



Annual report

2021



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Gordon**
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Strategic and financial overview

Growing market share in a year of change



Chief Executive Officer (CEO)

Reflecting on another year of change, we have achieved significant progress and maintained our strong position in the market.

There is no denying that 2021 was hugely challenging for the whole of the consumer legal services industry, particularly in the personal injury market. Three principal factors contributed to this:

- **The ability to progress cases**
Around half of all court dates were cancelled due to the impact of pandemic-related restrictions, creating an incredibly difficult environment in which to advance cases.
- **The underlying volumes in the marketplace**
Total UK personal injury claim levels in 2021 were down another 18% on 2020 levels, with Road Traffic Accident (RTA) claims down 20%.
- **The impact of the changes from the introduction of the Civil Liability Act (also known as the whiplash reforms)**
By requiring that the insurer of the vehicle at fault will not pay for appropriate legal advice unless the compensation is likely to be more than £5,000, the Act resulted in a drop in the number of motorists seeking expert legal advice. Further, a new government portal that was intended to help consumers has been beset by problems.

Against this difficult backdrop, we continued to make significant progress.

We started 2021 having transformed our core technologies during the previous year, investing £4.1m to improve our capability and further enhance the customer experience. It is pleasing to report that throughout the year our billings, through the hard work of my colleagues, continued to remain robust.

In addition, it was very satisfying to see that despite the disruption caused by the introduction of the whiplash reforms, and the lower overall market volumes, our intake of personal injury cases was down just 1% on 2020 – representing an ongoing increase in market share, and an outstanding effort from all involved to adapt and innovate. Furthermore we were the lead lawyers on the ground-breaking and high-profile VW emissions case.

This group action emissions claim, co-led against Volkswagen, resulted in a significant out of court financial settlement for around 91,000 vehicle owners, of which more than 70,000 were S+G customers, demonstrating our significant and unwavering commitment to secure a just outcome for consumers. The £193m settlement represented the culmination of many years of hard work by our team and was announced in May 2022.



We also started to position the business around two core business units – Specialist Legal Services (SLS) and Essential Legal Services (ELS) – as part of ensuring that we continue to be in a position to best serve our customers and target the right levels of support and investment, whilst adjusting to the significant changes in the marketplace. This also resulted in us taking the decision to exit various of our non-legal services during 2021.

The changes in structure were formally introduced in July 2022, when I took on the CEO role, following David Whitmore's retirement. We have as a result set out this report in line with our new organisational structure.

SLS is led by Madelene Holdsworth and now includes Family and Employment alongside Road Traffic Accident (RTA) Multi Track and Employer Liability/Public Liability (ELPL) Multi Track, Clinical Negligence, Industrial Disease, Abuse & Public Inquiries, Military, Travel, Compass Costs, Court of Protection and Wills, Tax, Trusts & Probate (WTTP).

ELS is led by Jenni Baldwin and incorporates our high-volume, transactional legal services as well as our Customer Onboarding Team. It includes Small Claims and Fast Track RTA and ELPL and S+G Scotland.

Both Madelene and Jenni provide their perspectives on their business areas later in the report.

So whilst 2021 was challenging, with the ongoing investment, hard work by my colleagues, the success of the VW settlement, and the structural changes that we have introduced, we are in a very strong position for us to continue to invest in our core consumer legal services platform.

This is demonstrated by our ability to repay shareholder loans to the value of £46.3m during H1 2022. In addition, the Group completed a significant share repurchase.

Looking at the 2021 period, our continuing revenue was £98.3m, down 14.7% from the previous year. Adjusted EBITDA of the continuing business was £5.7m, down 11.2%. These figures do not include those areas of the business that we decided to exit, including the sale of our health business, Mobile Doctors, in March and the discontinuation of our health and rehabilitation business, Overland Health. In addition our Motor business, which had been affected by depressed traffic volumes, was discontinued in November.

The reduction in continued revenues was as a result of the factors mentioned at the start of my report, with these ultimately resulting in a reduction in the volume of claims coming through, along with lower damages paid and therefore reduced fee income.

Nevertheless, we have responded positively, with new contract wins and enhanced collaboration with existing partners allowing us to double market share.

Pleasingly, our SLS division is also showing steady growth on an underlying basis, despite being held back somewhat by lower road traffic use. The business has effectively mitigated depressed road traffic volumes by focusing on key areas, including Clinical Negligence, where we are looking to continue to grow our representation in the market, complemented by growth in Family and Employment.

Thanks to our new structure, we are now on a better footing from a net profitability standpoint going forward. An ongoing theme during 2021 was efficiency – we have made excellent progress in reducing overheads in the support services side of the business in particular. We have also reduced our property footprint to five offices while investing in locations of strategic importance, such as our new office in London in the heart of the legal district.

Together, these actions have helped to reduce operating expenses, before non-recurring items, from £129.9m to £103.6m and rationalisation remains an ongoing focus for the business.

The transformational progress that we have achieved during a period of such great disruption is testament to the commitment and creativity of our colleagues and will help futureproof the business against challenges to come.

Equally, now we can be increasingly confident that life is returning to something more like normality, we know that many colleagues enjoy the environment and atmosphere an office can provide. It is important for us to be at the forefront of that change and provide freedom of choice, so we have created new automated processes, like desk-booking systems, to support peoples' safe return to the workplace.

We have not stopped welcoming new colleagues – 578 in the past year, including 14 trainee solicitors. The majority of these have joined remotely.

Each new starter has virtual corporate induction sessions, though we are mindful that many of these processes can now revert to being face-to-face. And the same can be said for professional development.

We have invested to ensure this never slowed or stalled during the disruption, delivering almost 10,000 individual training sessions in the past year.

With an eye on flexibility, we also created a new learning management system called The Learning Academy, an online platform that provides learning and development content to colleagues in an accessible, intuitive and agile way.

And we have teamed up with online publisher Bookboon to create an online library of learning resources including podcasts, virtual workshops and ebooks – a Netflix for learning, providing easy access to bitesize virtual resources at any time and from any place. It has proved incredibly popular, with around 1,600 downloads every month.

During 2022, these resources will increasingly be supplemented with real-life learning opportunities, creating a blended approach to accommodate all learning styles.

We are looking forward to welcoming people into our offices once again, in a way that balances the operational demands of a growing business with all our colleagues' work-life requirements. July 2022 saw the opening of our new London office at 22 Chancery Lane, a return to our roots in the legal district of London.

We have also relaunched our Diversity & Inclusion (D&I) networks, with groups focused on accessibility, LGBTQ+, gender, BAME and a new social mobility network, led by a new dedicated D&I manager.

Ultimately, we want all our colleagues and clients to achieve their full potential. As we return to more pre-Covid ways of working, all of our family of staff will have the opportunity to learn, engage, create and collaborate.

Whilst we are strongly positioned from both a market and financial standpoint, we expect the 2022 operating environment to remain challenging. In addition to the impact of the war in Ukraine, global supply chain blockages and the increasing energy crisis, the outlook of the markets is that the UK will struggle with weak economic growth in 2022.

We are ready to embrace the change and evolution that will be required to continue to be successful in delivering on our objective to put our clients' interests first, as part of providing the leading consumer legal services to our customers and marketplace.

Thank you to all current and past colleagues who have contributed to get us to this position.

I am proud to be leading such a great team and company and I look forward to leading S+G through this next phase of growth and development.

Remarkable people

Throughout the turbulence of the past year, our Slater and Gordon family has risen to every challenge it has faced.

Our people proved their dedication and passion during another unpredictable year, with the pandemic continuing to limit how we could work together. It was another year when agile thinking was needed to resolve issues not just for now, but for the future as well.

In response to Covid-19, S+G had already accelerated our Connected Working Programme. This is now a well-established way of working across the business. It means everyone has as much freedom as is operationally possible, choosing where and how they want to work, fully backed up by our effective IT solutions.

As a result, we have been able to keep working *efficiently and effectively through the most challenging of times*, and we can cast our net further afield to attract the quality of talent we need. We have recruited people across the country in roles that are no longer solely office-based.

