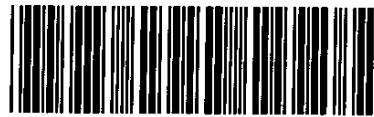


Company Registration No. 07592441 (England and Wales)

**LYONS DAVIDSON LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 NOVEMBER 2022**

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# LYONS DAVIDSON LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	G A Banbury A A L Hewitt M L Lennaghan M Savill R J Squire
<b>Company number</b>	07592441
<b>Registered office</b>	43 Queen Square Bristol England BS1 4QP
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

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# LYONS DAVIDSON LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 NOVEMBER 2022

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The directors present the strategic report for the year ended 30 November 2022.

#### **Business review and future developments**

##### *Financial impact of Covid*

The financial year 2022 saw increased losses as the delayed impact of Covid worked through our results. The impact of Covid was minimised in our 2020 and 2021 results by the realisation of work in progress from referrals preceding Covid and the support of a business interruption claim. In 2022 however, we saw a reduction of turnover that we would otherwise have expected from settlements during this period as a direct result of the substantial reduction of instructions during the pandemic lockdowns.

This impact was exacerbated by the delays caused by the backlog in the court system, which caused an increase in the time to trial and saw an increase in the number of adjournments further extending the average time to settlement.

The increased touch points on files caused by these factors increased lifecycles and the reduced hours as a result of the lower claim volumes caused a reduction in work in progress that added to that reduction in revenue. While the business has always taken a prudent approach to work in progress valuation we have decided to make a further provision of £1.5m to deal with any further potential impact of the market challenges and extended lifecycles caused by the disruption from the Covid period.

The business actively continued with its response to the impact of Covid to mitigate the consequential reduction in turnover with restructuring, the use of natural attrition, operational efficiencies, the transfer of our people to growing parts of the business and the implementation of a property strategy to address the excess office space arising from the implementation of hybrid working post Covid.

##### *Financial recovery*

During this period we received support from several of our business relationships that has put the business in good shape for recovery in our 2023 financial year.

Our bank, OakNorth, has continued to work closely with us and been very supportive, understanding the issues that we have faced and the response the management team have made to those challenges. During the year the bank provided further finance of a £1m Recovery Loan Scheme funding.

We also saw significant support from our insurer business partners. As explained below we have benefitted from a growth of our insurance services in the home and commercial sector which has provided strong diversity in the business when we have seen reduced turnover and margin in the injury sector. During the year we were able to agree new arrangements with our business partners moving away from payment at end of case, and agreeing to the funding of some litigation disbursements we had paid out, especially court fees in our motor recoveries service. These measures substantially reduced our working capital requirements, particularly important given our continued growth.

We remain confident that we also have the opportunity of further compensation from our Business Interruption insurance. While insurers continue with an appeal against previous court decisions confirming their liability, the advice remains that we have a strong claim for further losses arising from the impact of the various lockdowns across the country, beyond the initial claim that was paid by our insurers.

##### *Business performance*

The directors monitor the operational performance of the company and group on a regular basis. Pages 12-13 of these financial statements provide a summary of the performance and financial position of the group in this and the comparative period.

As detailed above the business experienced a 16% reduction in turnover as a result of the reduced volume of referrals received during Covid, which created a 10% loss at EBITDA level.

# LYONS DAVIDSON LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2022

#### Business review and future developments (continued)

Following on from the savings of 9% of direct costs and administrative expenses made during the initial Covid period, further savings of 5% were delivered. The business is confident that it has a sound infrastructure for the recovery in turnover that it is now seeing.

As explained in the recovery section above the business is now experiencing strong growth in the household and commercial sector with existing contracts delivering the forecast increase in volumes as renewal of policies transfer over to new schemes and with further contract wins coming on stream.

Current assets and current ratio remain strong at 2.5 (2021 - 2.8) and provide a strong base for the business moving forward.

#### Key performance indicators

	2022	2021
Turnover	£23.3m	£27.8m
Gross profit margin	41%	47%
EBITDA	(£2.5m)	£3.3m
Current ratio (excluding intercompany loans and deferred tax assets)	2.5	2.8

Current ratio is current assets divided by current liabilities.

#### Corporate responsibility

##### *Employee engagement*

We continue to work closely with our people to find ways of working together to improve the business. Our regular on site management presentations have been replaced with monthly business updates in the current environment to share information on the strength of our response. We regularly survey our people and have created a number of working parties to respond to issues identified and to help set our people strategy. As part of that process we developed an agile working strategy that provides flexibility to our people while ensuring that we regularly bring teams together to maintain our team culture and encourage collaboration and support.

Our People & Culture programme, developed during FY20 in conjunction with an external consultant, has been rolled out to our management team and is inspiring them to look at ways to improve management within the business. The programme has a 3 year implementation plan.

##### *Business Diversity*

We have a strong Diversity Committee that is working to develop equal opportunities within the business further. We have widened the range and makeup of the working parties that feed in to decisions made by the Committee and developed a comprehensive diversity strategy. We have extended the scope of the Diversity Committee that meets regularly and aims to:

- Ensure equality of opportunity, fair policies and working practices that comply with our Equal Opportunities and Diversity Policy.
- Improve the working environment for all.
- Increase diversity within the group through broad recruitment practices.
- Achieve greater awareness of equality and diversity issues within the group.
- Promote diversity and inclusion through training and events.
- Embed a culture of participation and inclusivity where all our people feel valued.
- Regularly review our practices and monitor diversity within the business in order to evolve and implement positive change.

# LYONS DAVIDSON LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2022

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#### Corporate responsibility (continued)

##### *Environmental Management commitment*

We have a well-developed Environmental policy and ISO 14001:2015 accreditation which is a way of us committing to being a responsible business. We take our environmental sustainability work seriously, and dedicate resources and expertise to continuously reducing the impact we have on the environment. Our engagement in this work is truly group wide, meaning that every employee at every level is involved, and it extends through our customer base and the communities we are based in. In 2005, we were the first law practice in the UK to be awarded the ISO 14001 certification. For us, securing international environmental certification was solid recognition of the commitment we had – and still have – to managing our negative environmental impact effectively.

Our environmental policy has a number of targets that we focus on each year including paper usage, waste management, energy management, carbon reduction, sustainable employee commuting and employee engagement.

Our Environmental Management Programme objectives push us to reduce our environmental impact even further:

- To manage our resource consumption effectively and responsibly across the group.
- To ensure the group as a whole moves towards paperless working.
- To reduce the environmental impact associated with our business-related travel and commuting.
- To create a sustainable supply chain up and downstream and to consider a life cycle perspective.
- To develop an engagement programme that supports the embedding of ISO 14001 across the group.

