

4. Proposed remedial action

4.1 In order to remedy the potential consequences of the Relevant Dividends having been declared and paid otherwise than in accordance with the Act and to put all potentially affected parties in the position, so far as possible, in which they were always intended to be had the Relevant Dividends been made in accordance with the Act, the Company is proposing resolution 14, the full text of which is set out in the Notice.

4.2 If passed, the effect of resolution 14, will be to:

4.2.1 authorise the appropriation of, in aggregate, an amount not exceeding £7,127,330.72 of the distributable profits of the Company to the payment of the Relevant Dividends;

4.2.2 waive any and all claims which the Company has, or may have, in respect of the payment of the Relevant Dividends against its shareholders and former shareholders who appeared on the register of members on the relevant record date of each respective Relevant Dividend (or the personal representatives and their successors in title of the estate of any deceased shareholders or former shareholders), such waiver to be effected by way of the Company entering into a deed of release in favour of those Recipient Shareholders (the **Shareholders' Deed of Release**); and

4.2.3 waive any and all claims which the Company may have against all Directors (present or former) of the Company at the time of the declaration and/or payment of each respective Relevant Dividend and the personal representatives (and their successors in title) of the estate of any deceased Directors, such waiver to be effected by way of the Company entering into a deed of release in favour of those Relevant Directors (the **Directors' Deed of Release**).

4.3 The Company has been advised that the approach the Company is proposing way of resolution 14 is consistent with the approach taken by other UK incorporated publicly quoted companies who have declared and paid dividends otherwise than in compliance with the Act.

4.4 Resolution 14, the full text of which is set out in the Notice of AGM, is proposed as a special resolution and, if passed, will, in conjunction with the relevant deeds of release, put all potentially affected parties in the position, so far as possible, in which they were always intended to be had the Relevant Dividends been made in compliance with all of the procedural requirements of the Act.

5. The authorisation of the appropriation of the Company's distributable profits and the Shareholders' Deed of Release

5.1 The Company proposes to seek authorisation to appropriate an aggregate sum of £7,127,330.72 of the distributable profits of the Company (being a sum equal to the aggregate of the unlawful elements of the Relevant Dividends paid to the Recipient Shareholders) to the payment of those dividends. As a matter of common law, it is necessary for the appropriation of distributable profits to be approved by shareholders.

Notice of annual general meeting
continued

5.2 The proposed authorisation of the appropriation of the Company's distributable profits to the payment of the Relevant Dividends and by the Company entering into the Shareholders' Deed of Release, will not have any effect on the Company's financial position. This is because the aggregate amount of the unlawful element of the Relevant Dividends is equal to, and offset by, the release of each Recipient Shareholder from their liability to repay the amount already paid to them in respect of the unlawful element of their respective Relevant Dividends, and the Company will not be required to make any further payments to shareholders in respect of the Relevant Dividends.

5.3 The Company has not recorded or disclosed the potential right to make claims against the Recipient Shareholders as an asset or contingent asset in its financial statements. Under the Company's International Financial Reporting Standards (**IFRS**) accounting policies, it could only record such a right as an asset when an inflow of economic benefit in favour of the Company as a result of such claim or claims being brought was virtually certain, and the board notes that the Company has no intention of bringing such a claim principally as it would not be appropriate to do so and also as the likelihood of any such claim being successful is very low. The value of any economic benefit which the Company may derive from bringing claims against the Recipient Shareholders is uncertain (and, in any case, incapable of estimation with any certainty) on the basis that it may be possible for the Recipient Shareholders to establish defences to any such claims and there can be no certainty as to the amounts which could be recovered by the Company (if any).

5.4 In addition, under IFRS, a contingent asset is required to be disclosed only when an inflow of economic benefit in favour of the Company is probable. The board has concluded that any inflow of economic benefit as a result of such claims is less than probable.

5.5 Accordingly, the Company's entry into the Shareholders' Deed of Release will not itself result in any decrease in the Company's net assets or level of its distributable reserves.

6. Directors' Deed of Release

6.1 The entry by the Company into the Directors' Deed of Release will not have any impact on the Company's financial position as the Company has not recorded or disclosed its right to potentially make claims against the Relevant Directors in respect of the Relevant Dividends as an asset or contingent asset of the Company.

6.2 As set out in paragraph 5.3 above, under the Company's IFRS accounting policies, it could only record such right as an asset or contingent asset when an inflow of economic benefit in favour of the Company as a result of such claim or claims being brought was virtually certain and the board notes that the Company has no intention of bringing such a claim, primarily as it would not be appropriate to do so and also as the likelihood of such claim being successful is very low. The value of any economic benefit which the Company may derive from bringing claims against the Relevant Directors is uncertain (and, in any case, incapable of estimation with any certainty) on the basis that the Relevant Directors would be entitled to seek the court's relief against such claims and there can be no certainty as to the amounts (if any) which could be recovered by the Company (if any).

6.3 The Company's entry into the Directors' Deed of Release does not involve the disposition of any recognised asset or contingent asset in favour of the Relevant Directors.

7. Tax position of UK Shareholders

7.1 It is the Company's expectation that the tax position of UK shareholders should not be impacted by any procedural irregularity in relation to the Relevant Dividends. Therefore, the Company does not expect the passing of resolution 14 to have an effect on the UK tax position of such persons.

7.2 If any UK tax resident shareholder has any doubts about their tax position, they should consult with an independent professional adviser.

8. Tax position of non-UK Shareholders

8.1 It is also the Company's expectation that the tax position of non-UK shareholders should not be impacted by any procedural irregularity in relation to the Relevant Dividends. Therefore, the Company does not expect the passing of resolution 14 to have an effect on the non-UK tax position of such persons.

8.2 If any non-UK tax resident shareholder has any doubts about their tax position, they should consult with an independent professional adviser.

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V L Garrad	Chief Operating Officer
NA Smith	Chief Financial Officer and Company Secretary
MJ Ward	Executive Director
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JC Lake	Non-Executive Director

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