I would particularly like to thank my predecessor as CEO, David Whitmore, who announced his retirement from S+G in July 2022. David came out of semi-retirement to lead S+G, and has expertly guided the company into a strong and competitive position in a crowded market. David and I have worked closely together for many years and I will continue to make the most of his expertise and wise counsel as he transitions into a new role as a non-executive director.



"Our people have risen to every challenge it has faced."

Essential Legal Services



Jenni Baldwin

During 2021, Essential Legal Services (ELS) comprised Fast-track Road Traffic Accidents (RTA) and Employers' Liability and Public Liability (EL/PL) claims, cases generated through the acquisition of Jigsaw Law in 2020, cases in Scotland and customer onboarding across the full group. We now also have responsibility for the group's technology. As such, the department employed more than 700 people, and accounted for about half of the firm's fees.

Looking back, the year was effectively split into two sections: before and after the Civil Liability Act (CLA). The so-called 'whiplash reforms' came into force at the end of May, meaning that smaller claims now need to be processed through a self-service online portal called the Official Injury Claim portal (OIC) and that they can do so without legal representation.

We supported the CLA changes but warned that implementation needed to be handled carefully to ensure that genuine claimants were not unfairly treated. Despite this, the OIC portal has been difficult for claimants to use, and we consider the risk that individuals will not access the right legal support has increased.

Nevertheless, we responded proactively to the change in legislation by providing an alternative to that litigation-in-person process. Micase, our self-service online platform, allows us to provide expert, No Win No Fee, representation for whiplash injuries.

Micase launched in June 2021 and is a key part of our ongoing drive to transform the customer experience, empowering clients to effectively take decisions on unfamiliar issues.

With Micase, we are making essential, high-volume legal services more efficient and accessible than ever, delivering on customers' evolving expectations. And since we have digitally enabled that service, we have seen that clients are happy to have the flexibility to progress their cases outside normal working hours.

This reflects changing consumer demands, with people increasingly expecting to be able to access services around the clock.

Looking forward to 2022

As we look forward to 2022, with ELS at the forefront of Slater and Gordon's strategy to provide more accessible and innovative legal services and products, the work my colleagues spearheaded across the business has been key to establishing our market confidence.

In our business, customer experience is critical. We therefore used the second half of 2021 to drive forward our improvement plan, to gain a true understanding of any customer apathy and face the challenges both our clients and colleagues had. Key to this success was Micase, making the management of tens of thousands of cases far more efficient.

"Micase is a key part of our ongoing drive to transform customer experience."

As an example, we addressed pain points in the online customer journey, by offering advisory video content, enabling customer confidence to continue through the process.

Video continues to prove a highly effective format for us to build brand awareness and affinity. Our owned content – all produced in-house – is among the most consumed in the market, with more than 10.6m views.

Another innovation was our partnership with Google. We were able to enhance our marketing through machine learning, by better targeting search engine activity. That cut the cost per enquiry by 12% and reduced 'Cumulative Layout Shift', a measure of a site's user unfriendliness, by 17%.

And it pushed us up the online rankings: we were the UK's second most visited consumer legal website during 2021, up from a third position ranking in 2020.

Further, we became the first ever brand to retain the top spot in the Digital 100, which ranks law firms' digital marketing. And our Trustpilot and Google Star ratings remain very positive.

It has been a transformational period for Slater and Gordon. If 2020 was largely about preparation for the changes ahead, then 2021 saw the delivery of those plans.

Looking forward, we are determined to keep growing and evolving our proposition to exceed customers' expectations in an age where they expect fast turnaround, transparent pricing and easy accessibility.

Investing in our people

Another point of focus during 2021 was our colleagues and culture. Attrition rates among our colleagues in ELS were higher than average, so we focused on reward and recognition, including reviewing the incentives we offered, enhancing the opportunities for skills development and providing greater clarity around how colleagues can progress in the organisation.

Furthermore, we're creating opportunities through our partnership with apprenticeship provider Babington, which utilises our contribution via the government's Apprenticeship Levy to provide management training. I believe we now have a really strong offer when compared with our competitors.

Despite the challenges, there's no doubt that we ended 2021 in a stronger position than at the start of the year. We're now continuing to deliver strategic change in a way that provides our valued and talented colleagues all the tools they need to deliver the best service possible.

Optimising efficiency

An example of how our customer service was enhanced in 2021 is in clinical negligence. In such a sensitive area. We introduced a specialist function whereby people contacting Slater and Gordon with clinical negligence queries are immediately handled by a specialist first point of contact, helping to increase our conversion rate from 11% to 21%.

This success led us to replicate this approach across other teams. We worked to reduce the number of onboarding stages for customers before speaking with a fee earner, most notably in our Specialist Legal Services practice. We also moved to an omnichannel offering, giving clients the opportunity to communicate through SMS and web chat, not just on the phone.

We recognised the need for customers to effectively access case progression information and responded with the advent of our Micase Tracker tool. We launched the first version of Micase Tracker in 2021, allowing our call centre to access case progression information, FAQs and status updates to pass directly on to existing clients there and then.

The launch of Micase Tracker phase 2 is set to deploy in H2 2022 with a plan to enable customers to access case information via this tool directly.

This new ease of access to information has been further enhanced by our appointment booking tool which allows clients to self-book appointments at a time convenient to them.

These examples are all about making the customer experience more informed and consistent, and our processes leaner.

Specialist Legal Services



Managing Director, Specialist Legal Services

Whilst the combination of the pandemic and new legislation had a significant impact across the wider legal industry, and in many areas of S+G's business, volumes in many key sectors within SLS remained robust and in some areas increased. This, I have no doubt, was down to the dedication and expertise of our specialist lawyers and the teams supporting them.

Clinical Negligence is the largest practice area within SLS, alongside serious or 'Multi-Track' Road Traffic Accidents (RTA) and Multi-Track Employers' Liability and Public Liability (EL/PL), Occupiers Liability, Industrial Disease, Military, Travel and Abuse and Public Inquiries. During 2021, restructuring saw the department integrate our specialist public inquiry work with our Abuse department, and align our Court of Protection and Wills, Trusts, Tax and Probate work with our Specialist Injury Departments. As we move into 2022, SLS will also incorporate the key specialisms of Family Law and Employment Law.

In Clinical Negligence alone, we recruited a number of additional lawyers due to departmental growth of a further 10% this year after seeing significant growth in 2020; and this growth is continuing.

The number of Industrial Disease cases recovered from the 2020 Covid-19 impact. A large part of the work in the Industrial Disease department is asbestos litigation and, during the pandemic, diagnoses were not happening as quickly as they normally would. These, however, have now returned to pre-pandemic levels. We maintained our close links with the National Asbestos Forum and the regional Asbestos

Victims Support Group charities. Occupational Stress is another area that continues to grow within our Industrial Disease practice and we have a specialist occupational stress department within Industrial Disease specialising in this niche area of litigation.

Meanwhile, challenges around court capacity that we saw during 2020 eased, though we still saw delays in specific areas including the District Probate Registry, which struggled with backlogs on Grants of Probate. Some County Courts are still also working through a backlog. The pandemic afforded an opportunity for the Courts to become more agile and technology driven and they have moved to a more permanent remote-working model for certain types of hearing and formally launched online court proceedings issuing, which generated huge efficiencies when it comes to issuing claims.

I'd like to highlight the fantastic work carried out by my colleagues, which was recognised with four well-deserved nominations at the Personal Injury Awards held in November 2021. Kim Harrison, Head of Operations for our Abuse and Public Inquiries team, won Claimant Lawyer of the Year; a hugely well-deserved accolade.

We acted in some very high-profile cases, representing the majority of the victims at the ongoing Manchester Arena bombing public inquiry, as well as a number of families in the Grenfell Tower inquiry.

I'm especially proud of the fantastic settlements we've achieved in cases where clients have suffered life-changing injuries and now have the support they deserve.



Among them was an £8m settlement for a former Royal Marine who sustained a catastrophic spinal cord injury in an accident while he was deployed overseas and was left paralysed. We were able to reach an out-of-court settlement on a provisional damages basis, providing him the opportunity to obtain further compensation if his condition worsens in the future. He now has the resources to live a good quality of life. This case had a number of difficulties, from a liability point of view, jurisdictional issues and medical issues. This was an excellent outcome, led by our Head of Serious Injury Matt Tomlinson.