Those objectives were reviewed as part of our external accreditation process this year and we were again successful in renewing our accreditation.

##### *Charity and Community*

Our Corporate Responsibility policy focuses on returning value to the local community, and we are continuing with our partnership with Cancer Research UK on a national basis, with local charity initiatives for each individual office. We have continued to promote fundraising ideas and activities during the year. We have also continued to develop our social enterprise initiatives, and are seeking to work with social enterprises where we can.

#### Section 172 statement

The group seeks to put the quality and integrity of its services first to satisfy the needs of its customers, invest in its employees, and support the communities where it operates, whilst it strives to make a sustainable profit for its shareholders. The key relationships with suppliers, customers, and other external stakeholders are overseen by the directors to ensure that all relationships are maintained in the most appropriate manner to promote the interests of the group and its stakeholders. Communication with staff is maintained through regular dialogue between the directors and the staff at a local level through the use of face to face and video conferencing and employee newsletters. The board issues periodic communications keeping staff aware of the progress within the group. This extends to updates on financial progress and also community activities that staff and the group engage in. The Board encourages openness amongst employees, actively invites direct employee feedback and takes pride in genuinely seeking to invest in its people through development and training.

The directors have acted in accordance with their duties codified in law, which includes their duty to act in a way in which they consider, in good faith, would most likely promote the success of the group for the benefit of its members as a whole and for the long term, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

Section 172 considerations are embedded in the decision making at board level, of group issues and when discharging the duties of the directors as covered by this report. The board has several external advisors who also review the directors' activities and decisions to provide an independent oversight of the decisions, with the ability to report directly to the shareholders.

## LYONS DAVIDSON LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

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#### Principal risks and uncertainties

The main risk that the group faces is overtrading. Due to the transaction cycle in some markets, with continuing growth comes the associated risk of increased levels of working capital. The group has in place funding facilities which provide adequate financial flexibility to pursue all of the new business opportunities which the directors currently envisage. The group has also agreed additional bank facilities in order to take advantage of any investment opportunities that may arise in the near or medium term.

On behalf of the board

*M Savill*

.....

M Savill

Director

Date: 31/08/23  
.....

# LYONS DAVIDSON LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 NOVEMBER 2022

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The directors present their annual report and financial statements for the year ended 30 November 2022.

#### Principal activities

The principal activity of the company and group continued to be that of the provision of legal services.

#### Results and dividends

The results for the year are set out on page 12. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G A Banbury  
A A L Hewitt  
M L Lennaghan  
M Savill  
R J Squire

#### Directors' insurance

Qualifying third party indemnity insurance is in place for all the company's directors.

#### Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

The group's exposure to the following forms of financial risk is set out below.

- **Over-trading:** Due to the transaction cycle in the group's core markets, with continuing growth comes the associated risk of increased levels of working capital. The group has in place funding facilities which provide adequate financial flexibility to pursue all of the new business opportunities which the directors currently envisage.
- **Liquidity risk:** The group manages its cash and borrowing requirements in order to maximise its interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the foreseeable operating needs of the business.
- **Interest rate risk:** The group is exposed to interest rate risk on its bank loan and overdraft funding. The group reviews interest rates periodically to ensure it minimises exposure.
- **Credit risk:** Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.
- **Price risk:** The group operates in free markets and is therefore exposed to input and output pricing pressures caused by adjustments to supply and demand. The group constantly monitors such pressures with a view to maintaining a stable margin between input and output prices.

#### Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### Employee involvement

As outlined in the strategic report, during the period, the policy of providing employees with information about the group has been continued through communications in which employees have also been encouraged to present their suggestions and views. Performance reports are also regularly circulated to all staff.

# LYONS DAVIDSON LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2022

#### Energy and carbon reporting

The table and supporting narrative below summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a "large" unquoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The emissions for the comparative period (2020-21) have been adjusted to account for an update to the apportioning method for gas (Scope 1) emissions at the Plymouth site, resulting in an increase of 3.7tCO<sub>2</sub>e,

	1 December 2021 to 30 November 2022	1 December 2020 to 30 November 2021
<i>Location</i>	UK	UK
Emissions from the combustion of gas (Scope 1) (tCO <sub>2</sub> e)	74	83
Emissions from purchased electricity (location-based) (Scope 2) (tCO <sub>2</sub> e)	113	142
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (tCO <sub>2</sub> e)	3	2
<b>Total gross emissions based on the above (tCO<sub>2</sub>e)</b>	<b>190</b>	<b>227</b>
Energy consumption used to calculate Scope 1 emissions (kWh)	405,536	455,193
Energy consumption used to calculate Scope 2 emissions (kWh)	584,673	670,465
Energy consumption used to calculate Scope 3 emissions (kWh)	13,606	765
<b>Total energy consumption based on above (kWh)</b>	<b>1,003,815</b>	<b>1,126,423</b>
Intensity ratio: tCO <sub>2</sub> e (gross Scope 1, 2 + 3) per full-time equivalent (FTE)	0.45	0.47

#### Methodology

The 2021/22 SECR footprint is equivalent to 190 tCO<sub>2</sub>e, with the largest portion being made up of emissions from purchased electricity at 113 tCO<sub>2</sub>e. Overall, emissions have decreased by 16% since the previous reporting year.

Anthesis has calculated the above greenhouse gas (GHG) emissions to cover all material sources of emissions for which Lyons Davidson Limited is responsible. The methodology used was that of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach. All emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included.

This estimate covers all of Lyons Davidson Limited's operations that are consolidated in the financial statement and the sites used to conduct these operations. Raw data in the form of meter readings and expense claims have been collected from Lyons Davidson Limited. Energy was converted to GHG estimates using the UK Government's GHG Conversion Factors for Company Reporting 2022.

#### Energy efficiency action

Lyons Davidson Limited has already implemented several energy efficiency measures, as well as procuring renewable electricity and biomethane for their electricity and gas supplies. These measures include:

- Adjusting heating and cooling system settings to be more accurate to where and when staff are on site and offered information and guidance to the staff on the systems.
- Restricting access to unused site areas to prevent accidental energy usage in these areas.
- Reviewing and analysing energy usage regularly.
- Carrying out spot checks to ensure staff are not leaving electrical equipment on unnecessarily, and removing excess electrical equipment that may be left on standby.
- Installing LED lighting.
- Ensuring plant and equipment are maintained and any remedial action taken quickly to ensure efficiency.



# LYONS DAVIDSON LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2022

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### Matters included in the strategic report

As permitted by Companies Act 2006, s. 414C(11), the directors have chosen to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. They have done so in respect of future developments.

### Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

*M Savill*

.....  
M Savill

Director

Date: 31/08/23  
.....

# **LYONS DAVIDSON LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 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 group and company will continue in business.

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

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYONS DAVIDSON LIMITED**

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## **Opinion**

We have audited the financial statements of Lyons Davidson Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2022 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 November 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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 or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## **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.

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYONS DAVIDSON LIMITED (CONTINUED)**

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LYONS DAVIDSON LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are compliance with the Solicitors Regulation Authority Code of Conduct, including the Solicitors Accounts Rules as regulated by the Solicitors Regulation Authority in the UK. We performed audit procedures to inquire of management and those charged with governance whether the group and limited liability partnership is in compliance with these law and regulations. We inspected compliance documentation, enquired over any risk and breaches in the year and reviewed regulatory returns.

The group audit engagement team identified the risk of management override of controls, the valuation, existence and cut off of revenue, trade receivables, work in progress and accrued income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, performing substantive analytical review over revenue and work in progress, testing the valuation, existence and cut off of revenue, trade debtors, work in progress and accrued income through detailed substantive testing.

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

### Use of our report

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

*RSM UK Audit LLP*

Hywel Pegler (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
2nd Floor  
1 The Square  
Temple Quay  
Bristol  
BS1 6DG  
01/09/23  
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# LYONS DAVIDSON LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	23,315,139	27,776,325
Cost of sales		(13,791,506)	(14,790,015)
<b>Gross profit</b>		<b>9,523,633</b>	<b>12,986,310</b>
Administrative expenses		(14,662,805)	(15,573,563)
Other operating income	4	315,493	3,199,629
Exceptional costs	5	(3,147,756)	(1,572,998)
<b>Operating loss</b>	<b>9</b>	<b>(7,971,435)</b>	<b>(960,622)</b>
<b>Operating loss</b>		<b>(7,971,435)</b>	<b>(960,622)</b>
Add back: amortisation and depreciation		2,592,491	2,576,329
Add back: exceptional costs		3,147,756	1,572,998
Add: share of results of associates and joint ventures		(303,705)	65,280
<b>EBITDA</b>		<b>(2,534,893)</b>	<b>3,253,985</b>
Share of results of associates and joint ventures		(303,705)	65,280
Interest receivable and similar income	10	10,305	39
Interest payable and similar expenses	11	(361,270)	(287,929)
<b>Loss before taxation</b>		<b>(8,626,105)</b>	<b>(1,183,232)</b>
Tax credit on loss	12	1,850,377	232,239
<b>Loss for the financial year</b>		<b>(6,775,728)</b>	<b>(950,993)</b>

## LYONS DAVIDSON LIMITED

STATEMENTS OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2022

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Fixed assets</b>					
Goodwill	13	13,908,785	15,542,185	13,908,785	15,542,185
Other intangible assets	13	1,149,258	1,099,306	1,149,258	1,099,306
Total intangible assets		15,058,043	16,641,491	15,058,043	16,641,491
Tangible assets	14	1,036,220	1,231,461	1,036,220	1,231,461
Investments	15	2,319,127	2,642,332	900,039	900,039
		18,413,390	20,515,284	16,994,302	18,772,991
<b>Current assets</b>					
Stocks	17	13,705,021	16,227,650	11,919,016	14,390,143
Debtors	18	37,744,756	37,516,043	38,266,999	37,724,847
Cash at bank and in hand		406,313	2,366,298	386,883	2,314,627
		51,856,090	56,109,991	50,572,898	54,429,617
<b>Creditors: amounts falling due within one year</b>	19	(19,079,026)	(18,915,890)	(20,382,339)	(19,774,042)
<b>Net current assets</b>		32,777,064	37,194,101	30,190,559	34,655,575
<b>Total assets less current liabilities</b>		51,190,454	57,709,385	47,184,861	53,428,566
<b>Creditors: amounts falling due after more than one year</b>					
Loans from entities under common control	20	(34,922,570)	(34,922,570)	(34,922,570)	(34,922,570)
Other creditors	20	(17,699,095)	(17,651,531)	(17,699,095)	(17,651,531)
		(52,621,665)	(52,574,101)	(52,621,665)	(52,574,101)
<b>Provisions for liabilities</b>	22	(1,191,147)	(981,914)	(1,191,147)	(981,914)
<b>Net (liabilities)/assets</b>		(2,622,358)	4,153,370	(6,627,951)	(127,449)
<b>Capital and reserves</b>					
Called up share capital	25	51,680	51,680	51,680	51,680
Share premium account	26	4,957,750	4,957,750	4,957,750	4,957,750
Profit and loss reserves	26	(7,631,788)	(856,060)	(11,637,381)	(5,136,879)
<b>Total equity</b>		(2,622,358)	4,153,370	(6,627,951)	(127,449)

**LYONS DAVIDSON LIMITED**

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

**AS AT 30 NOVEMBER 2022**

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As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's loss for the year was £6,500,502 (2021 - £1,411,834).

The financial statements were approved by the board of directors and authorised for issue on 31/08/23 and are signed on its behalf by:

*M Savill*

.....  
M Savill  
Director



# LYONS DAVIDSON LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2022

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 December 2020</b>	51,680	4,957,750	94,933	5,104,363
<b>Year ended 30 November 2021:</b>				
Loss and total comprehensive income for the year	-	-	(950,993)	(950,993)
<b>Balance at 30 November 2021</b>	51,680	4,957,750	(856,060)	4,153,370
<b>Year ended 30 November 2022:</b>				
Loss and total comprehensive income for the year	-	-	(6,775,728)	(6,775,728)
<b>Balance at 30 November 2022</b>	51,680	4,957,750	(7,631,788)	(2,622,358)

# LYONS DAVIDSON LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2022

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 December 2020</b>	51,680	4,957,750	(3,725,045)	1,284,385
<b>Year ended 30 November 2021:</b>				
Loss and total comprehensive income for the year	-	-	(1,411,834)	(1,411,834)
<b>Balance at 30 November 2021</b>	51,680	4,957,750	(5,136,879)	(127,449)
<b>Year ended 30 November 2022:</b>				
Loss and total comprehensive income for the year	-	-	(6,500,502)	(6,500,502)
<b>Balance at 30 November 2022</b>	51,680	4,957,750	(11,637,381)	(6,627,951)