That's just one example of the sorts of cases our excellent lawyers are involved with.

We also saw a growing trend of asbestos-related illness claims that were not from the usual trades, like plumbers and electricians, but from careers such as bank workers and teachers. These cases are notoriously difficult, but our specialist asbestos lawyers have been successful in obtaining appropriate compensation in these cases. As an Industrial Disease lawyer myself, I would expect that trend to continue and we are well equipped to continue to assist claimants in these more difficult but important actions.

Our relationships with charities are vitally important to us. In the last year we have new working partnerships with cerebral palsy charities, including Liverpool-based The Brain Charity as well as charity Cauda Equina Champions, which supports people with a debilitating spinal condition; and the Bobath Centre in London, another charity who help families with cerebral palsy.

These relationships underline the strength of our clinical negligence department, which is seeing growth in both lower value and higher value cases.

We opened and expanded a new office in Newcastle during 2021; this houses serious injury lawyers, a team of clinical negligence lawyers and an employment team. The aim is to extend our reach geographically and offer a personal service to clients who wished to access our services locally in the North East.

Looking back on 2021, I'm really proud of the way our teams performed – in particular in the way that we weathered the pandemic; a real lesson in adaptability.

Our work is highly technical, sensitive and important, but we are attracting the brightest and best lawyers who are achieving outstanding outcomes for our valued clients. To support that, we relaunched our training contract recruitment programme, creating a tougher and more robust recruitment process and taking on more trainee solicitors than ever before, opening the process up to external candidates. We appointed 17 trainees who started work with us in September 2021 and are currently undertaking six-month rotations across our different practice areas.

Family and Employment

This year was another stellar year for the Family and Employment specialisms, which both continued to deliver outstanding results for our clients, taking on a number of significant and high-profile cases.

Our Employment team, led by Jo Mackie and with a critical mass of experience and talent, successfully acted for some high-profile clients in complex matters.

Among these were the case of Sir Philip Rutnam, the Permanent Secretary at the Home Office, who resigned through a public statement asserting constructive dismissal as result of the actions of the Home Secretary Priti Patel.

Advice was provided by lead lawyer Edward Cooper up to and in respect of the resignation and then employment tribunal proceedings were taken by the department against the Home Office for constructive dismissal on the grounds that the client had made protected disclosures.

Family saw a significant growth of the team nationally, with a brand new team being unveiled in 2021, including some of the most talented lawyers in the UK, driven and led by Head of Practice,

Georgina Chase, who has been with the firm for over 10 years.

The team, who have increased their intake of cases and profile considerably, handled a number of complex and sensitive Family Law matters with great compassion, working tirelessly to secure satisfying outcomes for our clients.

Among these were the case of a retired Police Officer with a complicated and unusual deferred pension sharing issue. Georgina secured settlement terms for the ex wife's claim to a Pension Sharing Order of the officer's Police Pension in payment, to be deferred until her 60th Birthday in 2023, in order to prevent a significant deduction to the Officer's pension income if implementation had otherwise taken place straight away.

Technical drafting of the Financial Consent Order was required, as the Order had to be an extremely comprehensive and detailed document in order for it to be approved by the Court. The approval of the Order by the Judge was an extremely satisfactory outcome for our client.



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Family and Employment specialisms

outstanding results

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Section 172 statement

Slater and Gordon UK Holdings Limited is the parent company of Slater and Gordon UK Limited, an Alternative Business Structure operating as an independent law firm with its own board and leadership team.

Companies need to report on how the Directors have carried out their Section 172 duties under the Companies Act.

In short, Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, most likely to promote the success of the Company for the benefit of its members as a whole.

To do so, Section 172 requires a Director to have regard (amongst other matters) to:

- a. The likely consequences of any decisions in the long-term;
- b. The interests of the Company's employees;
- c. The need to foster the Company's business relationships with suppliers, customers and others;
- d. The impact of the Company's operations on the community and environment;
- e. The desirability of the Company maintaining a reputation for high standards of business conduct;
- f. The need to act fairly as between members of the Company.

The Board should also understand the views of the Company's other key stakeholders and describe in the Annual Report how their interests and the matters set out in Section 172 of the Companies Act 2006 have been considered in board discussions and decision-making.

In discharging our Section 172 duty, the Directors of the Company, have given full regard to the factors set out above.

In 2021, the Slater and Gordon Board made a series of strategic decisions for the business. These decisions were made with due consideration of the potential long-term consequences, and the long-term success of the business.

Actions included: strategic decisions to respond to the introduction of key regulatory changes including the Civil Liability Act reforms; effectively responding to the easing of pandemic-related restrictions and their impact on both the market and the workplace; the planning of a new organisational structure in order to focus the business around two core units - Specialist Legal Services (SLS) and Essential Legal Services (ELS); the sale of the Company's medico-legal services business; exit of direct provision of hire and repair services via the entry into a hire and repair third party outsourcing relationship; strategic support of the Collective Actions business in particular relating to the Volkswagen emissions claim; entry into and renewal of key strategic supplier partnerships; financial decisions to enable an amendment and extension of the Company's shareholder loan facility (subsequently repaid in full in 2022); assessment of a broad range of corporate development opportunities, strategic technology investments; decisions on several property transactions; and consideration and approval of the Group strategy and budget for 2022.

In assessing the long-term strategy of the business, the Board completed a full assessment to identify the different consequences, including risk management considerations and scenarios that could arise from alternative decisions. Significant financial risks are routinely considered and disclosed in note 26.

Financial performance has also been monitored on a monthly basis. The Board has no plans to pay dividends in respect of 2021; this will continue to be reviewed in line with the performance of the Group.

Community and the Environment

With technology at the heart of everything we do, we want to move towards reducing our carbon footprint in order to remain a sustainable and responsible business. We are doing this by working with our internal colleagues, strategic suppliers and partners to create a culture that will achieve this by digitalisation and mobilisation of the workforce.

Our work in this area is fundamental to a responsible business strategy and is a key priority for our Directors in 2022.

Our workforce are encouraged to increase their use of email, electronic signature and bundling software packages and make use of video conferencing where possible to avoid unnecessary travel. Our facilities department also monitor, control and report printer use across the business to the Executive Leadership team. One of the greatest drivers of our carbon footprint is the space we occupy. Strategically, we can downsize our estate by making our people agile and digitising their ways of working. In 2021, we moved to smaller sites such as Edinburgh and Cambridge. Our Manchester office now operates over just two floors instead of five, and our new London office space occupies 6,000sqft compared to 18,000sqft in 2020. Consequentially, our utilities usage has also reduced.

In 2021, we implemented our incoming mail project which digitised all incoming hard copy documents and delivered them along intelligent workflows to the case management system. We off-sited to archive providers all of our on-site files by cataloguing (indexing) 40,000 files. These files are then scanned off-site in archive provider warehouses where they are stored efficiently and securely. Scanning of files removes transport energy use. Our technology team regularly power off our digital equipment to reduce our energy consumption.

We further rolled out our Micase RTA portal which provides a mechanism for our customers to interact with our legal teams digitally, rather than by hard copy documents.

The above initiatives have reduced our print volumes by 85% since pre-Covid levels.

We are pleased to offer our workforce a Cycle to Work scheme to promote health and wellbeing and help reduce our impact on the environment. Our Cycle to Work scheme offers employees up to £2,000 to spend on a wide choice of bicycles, including electric ones. We also encourage employees who live near to an office location to car share and we offer all employees who have to travel by train a £10,000 per annum interest free loan for a season ticket. These measures seek to help ensure that less fuel is used when our workforce travels to work so that we can effectively contribute to a reduction in air pollution.

Employee Engagement

Like all great businesses, Slater and Gordon strive to recruit the best people and uphold the highest legal standards. Being technically gifted or the brightest legal mind is not the only thing we look for in our colleagues. Our people bring something a little different. We hire people who can challenge, remove roadblocks and deliver outstanding customer service. That is why at Slater and Gordon we go further with our values. How we work is guided by the S+G Way. This means:

- We do what we say we will
- We don't wait we create
- We own it, we sort it
- We respect and encourage each other
- We make time to live

The S+G Way defines the specific behaviours and actions that our colleagues and our customers care about the most. We know this, because our colleagues helped to create the way, through a series of interactive workshops and interviews.