# LYONS DAVIDSON LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 NOVEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	27	(1,679,837)		(1,055,358)	
Interest paid		(28,470)		(57,881)	
Corporation tax refunded		-		27,762	
<b>Net cash outflow from operating activities</b>		<b>(1,708,307)</b>		<b>(1,085,477)</b>	
<b>Investing activities</b>					
Cash acquired with subsidiary		-		5,980	
Purchase of intangible assets		(682,750)		(540,816)	
Purchase of tangible fixed assets		(131,052)		(148,135)	
Dividends from associates and joint ventures		19,500		26,000	
Interest received		10,305		39	
Dividends from other investments		-		100,000	
<b>Net cash used in investing activities</b>		<b>(783,997)</b>		<b>(556,932)</b>	
<b>Financing activities</b>					
Proceeds from other loans		-		34,022,792	
Repayment of other loans		(303,007)		(29,583,586)	
Proceeds from bank loans		1,075,326		6,000,000	
Repayment of bank loans		-		(7,000,000)	
Dividends paid on shares classified as debt		(240,000)		(550,000)	
<b>Net cash generated from financing activities</b>		<b>532,319</b>		<b>2,889,206</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,959,985)</b>		<b>1,246,797</b>	
Cash and cash equivalents at beginning of year		2,366,298		1,119,501	
<b>Cash and cash equivalents at end of year</b>		<b>406,313</b>		<b>2,366,298</b>	

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2022

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### 1 Accounting policies

#### Company information

Lyons Davidson Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 43 Queen Square, Bristol, England, BS1 4QP.

The group consists of Lyons Davidson Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by s390(3) of the Companies Act 2006, the financial statements are drawn up to a date not more than seven days before or after the company's accounting reference date.

#### Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. In its individual financial statements the company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – *Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;*
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### Basis of consolidation

The consolidated financial statements incorporate those of Lyons Davidson Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits) except as disclosed in note 16.

Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 November 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

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### 1 Accounting policies (Continued)

#### Going concern

These financial statements have been prepared on a going concern basis on the grounds that the directors consider that the group has sufficient cash resources to enable the group to continue to meet its debts as they fall due. In 2021 the group refinanced and agreed a new 5 year suite of facilities which were supplemented in 2022 and reconfirmed this year with updated covenants to recognise the existing trading conditions. These facilities include:

- A committed CBILS trading term loan of £5m
- A committed non-CBILS trading revolving credit facility of £1.5m
- An uncommitted accordion facility of £10m
- A committed Recovery Loan Scheme facility of £1m

The business also has access to funding through a related party, long term loan. The directors have received confirmation that there is no intention for this support to be withdrawn in the twelve month period following approval of these financial statements. In 2023 additional committed shareholder funds were provided to provide additional headroom if required.

The business has seen the forecast growth within the household and commercial division that has helped with the further diversification of the business. Contracts in this sector have largely been moved to arrangements that provide payment of fees at the outset and an ongoing interim basis rather than on conclusion, minimising working capital requirements for the current growth and supporting its cash resources.

The directors are confident that the steps that they have taken to mitigate associated risk will ensure that the group is well positioned to continue to trade throughout the current economic environment. They have therefore concluded that there is no material uncertainty about the ability of the group to continue as a going concern and that it remains appropriate to prepare the financial statements on a going concern basis.

#### Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

Open personal injury cases at the reporting date are recognised at the lower of cost and net realisable value on a portfolio basis, with no associated profit recognised until the above criteria are met.

#### Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is considered to be 20 years.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

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### 1 Accounting policies (Continued)

#### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Internally developed computer software is initially recognised at cost, and once it becomes available for use, it is amortised over the expected useful life of that software.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Computer software	3 years straight line
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#### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Short-term leasehold property	Straight line basis over term of lease
Fixtures and fittings	15%-33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 November 2022.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the group. Dividends received from the associate reduce the carrying amount of the investment. Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the group has an obligation or has made payments on behalf of the associate.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

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### 1 Accounting policies (Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method, as described in the accounting policy for associates set out above.

#### **Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

#### **Stocks**

Stocks, comprising work in progress, represents personal injury client cases which have not yet reached a conclusion at the reporting date. Work in progress is valued at estimated cost on a portfolio basis. The calculation involves a degree of estimation and judgement regarding the stage of completion.

#### **Cash and cash equivalents**

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

#### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans and other loans and borrowings, amounts owed to group undertakings and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2022

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#### 1 Accounting policies (Continued)

##### Equity instruments

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 company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable profit for the period. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

##### Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments.



# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

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### 1 Accounting policies (Continued)

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### **Share-based payments**

Certain individuals employed by Lyons Davidson Limited were previously granted share options in Ascenti Health Limited, which was previously a related party by virtue of common shareholders.

Where share options were awarded, the fair value of the options at the date of grant was charged to profit or loss in Lyons Davidson Limited over the vesting period and a liability was recognised to Ascenti Health Limited. In Ascenti Health Limited a corresponding asset was recognised and a credit was recognised in a share based payment reserve in equity. On 26 April 2021, Ascenti Health Limited and its subsidiaries were sold and the share options were terminated.

Non-market vesting conditions were taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period was based on the number of options that eventually vested. Market vesting conditions were factored into the fair value of the options granted. The cumulative expense was not adjusted for failure to achieve a market vesting condition.

The fair value of the award also took into account non-vesting conditions. These were either factors beyond the control of either party (such as a target based on an index) or factors which were within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options were modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, was also charged to profit or loss in Lyons Davidson Limited over the remaining vesting period.

In the opinion of the directors, share-based payments were immaterial in the current and previous periods and no charges have been recognised.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

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### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the opinion of the directors the key judgements, estimates and assumptions having a material impact on these financial statements are:

#### **Valuation of work in progress and amounts recoverable on contracts**

Turnover in respect of claimant personal injury services is recognised at the lower of cost or the amount expected to be recovered on a portfolio basis, and classified within work in progress. Turnover in relation to non personal injury cases in progress at the period end is classified within 'amounts recoverable on contracts'.

The calculations of turnover to be recognised include consideration of the stage of completion and expectations as to the likely outcome of the case.

The judgements and estimates involved in these calculations can have a material impact on the carrying value of work in progress and amounts recoverable on contracts. The carrying value of work in progress is disclosed in note 17. The carrying value of amounts recoverable on contracts is disclosed in note 18.

#### **Provision for bad debts and unbilled disbursements**

A provision for unrecovered disbursements is made based on the historical recovery rate for each type of legal work. A provision for debts over 12 months old is made unless identified as being recoverable.

#### **Capitalisation of staff time**

Included within intangible assets is staff time spent on internally generated software. There is judgement in determining that an internally generated asset may be capitalised as an intangible asset, with reference to the likelihood that future economic benefit will be delivered by the asset, as well as the level of completeness of the asset.

#### **Amortisation of intangible assets and goodwill**

Goodwill arising on consolidation is amortised over a useful economic life of 20 years. The directors' estimate of useful economic life is a judgement based upon forecast performance of acquired operations, the strength of the management team acquired and the promotional, competitive and economic environment of the business.