Maintaining a good employee experience is key to staff recruitment and retention. We have a dedicated communications function that supports employee engagement. Relevant information is shared through channels such as regular online updates, employee surveys and face-to-face executive briefings.

Communication with colleagues also takes place through a variety of channels including S+G Colleague live events, videos, blogs, emails, team talks, the Intranet and internal social channels. We also provide wellbeing resources such as mindfulness, yoga and exercise sessions. These were of paramount importance as the Covid-19 pandemic continued into 2021.

As part of the Group's plans to continuously improve its health and wellbeing performance, there are plans to establish a Wellbeing Champions scheme. This involves having a small number of colleagues who have a passion for driving wellbeing improvement within the workplace. These colleagues will support HR and Health and Safety and act as an additional point of contact for colleague wellbeing queries/concerns. Training will be provided to introduce the colleagues to the expectation of the role and the current support resources (internal/external).

All colleagues have access to an annual self-administered health check as well as three annual digital GP appointments, up to six nutritional consultations and two second opinions. The Group also offer private medical insurance through Bupa where colleagues can access virtual GP services.

S+G recognise the importance of physical wellbeing outside of the workplace and has introduced a gym discount benefit to encourage good physical health.

In addition to this, over the course of 2021 we have provided a number of staff training programmes including our solicitor traineeship programme, 12 apprenticeship programmes, a starter induction training system and our annual PDR training.

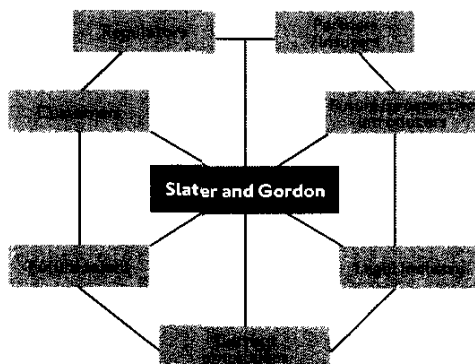
We have also provided extensive system training on our case management systems, speech recognition software and Microsoft Excel, as well as compliance training on data protection and the Solicitors Regulation Authority (SRA) codes of conduct.

Fostering stakeholder relationships

Maintaining healthy relationships with suppliers, stakeholders and regulators is key to the long-term success of the business, as illustrated in Figure I.

With this in mind, we endeavor to comply with various regulatory bodies including the SRA and the Financial Conduct Authority. Our Directors also obtain appropriate information to make judgements through stakeholder engagement, day-to-day business interactions, structures or channels for engagement. Details on the Group's supply chain, anti-bribery and corruption policies are detailed in the Directors Report.

Figure I. Slater and Gordon Stakeholders



Maintaining a reputation for high standards of business conduct

For Slater and Gordon, maintaining a reputation for excellent business conduct and standards is a priority. It underpins everything we do. The S+G way has been pivotal in setting the framework for our culture; it also guides the expectations we have of each employee in working with each other, our customers and other stakeholders to ensure that we retain both integrity and accountability. Full details of the Board composition and Directors' responsibilities are detailed in the Directors' Report.

Acting fairly between members of the Company

Slater and Gordon exercises its relevant powers in accordance with the Company's Articles of Association and in accordance with relevant internal policies and procedures to ensure it acts fairly as between the Members of the Company. The Board is comprised of:

- One executive Director of the Company, being the CEO;
- Three non-executive Directors (NEDs), representing Slater and Gordon's majority shareholder, one of whom is the Chair;
- One NED, representing Slater and Gordon's minority shareholders; and
- One NED, acting as a senior adviser to the Board.

All shareholders therefore have a fair opportunity to provide their views to the Board. To ensure probity and transparency, the Board meets regularly to assess the performance of the Company as part of its responsibility to ensure long-term success.

Nils Stoesser
Chief Executive Officer

13 January 2023

Directors' report

The Directors present their report, together with the financial report of the consolidated entity consisting of Slater and Gordon UK Holdings Limited (the "Company") and its controlled entities (jointly referred to as the "Group"), for the financial year ended 31 December 2021. This financial report has been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the UK. The Company's business relationships is referred to in the Section 172 statement.

Slater and Gordon UK Holdings Limited is the ultimate holding company of the Slater and Gordon Group of companies in the UK and Malta. The principal activities of the Group are to provide consumer legal and complementary services. The Group's future developments are set out in the Strategic and financial overview section.

The consolidated results for the year ended 31 December 2021 are set out on page 41. No dividend has been proposed by the Company during the year ended 31 December 2021 (2020: nil).

Shareholder Loan repayment

On 10 June 2022, the Group repaid in full including PIK interest, the shareholder loan of £46.3m and subsequently wrote off £1.9m capitalised costs held as other receivables at 31 December 2021. Following repayment of the shareholder loans, the Group does not hold any external debt other than the VFS facility.

Minority Shareholder buy back

On 7 July 2022, the Group repurchased 232,632 Ordinary shares of £0.000001 nominal value for £1.4m.

SGS Business Process Services (UK) Limited

As detailed in note 6b, on 17 November 2021 the Directors announced a plan to enter into third party partnerships for the provision of the hire and repair business of SGS Business Process Services (UK) Limited. All contracted parties and employees were notified and the scope of services being provided was reduced. The new partnership arrangements were finalised in March 2022, and management intends to cease trade by May 2023.

Macroeconomics

During 2022, the biggest risk in the markets has been the rise in inflation and, as a result, central banks have started to raise interest rates. Since February 2022, the Group has been closely monitoring the geopolitical issues in Ukraine and the effect on global markets. Management do not expect these events to impact the long term returns of the Group.

Adroit Financial Planning Limited sale

On 15 December 2022, the Group sold Adroit Financial Planning Limited. The disposal did not meet the criteria under IFRS 5 "Non-current assets held for sale and discontinued operations" to be disclosed as held of sale at 31 December 2021 or discontinued operations for year ended 31 December 2021.

The Directors in office at any time during the financial year and up to the date of this report are:

- J Connolly (resigned 14 February 2022)
- L David (appointed 26 February 2022)
- M Glengarry (resigned 2 February 2022)
- N Lane (appointed 30 March 2022)
- D Neave (resigned 16 February 2022)
- J Montes (appointed 16 February 2022)
- N Stoesser
- G White (resigned 30 April 2021)
- D Whitmore
- A Wilford (resigned 31 January 2022)
- G Moar (appointed 16 February 2022 and resigned 30 March 2022)
- D Sanders (appointed 26 February 2022)

The Company maintains Directors' and officers' liability insurance for its Directors and officers.

The Company Secretary in office during the year and up to the date of this report are:

- E L Humphrey (resigned 30 November 2021)
- E S Comley (appointed 2 December 2021)

The Company's policy is to continuously consult and discuss matters likely to affect employees' interests and engagement. The Company has a dedicated Internal Communications function which supports our drive to engage with our colleagues regularly, which has been of paramount importance during 2021 and the move to a more virtual environment.

Information is given through media such as regular online information updates, employee surveys and face-to-face Executive briefings which seek to achieve a common awareness on financial and operational matters affecting the Company's performance.

Recruitment policies

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training is given.

Once employed, we offer a career plan 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.

Anti-slavery policies

The Company is committed to ensuring the prevention of modern slavery practices across the Company and in its supply chains. The Company has a zero-tolerance approach which reflects our commitment to acting ethically and with integrity in all our business relationships. Anti-slavery awareness has been incorporated within induction and annual training programmes.

Anti-bribery and corruption policies

The Slater and Gordon Group has a group-wide anti-bribery and corruption policy, which is in compliance with the Bribery Act 2010. Procedures are reviewed periodically to ensure continued effective compliance across the Group (including the Company).

Political donations

During the year the Company made no political donations (2020: none).

Regulation and oversight

The mission of Slater and Gordon is to provide high quality, technology-driven legal services to all UK consumers. This purpose is underpinned by our culture and commitment to be a people business that is powered by technology.

As detailed in the Section 172 statement within the strategic report above, processes are in place to ensure that the Board has a clear understanding

of all shareholder views, including its minority shareholders. The People Committee - a sub-committee of the Board - is tasked not only with setting a consistent HR strategy across the Group, but also in reporting on key employee initiatives to the Board at each board meeting. Unfiltered feedback is also shared with the Board after each regular round of 'Live Events' and 'Strategy Updates'. This process ensures the Board is aware of the views of employees and uses these insights to inform its views on the impact of wider business decisions on employees.

Our people are updated on progress against our strategy throughout the year, via communication tools that range from monthly communications from our CEO, to weekly email newsletters.

Our people agenda focused on the future growth opportunities of our workforce, strengthening of our culture, the acquisition and retaining of quality talent and the transition to agile working.

Covid-19 helped to accelerate the internal digital transformation of the workforce and increase our investment in our technology. This more effective use of technology also led to a reduction in the use of paper across the Group which fed into our responsible business strategy. The S+G Way is the foundation of our competency framework and a values system for the Group as a whole. It sets out a shared expectation of how the workforce should collaborate and interact, both with customers and with each other. During 2021, we continued various employee recognition initiatives, such as our annual awards programme, to celebrate people demonstrating our values and delivering for colleagues and customers.

Board composition and the Board's responsibilities

As befits a business such as ours, the Board is comprised of individuals with a range and balance of skills, backgrounds, experience and knowledge.

John Connolly was the Chairman of the Company throughout 2021. As the Chairman he consistently encouraged open and constructive debate amongst his fellow Directors. Directors have sufficient capacity and opportunity to make a valuable contribution.

The roles of the Chairman and CEO are held by separate individuals. In 2021, there were three non-executive Directors (excluding the Chairman), and

two executive Directors on the Board (excluding the CEO). Therefore 60% of the Board were non-executive Directors (NEDs).

Currently, there are four NEDs (excluding the Chair), and one executive Director (who is the CEO) on the Board. Therefore, 80% of the Board are NEDs.

During 2021, the Board met fifteen times. Typically, unless a meeting is held in short order, the Directors are given four weeks to prepare their items for the next meeting. Board packs contain an action list that keeps track of the status of every assigned task given to the Directors, including associated delivery dates. Directors are given a minimum of two days to read the board pack before each board meeting, and each item is allocated sufficient time for full discussion at the meeting. The Chairman ensures that a full range of critical matters from across the business are scheduled for discussion at board level. In particular, the Board will always hear feedback from the People Committee and Audit and Risk Committee about key matters arising from their meetings. In addition to this, the Board annually undertakes an immersive strategy session over a number of days, to ensure that all aspects of the business and its strategy have received due consideration.

The Board has delegated its risk function to the Audit and Risk Committee, and their remuneration function to the People Committee. The terms of reference for each committee set out the authorities delegated to them, and the chair of each committee (each an NED) reports to the Board at each meeting.

Importantly, board members come from a diverse range of backgrounds including financial investment and accountancy, law, investment management and management consultancy. This ensures that a broad range of knowledge, skill sets, and approaches inform every board decision. Further, the Board actively seeks to align the business with strategic commercial partners who embrace the same vision.

The Chair and Company Secretary periodically review the Company's governance processes to ensure they support effective decision-making. The General Counsel and Company Secretary attend board meetings and are responsible for advising the Board on all governance matters, ensuring that all Directors have direct access to this advice.

The Group has Delegations of Authority Guidelines (the "DoA") in place. The DoA sets out to whom the Board may delegate decision-making authority to run the business on a day-to-day basis. However, decisions around external commitments which are business-critical in nature, or which represent a high financial commitment, remain reserved to the Board of Directors.

Conflicts of interest are managed by a register of interests for board members and the Articles of Association of the Board sets out how conflicts of interest should be decided. The Board is currently provided with:

- An annual report from an independent auditor who audits the financial statements of the Group
- Financial reports and key performance indicators from the Chief Financial Officer
- Workforce data from the Managing Director of Essential Legal Services and the Managing Director of Specialist Legal Services
- Feedback from employees via employment engagement surveys and colleague roadshows
- Regular 'deep dive' reports from each area of the Group
- Consumer data from research conducted by the Group's Marketing team.

All material provided to the Board for consideration must go through a rigorous internal review process, to include approval by the executive leadership team where appropriate, and by the CEO, to ensure the reliability of business information being provided to the Board for consideration.

Where it is appropriate for the Board to appoint external advisors (to provide clear guidance on their statutory responsibilities as Directors) this is commissioned by Chief Operating Officer and the General Counsel. Where ongoing monitoring of a particular business matter is required, the Board will appoint a dedicated sub-committee of the Board - with a clear term of reference - to monitor progress of that matter and report back to the Board at regular intervals.

The Company will also provide periodic presentations of operational performance to the minority shareholders and their appointed representative on the Board: a Non-Executive Director who specifically represents the interests of the minority shareholders. Effective and efficient communication of information with all Shareholders is ensured through the appointment of an experienced managing agent: Global Loan Agency Services.

The Board works to promote the long-term, sustainable success of the Company by identifying opportunities to create and preserve value and by establishing oversight for the identification and mitigation of risks.

One of the values that make up the S+G Way is 'We Don't Wait, We Create', which encapsulates our drive to create solutions and identify future opportunities.

We have conducted extensive market research into the UK legal industry, to find out who our customers are, the types of products they demand and the best ways in which we can meet their needs. Our findings have helped to identify six key customer segments, which inform and direct the design of our products and services.

To test our product and service development, we also carry out robust user testing prior to release. This user feedback helps to verify that the decisions we make about our communication and technology solutions truly meet customer needs and expectations.

Our quality control processes also involve closely monitoring and responding to customer feedback via our complaints procedures, as well as continuously monitoring Google and Trustpilot reviews and our customer Net Promoter Scores (NPS). In 2021 we saw an improvement in our NPS, Trustpilot reviews and visits to our YouTube page and enquiries left on our website.

Group and Audit Committee

The Audit and Risk Committee (ARC) is responsible for maintaining an appropriate relationship with the Group's external auditors and for reviewing the Group's internal financial controls and the audit process. It assists the Board in seeking to ensure the integrity of the financial and non-financial information supplied to external stakeholders and that such information presents a fair, balanced and understandable assessment of the Group's performance and position.

The Board considers that the ARC's responsibilities include:

- The principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice
- Financial performance, including liquidity and matters which may influence the presentation of the financial statements
- The principles of, and developments in, company law, sector specific laws and other relevant corporate legislation

- Making recommendations to the Board on the Group's risk strategy and risk appetite
- Overseeing the design and effectiveness of the Group's risk management framework relative to the Group's activities, including those that would threaten its business model
- Reviewing the adequacy and quality of the risk management function and the effectiveness of risk reporting

The Committee reviews the effectiveness, objectivity and independence of the external auditors and considers the scope of their work and fees paid for audit and non-audit services.

The activities of the ARC are supported by a dedicated *Compliance and Risk function under the leadership of the Chief Operating Officer.*

Slater and Gordon is committed to identifying and understanding environmental, social and governance risks and ensuring that the appropriate decisions are made across the Group and its supply chains. The ARC therefore aims to ensure that all stakeholders are safeguarded and treated fairly and with dignity. Our Risk Charter, in conjunction with our corporate social responsibility programme, sets out all stakeholders' responsibilities in this regard. Through our risk and assurance programmes, we work with our people and procurement functions to strengthen our internal controls framework and systems.

The Board has determined its risk appetite and the Group's key risk indicators are reviewed on a regular basis. In addition to this, the Board keeps the risk appetite statement and risk framework under active review, and both of these documents require board approval on an annual basis.

Identifying potential problems is a vital part of managing risk, so in line with the Group Raising Issues and Concerns Policy there are various reporting channels in place for each business unit. These are set out within the Whistleblowing Policy and Procedures, together with local business unit reporting procedures.

A full group risk report is presented to and reviewed by the ARC when it convenes at its quarterly meetings.

The ARC reports to the Board on all matters within its remit and the Committee makes whatever recommendations to the Board that it deems appropriate.

Remuneration

The Board promotes executive remuneration structures that are aligned to the long-term sustainable success of the Company, taking into account pay and conditions elsewhere in the Company.

There are harmonised benefits across the Group and a Group Incentive Plan in place, designed to reward the results and behaviours that help to drive the profitable growth of Slater and Gordon by:

1. Incentivising superior results, including cash management measures.
2. Promoting the values, behaviours and actions which will help the business advance.
3. Rewarding results and behaviour in a clear, consistent, fair and straightforward manner.