For other intangible assets the annual amortisation charge is sensitive to any changes in the estimated useful life and residual values of intangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation, physical condition of the asset and future investments.

#### **Carrying value of goodwill and other intangible assets**

The recoverable amount of goodwill and other intangible assets is based on value in use, which requires estimates to be made in respect of the allocation of goodwill to cash generating units and of the future economic benefit to be derived from the underlying assets. The carrying value of goodwill and other intangible assets is disclosed in note 13.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 3 Turnover and other revenue

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Legal services	23,315,139	27,776,325

	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	23,315,139	27,776,325

### 4 Other operating income

	2022 £	2021 £
Coronavirus Job Retention Scheme funding (see below)	-	377,967
Other coronavirus funding (Business Interruption Payment) (see note 21)	185,743	260,040
Business interruption insurance proceeds	93,750	2,500,000
R&D tax credits receivable	36,000	51,215
Sundry income	-	10,407
	315,493	3,199,629

In the comparative period, the group received discretionary cash grants from the government as part of the Coronavirus Job Retention Scheme ("CJRS") which compensated employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who had been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). The grant was conditional upon the employees being employed and on the company PAYE payroll and the employee could not do any work for their employer that made money or provided services for their employer or any organisation linked or associated with their employer. There were no unfulfilled conditions or contingencies attached to the grant.

### 5 Exceptional costs

	2022 £	2021 £
Contract impairment and restructuring costs	1,647,756	1,572,998
Impairment of work in progress	1,500,000	-
	3,147,756	1,572,998

On 2 January 2020 the group restructured its interest in National Law Associates LLP, one of its Alternative Business Structure ('ABS') law firm partnerships. The group became the sole member of this partnership from this date and thereby gained the rights to all future economic benefits. The contract impairment and restructuring costs shown above relate principally to this restructuring. The final costs relating to this restructuring were paid in April 2022 and no further amounts are payable.

The directors have performed additional reviews of work in progress and accrued income balances. As a result of the findings of the exercise, it was agreed as reasonable and prudent to make a further provision of £1.5m in relation to the open case book as a reflection of wider market challenges and extended lifecycles arising from the Covid period.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 6 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Professional	378	373	378	373
Support	158	177	158	177
Total	536	550	536	550

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	15,441,604	16,666,397	14,029,267	14,616,999
Social security costs	1,235,430	1,258,099	1,235,430	1,258,099
Pension costs	652,974	840,439	652,974	840,439
	17,330,008	18,764,935	15,917,671	16,715,537

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	582,869	557,927
Company pension contributions to defined contribution schemes	73,250	71,884
	656,119	629,811

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021 - 5).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	194,750	181,767
Company pension contributions to defined contribution schemes	20,500	19,133

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 8 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	57,700	51,775
Audit of the financial statements of the company's subsidiaries	23,500	20,600
	<u>81,200</u>	<u>72,375</u>
<b>For other services</b>		
Audit-related assurance services	31,150	28,325
Taxation compliance services	27,900	23,400
Other taxation services	12,100	39,600
All other non-audit services	26,000	22,600
	<u>97,150</u>	<u>113,925</u>

### 9 Operating loss

	2022 £	2021 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	(185,743)	(638,007)
Depreciation of owned tangible fixed assets	326,293	378,644
(Profit)/loss on disposal of tangible fixed assets	-	1,228
Amortisation of intangible assets	2,266,198	2,197,685
Operating lease charges	<u>2,014,226</u>	<u>2,099,768</u>

In the statement of comprehensive income, amortisation is included in administrative expenses.

### 10 Interest receivable and similar income

	2022 £	2021 £
<b>Interest on financial assets not measured at fair value through profit or loss</b>		
Interest on bank deposits	<u>10,305</u>	<u>39</u>

### 11 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	569,964	38,031
Dividends on shares classified as debt	(309,754)	185,021
Interest payable on other loans	70,747	-
Other interest payable	<u>30,313</u>	<u>64,877</u>
Total finance costs	<u>361,270</u>	<u>287,929</u>

The credit to dividends on shares classified as debt reflects the impact of the reversal of certain amounts accrued in previous years.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 12 Taxation

	2022 £	2021 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(14,286)	(12,361)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,809,313)	(229,609)
Adjustment in respect of prior periods	(26,778)	9,731
<b>Total deferred tax</b>	<b>(1,836,091)</b>	<b>(219,878)</b>
<b>Total tax credit</b>	<b>(1,850,377)</b>	<b>(232,239)</b>

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Loss before taxation	(8,626,105)	(1,183,232)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(1,638,960)	(224,814)
Tax effect of expenses that are not deductible in determining taxable profit	2,870	70,676
Tax effect of income not taxable in determining taxable profit	(65,123)	(5,914)
Deferred tax not recognised	-	237
Adjustments in respect of prior years	(14,286)	(13,553)
Group relief	(6,795)	-
Depreciation on assets not qualifying for tax allowances	312,213	315,827
Research and development tax credit	(6,840)	(9,731)
Deferred tax adjustments in respect of prior years	(26,778)	11,236
Remeasurement of deferred tax for changes in tax rates	(434,422)	(289,358)
Other tax adjustments	27,744	(86,845)
<b>Taxation credit</b>	<b>(1,850,377)</b>	<b>(232,239)</b>

#### Factors that may affect future tax charges

The main rate of corporation tax in the UK will rise from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 13 Intangible fixed assets

Group	Goodwill	Computer software	Total
	£	£	£
<b>Cost</b>			
At 1 December 2021	32,668,005	5,921,468	38,589,473
Additions	-	682,750	682,750
At 30 November 2022	32,668,005	6,604,218	39,272,223
<b>Amortisation and impairment</b>			
At 1 December 2021	17,125,820	4,822,162	21,947,982
Amortisation charged for the year	1,633,400	632,798	2,266,198
At 30 November 2022	18,759,220	5,454,960	24,214,180
<b>Carrying amount</b>			
At 30 November 2022	13,908,785	1,149,258	15,058,043
At 30 November 2021	15,542,185	1,099,306	16,641,491
<b>Company</b>	<b>Goodwill</b>	<b>Computer software</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 December 2021	32,668,005	5,921,468	38,589,473
Additions	-	682,750	682,750
At 30 November 2022	32,668,005	6,604,218	39,272,223
<b>Amortisation and impairment</b>			
At 1 December 2021	17,125,820	4,822,162	21,947,982
Amortisation charged for the year	1,633,400	632,798	2,266,198
At 30 November 2022	18,759,220	5,454,960	24,214,180
<b>Carrying amount</b>			
At 30 November 2022	13,908,785	1,149,258	15,058,043
At 30 November 2021	15,542,185	1,099,306	16,641,491

A discounted cashflow model was prepared to support the carrying value of goodwill. This was based upon board approved forecasts and used a discount rate of 11% of future cashflows, and a 5% growth in perpetuity. Whilst the business is currently trading in line with its revised and agreed plan, it also performed sensitivity analysis which demonstrated sufficient headroom. Naturally there is a degree of judgement in these future projections, but the directors are confident that sensitivity here would not lead to impairment.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 14 Tangible fixed assets

Group	Short-term leasehold property £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 December 2021	3,924,559	7,955,844	11,880,403
Additions	2,340	128,712	131,052
At 30 November 2022	3,926,899	8,084,556	12,011,455
<b>Depreciation and impairment</b>			
At 1 December 2021	2,741,522	7,907,420	10,648,942
Depreciation charged in the year	228,559	97,734	326,293
At 30 November 2022	2,970,081	8,005,154	10,975,235
<b>Carrying amount</b>			
At 30 November 2022	956,818	79,402	1,036,220
At 30 November 2021	1,183,037	48,424	1,231,461
<b>Company</b>			
	Short-term leasehold property £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 December 2021	3,924,559	7,955,844	11,880,403
Additions	2,340	128,712	131,052
At 30 November 2022	3,926,899	8,084,556	12,011,455
<b>Depreciation and impairment</b>			
At 1 December 2021	2,741,522	7,907,420	10,648,942
Depreciation charged in the year	228,559	97,734	326,293
At 30 November 2022	2,970,081	8,005,154	10,975,235
<b>Carrying amount</b>			
At 30 November 2022	956,818	79,402	1,036,220
At 30 November 2021	1,183,037	48,424	1,231,461



# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	899,978	899,978
Investments in associates	16	2,285,700	2,584,963	10	10
Investments in joint ventures	16	33,427	57,369	51	51
		<u>2,319,127</u>	<u>2,642,332</u>	<u>900,039</u>	<u>900,039</u>

#### Movements in fixed asset investments Group

	Investments in associates and joint ventures £
<b>Cost</b>	
At 1 December 2021	2,642,332
Share of loss of associates and joint ventures	(303,705)
Dividends received	(19,500)
At 30 November 2022	<u>2,319,127</u>
<b>Carrying amount</b>	
At 30 November 2022	<u>2,319,127</u>
At 30 November 2021	<u>2,642,332</u>

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 December 2021 and 30 November 2022	<u>900,039</u>
<b>Carrying amount</b>	
At 30 November 2022	<u>900,039</u>
At 30 November 2021	<u>900,039</u>

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 16 Shares in group undertakings and participating interests

The companies listed below were directly-held subsidiaries of the company at the reporting date.

Lyons Davidson Scotland LLP, Lyons Davidson Trustee Company Limited, FD Licensing Limited, Lydaco Financial Services Limited, National Law Associates LLP and File Dynamics Limited have taken exemption from audit by virtue of S479A of the Companies Act 2006. The guarantee given by the company under S479C is disclosed in note 29.

Name	Principal activity	Share class	Holding
<b>Subsidiary undertakings</b>			
Lyons Davidson Scotland LLP	Legal services in Scotland	Partnership	100%
Lyons Davidson Trustee Company Limited	Pension trustee services	Ordinary	100%
FD Licensing Limited	File management systems	Ordinary	100%
Lyons ABS Limited (see below)	Legal services	Ordinary	100%
Lydaco Financial Services Limited	Client reception services	Ordinary	100%
National Law Associates LLP	Legal services	Partnership	100%
File Dynamics Limited	Support services	Ordinary	100%
Lydaco Nominees Limited	Dormant	Ordinary	100%
Nascott Wood & Co Limited	Dormant	Ordinary	100%
Collision Investigators Limited	Dormant	Ordinary	100%
Whiplash Education and Research Limited	Dormant	Ordinary	100%
Active Case Managers Limited	Dormant	Ordinary	100%

The registered office of all these subsidiaries is 43 Queen Square, Bristol, England, BS1 4QP except Lyons Davidson Scotland LLP which has its registered office at Enterprise House, 34 Earl Grey Street, Edinburgh, EH3 9BN.

The contractual arrangements relating to Lyons ABS Limited are such that rights over its assets substantially vest with a third party. Accordingly, this company is not consolidated in these financial statements. Instead, the group's investment in Lyons ABS Limited is recognised at cost less impairment.

The company had direct participating interests in the following companies at the reporting date:

Name	Principal activity	Share class	Holding
<b>Associates</b>			
Admiral Law Limited	Legal services	B Ordinary	5%
<b>Joint ventures</b>			
AA Law Limited	Legal services	B Ordinary	51%

The registered office of Admiral Law Limited is Ty Admiral, David Street, Cardiff, United Kingdom, CF10 2EH, and that of AA Law Limited is 43 Queen Square, Bristol, England, BS1 4QP.

### 17 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Work in progress	13,705,021	16,227,650	11,919,016	14,390,143

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 18 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	7,594,132	7,434,913	7,033,073	6,520,066
Amounts recoverable on contracts	4,373,432	5,239,777	4,343,636	5,207,132
Corporation tax recoverable	45,912	31,626	81,930	69,126
Amounts owed by group undertakings	1,062,461	1,062,461	4,338,729	4,510,377
Other debtors	16,416,040	17,066,646	15,915,330	16,409,229
Prepayments and accrued income	5,212,560	5,476,492	3,518,594	3,808,526
	<u>34,704,537</u>	<u>36,311,915</u>	<u>35,231,292</u>	<u>36,524,456</u>
Deferred tax asset (note 23)	3,040,219	1,204,128	3,035,707	1,200,391
	<u>37,744,756</u>	<u>37,516,043</u>	<u>38,266,999</u>	<u>37,724,847</u>

Group trade debtors are shown after provision for impairment of £482,108 (2021 - £481,256). Group other debtors includes unbilled disbursements of £16,139,757 (2021 - £16,762,281) which are shown after provision for impairment of £547,678 (2021 - £745,393). Impairment charges or reversals are recognised in administrative expenses.

Company trade debtors are shown after provision for impairment of £479,716 (2021 - £478,864). Company other debtors includes unbilled disbursements of £15,673,288 (2021 - £16,245,920) which is shown after provision for impairment of £489,879 (2021 - £741,026). Impairment charges or reversals are recognised in administrative expenses.

Given the nature of the business and the lifecycle of cases associated with insurance claims, a significant proportion of trade debtors, amounts recoverable on contracts and unbilled disbursements (included in other debtors) is not expected to be realised until after more than one year from the reporting date.