The Group Incentive Plan offers the opportunity to earn a market-competitive percentage of salary in return for results achieved. Annual performance reviews are aligned with the incentive.

The plan has been implemented across the organisation, but adjustments have been made for its application across different levels, roles and responsibilities. For example, there is a specific plan for the executive leadership team and senior management whereby the increased seniority of the employee means closer alignment of the individual awards to group performance over individual attainment.

The executive leadership team and senior management remuneration is closely aligned to the results of a bi-annual performance review. This performance rating is based not only on individual output but also functional and group performance on a financial and non-financial basis. Further governance is enabled via the People Committee.

Regarding the mechanism for remunerating Directors, Slater and Gordon (UK) Limited, a direct subsidiary of the Company, controls the pay for Directors of Slater and Gordon Group Companies under the supervision of the People Committee.

The People Committee

The People Committee is made up of two NEDs and the Chief Executive Officer in attendance has responsibility for setting the overall remuneration policy and making decisions about specific remuneration arrangements in the broader context of employee remuneration throughout the Group. This involves approving all awards under the incentive plan

and the wider remuneration package for all Directors, executive leadership team members and other members of the senior management team.

Further, the Company uses an external benchmarking provider to inform benchmarking data for all roles within the organisation, ensuring a robust salary review process and informing a competitive range of rewards for all employees in the context of their local market. As part of our commitment to continuous improvement we complete a salary review annually to inform our Reward Strategy.

Full and detailed calibration of group-wide pay awards and incentives is also undertaken, which includes visibility of any gender pay gap.

We offer enhanced family-friendly leave payments to all levels of the workforce. This involves the standardisation of maternity, enhanced maternity and paternity pay for all colleagues across the Group, including voluntary benefits. We also have a colleague discount hub.

Diversity and Inclusion Policy

The aim of this policy is to support a diverse and inclusive workplace where all members of the workforce feel free to be themselves and to thrive. This is aligned with the S+G Way and applies equally throughout the Group hierarchy including to the executive leadership team.

Slater and Gordon is also a 'Diversity Champion' member of the Valuable 500, with the People Committee enabling five diversity and inclusion networks – the newest addition is the Social Mobility network which was set up in Summer 2021. – and each has its own network Chair and executive sponsor.

The People Committee regularly reports on diversity and inclusion initiatives to the Board, and a majority Director is the Chairman of the People Committee, to ensure sufficient rigour and independence of that sub-committee.

Some of the key initiatives that we have underway are:

- We have made a submission to the Social Mobility Commission's Employer Index to help us identify where we can improve in this area.
- Reviewing our employee census data to understand both the diversity makeup of our workforce but also throughout the recruitment stage. This information will help us establish whether the initiatives we have put in place are working and further refine our diversity and inclusion strategy.

- Commitment to building a pipeline of diverse talent by supporting colleagues along their career trajectory. We plan to launch personal development programmes such as an internal mentoring scheme, which will allow colleagues in senior positions within the business to offer themselves up as a mentor to less experienced colleagues.
- Working with key partners and the community to support equality of opportunity through our work with *universities and community groups*, to attract candidates from a variety of sources, creating a diverse talent pool.
- Ongoing work to ensure that our policies and internal processes support and commit to a zero-tolerance approach to any form of harassment, discrimination, and unethical behaviour. All colleagues and all those who work with us are expected to uphold our values.
- Slater and Gordon has placed disability inclusion on its leadership agenda by making a commitment to the Valuable 500, becoming a Disability Confident Employer on the Disability Confident scheme and becoming a member of the Business Disability Forum.
- We have partnered with 55/Redefined and work closely with them to become a better age inclusive employer and to create better solutions for our employees and customers over the age of 55.
- Partnership with SCOPE – all of our job ads are posted to the members of this national disability charity. We work closely with them and offer our services out to its members e.g. CV writing and interview skills workshops, hosting their member events.
- An external employment campaign as part of LGBTQ+ history month
- Our managers were offered mental health and absence management training and we also offered a masterclass on Cancer in your Workplace, run by Macmillan at Work.
- Gender pay gap has decreased from 19.6% in 2020 to 15.9% in 2021.
- Slater and Gordon employees now have the option to add their pronouns to their work email address.
- S+G partnered with InterLaw Diversity Forum, a forum where they work to foster inclusion for all diverse, socially mobile and under-represented talent in the legal industry.

Stakeholder relationships and engagement

The Board is responsible for overseeing and fostering meaningful engagement with all stakeholders, including the workforce. Just as importantly, it has a responsibility to have a proper regard for their views when taking decisions.

Similarly, the Board understands its duty to treat clients, and each other, with mutual respect and trust. With this in mind, Slater and Gordon upholds a board-approved corporate and social responsibility strategy, which comprises three key areas: pro bono, community and the environment.

This works in concert with the business' evolving environmental policy, which includes the property strategy deliverables and document management strategy for the Group and is designed to introduce measures that will ultimately reduce the carbon footprint of the Group.

Together with the ongoing initiatives to promote the S+G Way, enhance dialogue with staff and stakeholders and manage risk, our commitment to social responsibility puts Slater + Gordon on a firm footing with regard to all stakeholder relationships and engagement.

To make Slater and Gordon as inclusive and supportive as possible, we also support an active Employee Assistance Programme, which is a confidential service designed to help staff with life's ups and downs, both at home and at work. This provides our colleagues with a range of professional services, including counselling, either over the telephone or face-to-face.

And because clients are always at the heart of our thinking, we also provide a formal complaints process for clients whereby the Client Care Team provides details of any complaints to senior management for further review and action. The Section 172 statement earlier in this document provides additional information relating to the Board and the Company's dialogue with stakeholders.

Energy and carbon reporting

The Group is committed to year-on-year improvements in its operational energy efficiency. Our total energy consumption for 2021 was 5,277,589 kWh. Our property strategy and Document Services Programme have enabled us to significantly reduce our property estate. The figures below represent the energy consumption and carbon emissions for the report period 1 January 2021 to 31 December 2021.

Energy and Carbon	Consumption		Emissions	
Year	2021	2020	2021	2020
Grid-supplied Electricity	2,375,125	1,153,518	504	269
Gaseous and other fuels	2,566,306	875,484	470	161
Transportation	336,158	429,192	78	102
Total	5,277,589	2,458,194	1,052	532
Intensity	0.0001		0.0001	
tCO2e / FTE	0.75		0.31	

Going concern

At 31 December 2021, the Group had net assets of £85.1m and cash of £11.5m.

The Group has prepared cash flow forecasts for the period to 30 June 2024, based on key assumptions around the achievement of revenues, the costs and working capital required to generate these revenues. The Directors have considered the level of new instructions and the likely future value of this work together with the forecasts and projected cash flow patterns of the Group for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

The Group's projections for the period to 30 June 2024 including receipts and payments indicate that the Group expects to be able to discharge its obligations to all stakeholders. Business activity and cash flows are monitored on a weekly basis and continue to be satisfactory. Regular financial forecasts are prepared to monitor the Group's funding requirements to demonstrate the Group's ability to meet its working capital requirements, to meet liabilities when they fall due and to comply with regulatory capital requirements.

The Group has considered the impact of the global economy on the cashflow forecasts, including the aftermath of the Covid-19 pandemic, the continuing

rise of inflation and the geopolitical issues in Ukraine. The forecasts are based on a prudent level of intake growth, with road traffic volumes and court processes seeing a return to pre Covid-19 levels. The successful settlement of the VW case enabled the Group to increase cash during FY22.

As part of looking at the period of the projections the Group has also assessed its access to financing. Historically this has been provided through a shareholder loan facility and a working capital facility.

The shareholder loan facility, including accrued interest, was £43.5m as at 31 December 2021 and was fully drawn down (2020: £33.8m). On 10 June 2022, following the successful settlement of the Volkswagen class action, the Group repaid the shareholder loan of £46.8m (including interest), in accordance with the contractual terms of the loan facility.