### 19 Creditors: amounts falling due within one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Bank loans	21	500,000	-	500,000	-
Trade creditors		13,669,305	13,977,718	12,914,030	13,268,637
Amounts owed to group undertakings		-	-	2,653,369	2,229,612
Amounts owed to undertakings in which the group has a participating interest		187,037	187,037	187,037	187,037
Other taxation and social security		1,688,833	2,464,905	1,123,630	1,857,437
Other creditors		1,316,598	1,307,006	1,299,695	1,286,290
Accruals and deferred income		1,717,253	979,224	1,704,578	945,029
		<u>19,079,026</u>	<u>18,915,890</u>	<u>20,382,339</u>	<u>19,774,042</u>

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	21	6,575,326	6,000,000	6,575,326	6,000,000
Share capital treated as debt	21	1,973,688	1,973,688	1,973,688	1,973,688
Directors' loans	21	4,263,502	4,566,509	4,263,502	4,566,509
Other borrowings	21	34,922,570	34,922,570	34,922,570	34,922,570
Other creditors		4,886,579	5,111,334	4,886,579	5,111,334
		<u>52,621,665</u>	<u>52,574,101</u>	<u>52,621,665</u>	<u>52,574,101</u>

### 21 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	7,075,326	6,000,000	7,075,326	6,000,000
Share capital treated as debt	1,973,688	1,973,688	1,973,688	1,973,688
Directors' loans	4,263,502	4,566,509	4,263,502	4,566,509
Loans from entities under common control	34,922,570	34,922,570	34,922,570	34,922,570
	<u>48,235,086</u>	<u>47,462,767</u>	<u>48,235,086</u>	<u>47,462,767</u>
Payable within one year	500,000	-	500,000	-
Payable after one year	<u>47,735,086</u>	<u>47,462,767</u>	<u>47,735,086</u>	<u>47,462,767</u>

At the balance sheet date, bank loans are secured by a debenture deed dated 26 April 2021 in favour of OakNorth Bank plc giving fixed and floating charges over all the property or undertaking of the company, and by the cross-guarantee disclosed in note 29.

Facilities reflect a five year agreement with OakNorth Bank plc agreed in April 2021. The facilities include:

- A committed CBILS trading term loan of £5m ('Facility A')
- A committed non-CBILS trading revolving credit facility of £1.5m
- An uncommitted accordion facility of up to £10m

On 31 May 2022 an additional Recovery Loan Scheme facility of £1m was agreed with OakNorth Bank plc.

Facility A is repayable in quarterly instalments of £166,667 starting from April 2023. All other amounts are repayable in full in April 2026. Interest in relation to Facility A is payable at Base Rate +6.84% per annum. Interest in relation to the revolving credit facility is payable at Base Rate +5.50% per annum.

Facility A has been drawn down under the Coronavirus Business Interruption Loan Scheme (CBILS). Interest for the first 12 months of the loan is borne by the UK government as a Business Interruption Payment. In respect of this arrangement, £185,743 (2021 - £260,400) has been charged to interest payable and similar expenses (note 11) and a corresponding credit has been recognised in other operating income (see note 4) reflecting the value of this grant. The loan is secured by the UK government.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 21 Borrowings (Continued)

Details of the rights and cumulative dividends attaching to the share capital treated as debt are disclosed in note 25.

Directors' loans carry interest and are unsecured. There are no set repayment terms but the directors have confirmed that they do not foresee repayment within 12 months of the reporting date.

Loans from entities under common control comprise loans of £6,801,903 (2021 - £6,801,903), £899,778 (2021 - £899,778) and £27,220,889 (2021 - £27,220,889) owed to Rossfeld Limited, a company under common control (see note 31). The Rossfeld Limited loans arose during the year ended 30 November 2021 in connection with a reorganisation of shareholders' interests following the sale of Ascenti Health Limited on 26 April 2021. These loans have no set repayment terms but the directors have received confirmation that repayment will not be demanded within 12 months of the reporting date. The loans of £6,801,903 and £899,778 bear interest at 5.5% per annum for the first twelve months, payable quarterly, and thereafter at rates agreed between the parties but not to exceed the interest rate on the bank borrowings. Interest of £423,591 (2021 - £218,962) was waived during the year. The other loan is interest-free. The loans are secured by a debenture dated 29 November 2021 giving Rossfeld Limited a fixed charge over all real property and intellectual property.

### 22 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Dilapidations	<u>1,191,147</u>	<u>981,914</u>	<u>1,191,147</u>	<u>981,914</u>

Movements on provisions:

Group	Dilapidations £
At 1 December 2021	981,914
Additional provisions in the year	<u>209,233</u>
At 30 November 2022	<u>1,191,147</u>

Company	Dilapidations £
At 1 December 2021	981,914
Additional provisions in the year	<u>209,233</u>
At 30 November 2022	<u>1,191,147</u>

The company and group have various dilapidations provisions which represent a best estimate of the present obligation in relation to the probable economic outflow that will be required under repair obligations at various intervals and at the expiry of the leases which mature as set out in note 30.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 23 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Assets 2022 £	Assets 2021 £
<b>Group</b>		
Fixed asset timing differences	34,179	77,577
Losses and other deductions	2,535,085	994,822
Short-term timing differences	470,955	131,729
	<u>3,040,219</u>	<u>1,204,128</u>
	Assets 2022 £	Assets 2021 £
<b>Company</b>		
Fixed asset timing differences	34,179	77,577
Losses and other deductions	2,535,085	994,822
Short-term timing differences	466,443	127,992
	<u>3,035,707</u>	<u>1,200,391</u>
	Group 2022 £	Company 2022 £
<b>Movements in the year:</b>		
Asset at 1 December 2021	1,204,128	1,200,391
Credit to profit or loss	1,836,091	1,835,316
Asset at 30 November 2022	<u>3,040,219</u>	<u>3,035,707</u>

It is not possible to estimate reliably the extent to which the deferred tax assets and liabilities set out above will reverse within the next twelve months.

### 24 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>652,974</u>	<u>840,439</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 25 Share capital

	Group and company	
	2022	2021
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,432,450 A Ordinary shares of 1p each	34,325	34,325
792,550 B Ordinary shares of 1p each	7,925	7,925
775,000 C Ordinary shares of 1p each	7,750	7,750
168,027 L Ordinary shares of 1p each	1,680	1,680
	<u>51,680</u>	<u>51,680</u>
<b>Shares classified as debt</b>		
<b>Issued and fully paid</b>		
163,400 F Ordinary shares of £4.48401 each	732,683	732,683
18,700 G Ordinary shares of £4.53 each	84,711	84,711
47,797 H Ordinary shares of £4.1732 each	199,466	199,466
57,129 I Ordinary shares of £4.5511 each	260,000	260,000
40,942 K Ordinary shares of £4.2037 each	172,108	172,108
524,724 Preference shares of £1 each	524,724	524,724
	<u>1,973,692</u>	<u>1,973,692</u>

The A and B Ordinary shares have one vote per share, but the C Ordinary shares have no voting rights. The A Ordinary shares have unlimited dividend rights and the B Ordinary shares have unlimited dividend rights up to a maximum of £800,000 for each accounting reference period. The C Ordinary shareholders have no dividend rights. The A, B and C Ordinary shares are not redeemable. The respective rights of the A, B and C Ordinary shareholders upon an exit event are disclosed in the company's articles of association.

The F, G H, I and K Ordinary shares carry no voting rights, but do provide the right to participate in distributions by way of dividend as determined by a specific formula and the right to participate in a distribution of capital to the extent of a return on amounts paid up on the shares. These classes of shares are non redeemable.

The L Ordinary shares carry no voting rights. The L Ordinary shares carrying the right to participate in a distribution of capital as determined by reference to participation hurdles and value hurdles each calculated according to a specific formula. This class of shares is non redeemable.

The preference shares of £1.00 each carry a fixed cumulative dividend at a rate of 3% per annum, payable half yearly in arrears on 30 November and 31 May. The shares may be redeemed at par at the option of the company. The company must redeem the preference shares on an exit event, as set out in the articles of association. The preference shareholders have no voting rights.

### 26 Reserves

#### Share premium

The share premium account represents consideration received on the issue of shares in the company in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

#### Profit and loss reserves

Profit and loss reserves represent the accumulated profits, losses and distributions of the company.

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 27 Cash absorbed by group operations

	2022 £	2021 £
Loss for the year after tax	(6,775,728)	(950,993)
<b>Adjustments for:</b>		
Share of results of associates and joint ventures	303,705	(65,280)
Taxation credited	(1,850,377)	(232,239)
Finance costs	361,270	287,929
Investment income	(10,305)	(39)
(Gain)/loss on disposal of tangible fixed assets	-	1,228
Amortisation and impairment of intangible assets	2,266,198	2,197,685
Depreciation and impairment of tangible fixed assets	326,293	378,644
Increase in provisions	209,233	209,233
<b>Movements in working capital:</b>		
Decrease/(increase) in work in progress	2,522,629	(1,142,547)
Decrease in debtors	1,621,664	2,644,908
Decrease in creditors	(654,419)	(4,383,887)
<b>Cash absorbed by operations</b>	<b>(1,679,837)</b>	<b>(1,055,358)</b>

### 28 Analysis of changes in net debt - group

	1 December 2021 £	Cash flows £	30 November 2022 £
Cash at bank and in hand	2,366,298	(1,959,985)	406,313
Borrowings excluding overdrafts	(47,462,767)	(772,319)	(48,235,086)
	<b>(45,096,469)</b>	<b>(2,732,304)</b>	<b>(47,828,773)</b>



# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

### 29 Financial commitments, guarantees and contingent liabilities

The company is party to a debenture deed dated 26 April 2021 in favour of OakNorth Bank plc giving fixed and floating charges over all the property or undertaking of the company. The deed covers amounts owed to the bank by Lyons Davidson Limited, Lyoris Davidson Scotland LLP, Lyons Davidson Trustee Company Limited, FD Licensing Limited, Lydaco Financial Services Limited, File Dynamics Limited, National Law Associates LLP and Lyons ABS Limited. The aggregate borrowings of these entities from OakNorth Bank plc at the year end were £7,075,326 (2021 - £6,000,000).

In order for the subsidiaries listed as such in note 16 to take exemption from audit by virtue of S479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of those subsidiaries until those liabilities are satisfied in full.

### 30 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	3,102,569	2,243,422	3,102,569	2,243,422
Between one and five years	8,301,591	6,851,208	8,301,591	6,851,208
In over five years	6,026,642	4,931,219	6,026,642	4,931,219
	<u>17,430,802</u>	<u>14,025,849</u>	<u>17,430,802</u>	<u>14,025,849</u>

### 31 Related party transactions

#### Remuneration of key management personnel

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the group. The remuneration of key management personnel of the group in the period was:

	2022 £	2021 £
Aggregate compensation	<u>1,087,456</u>	<u>1,062,027</u>

# LYONS DAVIDSON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2022

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### 31 Related party transactions (Continued)

#### Transactions with directors

During the year, certain directors maintained loan accounts with the group. The amounts owed to these directors at the year end are disclosed in note 21.

#### Transactions with other related parties

The group has taken advantage of the exemption available under FRS 102 Section 33 and has not disclosed details of transactions or balances between wholly-owned group entities. Details of transactions with other related parties are set out below.

Rossfeld Limited (formerly Ascenti Holdings Limited) is considered to be a related party by virtue of common shareholders. Ascenti Health Limited was a subsidiary of Rossfeld Limited until 26 April 2021 when it was sold to a third party. Ascenti Health Limited is no longer a related party. File Dynamics Limited was a subsidiary of Rossfeld Limited until 29 November 2021 when it was sold to Lyons Davidson Limited. File Dynamics Limited is now a wholly-owned subsidiary.

The group had the following disclosable transactions with these related parties during the comparative period. During the period up to 26 April 2021, Lyons Davidson Limited charged Ascenti Health Limited £113,013 for legal and office services and Ascenti Health Limited charged Lyons Davidson Limited £4,215 for services. During the period up to 29 November 2021, File Dynamics Limited charged Lyons Davidson Limited £3,321,489 for support services and software development.

In addition to these amounts, at the start of the comparative period, Lyons Davidson Limited owed Ascenti Health Limited £29,293,974 in respect of a combined banking facility. Shortly before 26 April 2021, the balance was transferred to Rossfeld Limited and now stands at £27,220,889 (2021 - £27,220,889).

During the year, Rossfeld Limited waived interest of £423,591 (2021 - £218,962) due on the other loans detailed in note 21.

#### Share based payments

Certain employees were granted share options in Ascenti Health Limited as referred to in note 1. In April 2021, Ascenti Health Limited and its subsidiaries were sold and the share options were terminated.

### 32 Controlling party

The immediate and ultimate parent company is LD Group Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. LD Group Holdings Limited heads the largest group into which the results and financial position of the company are consolidated. The consolidated financial statements of LD Group Holdings Limited are available from its registered office, 43 Queen Square, Bristol, England, BS1 4QP. The smallest group into which the results and financial position of the company are consolidated is that headed by the company itself.

The ultimate controlling parties are R J Squire and I G Squire by virtue of their interests in the issued ordinary share capital of LD Group Holdings Limited.