The working capital facility had £31.4m drawn at 31 December 2021 (2020: £20.9m). In common with most asset based facilities this is an on demand facility, meaning that the lending counterpart has the ability to restrict or cease to allow drawdowns at short notice. This has been the case since the inception of the facility in 2019.

The current provider of the working capital facility has informed the Group that it is attempting to refinance its own business given repayment commitments under its own facilities. If these refinancing activities are not successful the current provider has indicated it will not be able to continue funding the Group's working capital facility. In these circumstances the Group will need to find alternative working capital financing. The Directors' assessment of going concern assumes that the Group will have access to at least £25m of working capital funding, on terms that are substantially similar to current terms. The group is in ongoing discussions with the current lender, and other lenders, with the support of professional advisors, to secure this level of funding for the period of the projections.

The Directors have reasonable expectations that the Group will have access to the necessary working capital financing based on current discussions with its lenders and other potential lenders, in particular given the availability of unsecured net assets of approximately £130m at 30 November 2022 (unaudited management accounts). Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

If the Group were not able to access at least £25m of working capital funding during the period of the projections these events or conditions constitute a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006. Deloitte LLP has expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Directors' responsibilities for statements

The Directors are responsible for preparing the Annual 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

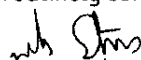
In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

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

In assessing the long-term strategy of the business, the Board completed a full assessment to identify the different consequences, including risk management considerations and scenarios that could arise from alternative decisions. Significant financial risks are routinely considered and disclosed in note 26.



Nils Stoesser
Chief Executive Officer

13 January 2023

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Slater and Gordon UK Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the UK;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related consolidated notes 1 to 29 and Company notes 1-10.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the UK. The financial reporting framework

that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Go concern assessment, related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Group's going concern assessment assumes access to £25m of working capital funding and is in ongoing discussions with the current lender and other lenders to secure this for the period of the projections. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

Our 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 Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the Directors' 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.

Preparation of financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Tax Legislation, pensions legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid material penalty. These include the Solicitors Regulation Authority.

We discussed among the audit engagement team including relevant internal specialists (including Tax, WIP analytics and IT) regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

Revenue recognition – estimating the transaction price

Management uses the expected value method to assess past experience and historical performance of similar contracts to estimate the probability of a successful outcome of a case. The estimated amount of consideration is based on the expected fee for the nature of the legal service provided with reference to historical fee levels and the relative probability rates of successful and unsuccessful outcomes. This is based on historical information with judgements made within the model which gives rise to potential fraud risk.

To address this risk, below procedures have been performed;

- Reviewed management's controls around revenue recognition process;
- Performed sample testing on the accuracy and completeness of the data sets used within the model for both historical and current data sets;
- Tested the mathematical accuracy of the valuation; and
- For revenue recognised in the year, a 100% cash to revenue reconciliation was completed with sample testing undertaken on the reports used.

Revenue recognition – provision for claims against motor insurance companies

By their very nature, claims against motor insurance companies or self-insuring organisations can be subject to dispute. A dilution rate is applied to gross revenue to recognise the fact that there might be a settlement adjustment with the insurer if the insurer disputes any element of the claim. The discount applied is judgmental.

To address this risk, below procedures have been performed;

- Reviewed management's controls around revenue recognition process; and
- Assessed the reasonability of the provision through sample testing of the underlying historical data.

Revenue recognition – cut off

Income raised close to the year end has been pinpointed as a significant risk due to the judgement in assessing the value of the billings.

To address this risk, below procedures have been performed;

- Reviewed management's controls around revenue recognition process;
- Tested a sample of items and agreed to cash received; and
- Tested a sample of revenue items to invoice to test for accuracy and agreed to supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

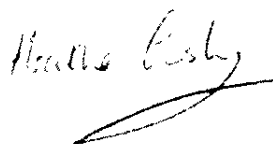
Matters to which we are required to report our opinion

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.
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.



Heather J Crosby Bsc ACA (Senior statutory auditor)

13 January 2023
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

Consolidated financial statements

For the year ended 31 December 2022

Consolidated statement of comprehensive income

For the year ended 31 December 2021

		YEAR ENDED 31 DECEMBER 2021			YEAR ENDED 31 DECEMBER 2020		
Revenue	3	98,280	14,320	112,600	115,173	42,940	158,113
Cost of sales		(110)	(9,324)	(9,434)	(238)	(26,251)	(26,489)
Gross profit		98,170	4,996	103,166	114,935	16,689	131,624
Other income	4	364	191	555	545	411	956
Operating expenses before non-recurring items	5	(98,148)	(5,460)	(103,608)	(116,080)	(13,861)	(129,941)
Operating profit / (loss) before non-recurring items		386	(273)	113	(600)	3,239	2,639
Non-recurring items	5	(8,131)	(4,162)	(12,293)	(10,561)	(713)	(11,274)
Loss on disposal of subsidiary	6	-	(29)	(29)	-	-	-
Loss on share issuance	21	-	-	-	(100)	-	(100)
Operating (loss) / profit	5	(7,745)	(4,464)	(12,209)	(11,261)	2,526	(8,735)
Net finance costs	9	(10,208)	(221)	(10,429)	(9,078)	(244)	(9,322)
(Loss) / profit before tax		(17,953)	(4,685)	(22,638)	(20,339)	2,282	(18,057)
Income tax (expense) / credit	10	(3)	(148)	(151)	(45)	18	(27)
(Loss) / profit and total comprehensive income / (loss) for the year		(17,956)	(4,833)	(22,789)	(20,384)	2,300	(18,084)

The accompanying notes on pages 35 to 60 form an integral part of these financial statements.

Consolidated statement of financial position

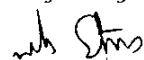
At 31 December 2021

	NOTE	31 DECEMBER 2021 € '000	31 DECEMBER 2020 € '000
Non-current assets			
Intangible assets	11	14,538	13,453
Property, plant and equipment	12	10,366	18,662
Deferred tax assets	13	-	41
Work in progress	14	16,924	18,245
Trade and other receivables	15	16,017	17,028
Total non-current assets		57,845	67,429
Current assets			
Deferred tax assets	13	2	-
Work in progress	14	124,109	122,098
Trade and other receivables	15	150,528	150,229
Cash and cash equivalents	16	11,519	13,775
Total current assets		286,158	286,102
Total assets		344,003	353,531
Current liabilities			
Trade and other payables	17	173,348	164,469
Lease liabilities	18	3,086	3,035
Current tax		74	115
Provisions	19	6,330	7,265
Loans	20	-	33,801
Total current liabilities		182,838	208,685
Non-current liabilities			
Trade and other payables	17	14,491	13,305
Lease liabilities	18	16,408	21,985
Provisions	19	1,666	1,651
Loans	20	43,484	-
Total non-current liabilities		76,049	36,941
Total liabilities		258,887	245,626
Net assets		85,116	107,905
Equity			
Share premium	21	23,901	23,901
Own shares	22	(124)	(124)
Retained earnings		61,339	84,128
Total equity attributable to equity holders of the Company		85,116	107,905

The accompanying notes on pages 35 to 60 form an integral part of these financial statements.

The financial statements were approved by the board of Directors and authorised for issue on 13 January 2023.

They were signed on its behalf by:



N I Stoesser **Chief Executive Officer**

Company number: 10977311

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital	Reserves	Retained earnings	Total	
Balance at 1 January 2020	-	23,549	-	102,159	125,708
Loss after tax for the year	-	-	-	(18,084)	(18,084)
Total comprehensive loss for the year	-	-	-	(18,084)	(18,084)
Transactions with owners in their capacity as owners					
Issue of shares	-	352	-	-	352
Own shares purchased	-	-	(229)	-	(229)
Own shares utilised	-	-	105	53	158
Total transactions with owners in their capacity as owners	-	352	(124)	53	281
Balance at 31 December 2020	-	23,901	(124)	84,128	107,905
Loss after tax for the year	-	-	-	(22,789)	(22,789)
Total comprehensive loss for the year	-	-	-	(22,789)	(22,789)
Balance at 31 December 2021	-	23,901	(124)	61,339	85,116

The accompanying notes on pages 35 to 60 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2021

		2021 P. 2021	2020 P. 2020
Operating activities			
Loss before tax from continuing operations		(17,953)	(20,339)
(Loss) / profit before tax from discontinued operations		(4,685)	2,282
Loss before tax for the year		(22,638)	(18,057)
Adjustments for:			
Loss on share issuance	20	-	100
Depreciation of property, plant and equipment		3,700	6,512
Amortisation of intangible assets		1,659	1,740
Disposal of property, plant and equipment		121	64
Disposal of right-of-use assets		608	177
IFRS 16 lease modifications		156	(833)
Finance costs	9	10,439	9,371
Interest income	9	(10)	(49)
Changes in working capital:			
(Increase) in work in progress	14	(690)	(13,949)
Decrease in trade and other receivables	15	712	7,469
Increase in trade and other payables	17	10,066	12,811
(Decrease) in provisions	19	(920)	(4,004)
Cash generated from operations		3,202	1,352
Interest received	9	10	49
Interest paid	9	(3,407)	(2,510)
Income tax paid		(85)	(161)
Net cash outflow from operating activities		(280)	(1,270)
Net cash from operating activities - continuing		2,012	(400)
Net cash from operating activities - discontinued		(2,292)	(870)
Investing activities			
Purchases of property, plant and equipment		(41)	(116)
Proceeds from disposal of subsidiary		1,142	-
Purchases of software development and assets under construction		(2,785)	(3,539)
Proceeds from sale of property, plant, equipment		-	3
Net cash outflow from investing activities		(1,684)	(3,652)
Net cash from investing activities - continuing		(1,684)	(3,622)
Net cash from investing activities - discontinued		-	(30)
Financing activities			
Issue of share capital	21	-	252
Purchase of own shares	22	-	(229)
Proceeds from issue of own shares		-	158
Loan drawdown / (repayment)		5,000	(314)
Repayment of lease liabilities		(5,292)	(7,252)
Net cash outflow from financing activities		(292)	(7,385)
Net cash from financing activities - continuing		58	(6,998)
Net cash from financing activities - discontinued		(350)	(387)
Net decrease in cash and cash equivalents		(2,256)	(12,307)
Cash and cash equivalents at beginning of financial year		13,775	26,082
Cash and cash equivalents at end of financial year		11,519	13,775

The accompanying notes on pages 35 to 60 form an integral part of these financial statements

Notes to the consolidated financial statements

For the year ended 31 December 2021

Significant accounting policies

The following is a summary of significant accounting policies adopted by the consolidated group of Slater and Gordon UK Holdings Limited ("the Group") in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The parent company of the Group is Slater and Gordon UK Holdings Limited ("the Company"), a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom ("UK") under the Companies Act 2006. The consolidated financial statements comprise the Company and its controlled entities referred to in note 23, together referred to as "the Group" and individually as "Subsidiaries".

This financial report is a general purpose financial report that has been prepared in accordance with International Financial Reporting Standards ("IFRS's") as adopted by the United Kingdom and the Companies Act 2006. The consolidated financial statements was authorised for issue by the Directors as at the date in the Directors' report.

The consolidated financial statements are presented in Pounds Sterling (GBP) which is the functional currency of the Company and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The preparation of the consolidated financial statement requires the use of certain estimates and judgements in applying the Group's accounting policies. The estimates and judgements that are significant to the financial report are disclosed in note 2.

Historical cost convention

The consolidated financial statements are prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Impact of new and amendments to IFRS's

The Group adopted the following amendments to IFRS's from 1 January 2021:

Interest Rate Benchmark Reform	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
Amendments to IAS 1	Amendments to presentation of financial statements on classification of liabilities

The adoption of the amendments listed above did not have any impact on the amounts recognised in prior and current periods. No impact is expected in future periods.

Amendments to IFRS's in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following amendments to IFRS's that have been issued but are not yet effective:

IFRS 17	Insurance Contracts (effective from 1 January 2023)
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets (effective from 1 January 2022)
Annual improvements to IFRS 2018-2020	Effective from 1 January 2022

The Directors do not expect that the amendments to the IFRS's listed above will have a material impact on the financial statements of the Group in future periods.

The consolidated financial statements incorporate the financial statements of the Company and all of its controlled entities. Control is achieved where the Company has the power to govern the financial and operating policies of an entity, has the rights to variable returns from its involvement with the entity and has the ability to use its power to affect its returns.

The financial statements of controlled entities are prepared using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist. All intercompany balances and transactions, including any unrealised profits or losses, are eliminated on consolidation. Controlled entities are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

The Group assesses each transaction to determine whether it is a business combination or an asset acquisition under IFRS 3 "*Business Combinations*". A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquired. Deferred consideration payable is measured at fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value.

Goodwill is initially recognised as the excess over the consideration transferred at the acquisition date and the fair value of the identifiable assets acquired and liabilities assumed. The fair value of any non-controlling interest or previously held equity interest (in the case of a step acquisition) are added where relevant.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the gain is immediately recognised in the consolidated statement of comprehensive income as a gain from bargain purchase.

For an asset acquisition the cost of the assets and liabilities acquired are allocated on the basis of their relative fair value at the date of acquisition.

A discontinued operation is a component of the business that represents a separate major line of business that has been disposed of, is held for sale or abandoned. Classification as a discontinued operation occurs when the operation meets the criteria to be discontinued (either through abandonment or disposal) or when the operation meets the criteria to be classified as held for sale or to be abandoned, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income and statement of cash flows are reclassified as if the operation had been discontinued from the start of the comparative period.

The financial statements have been prepared on a going concern basis.

At 31 December 2021, the Group had net assets of £85.1m and cash of £11.5m.

The Group has prepared cash flow forecasts for the period to 30 June 2024, based on key assumptions around the achievement of revenues, the costs and working capital required to generate these revenues. The Directors have considered the level of new instructions and the likely future value of this work together with the forecasts and projected cash flow patterns of the Group for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

The Group's projections for the period to 30 June 2024 including receipts and payments indicate that the Group expects to be able to discharge its obligations to all stakeholders. Business activity and cash flows are monitored on a weekly basis and continue to be satisfactory. Regular financial forecasts are prepared to monitor the Group's funding requirements to demonstrate the Group's ability to meet its working capital requirements, to meet liabilities when they fall due and to comply with regulatory capital requirements.

The Group has considered the impact of the global economy on the cashflow forecasts, including the aftermath of the Covid-19 pandemic, the continuing rise of inflation and the geopolitical issues in Ukraine. The forecasts are based on a prudent level of intake growth, with road traffic volumes and court processes seeing a return to pre Covid-19 levels. The successful settlement of the VW case enabled the Group to increase cash during FY22.

As part of looking at the period of the projections the Group has also assessed its access to financing. Historically this has been provided through a shareholder loan facility and a working capital facility.

The shareholder loan facility, including accrued interest, was £43.5m as at 31 December 2021 and was fully drawn down (2020: £33.8m). On 10 June 2022, following the successful settlement of the Volkswagen class action, the Group repaid the shareholder loan of £46.8m (including interest), in accordance with the contractual terms of the loan facility.

The working capital facility had £31.4m drawn at 31 December 2021 (2020: £20.9m). In common with most asset based facilities this is an on demand facility, meaning that the lending counterpart has the ability to restrict or cease to allow drawdowns at short notice. This has been the case since the inception of the facility in 2019.

The current provider of the working capital facility has informed the Group that it is attempting to refinance its own business given repayment commitments under its own facilities. If these refinancing activities are not successful the current provider has indicated it will not be able to continue funding the Group's working capital facility. In these circumstances the Group will need to find alternative working capital financing. The Directors' assessment of going concern assumes that the Group will have access to at least £25m of working capital funding, on terms that are substantially similar to current terms. The group is in ongoing discussions with the current lender, and other lenders, with the support of professional advisors, to secure this level of funding for the period of the projections.

The Directors have reasonable expectations that the Group will have access to the necessary working capital financing based on current discussions with its lenders and other potential lenders, in particular given the availability of unsecured net assets of approximately £130m at 30 November 2022 (unaudited management accounts). Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

If the Group were not able to access at least £25m of working capital funding during the period of the projections these events or conditions constitute a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

Legal services

• *Personal injury law claims*

The personal injury law business operates a No Win – No Fee conditional fee arrangement, whereby fees are earned only in the event of a successful claim outcome. Contracts with customers comprise a single distinct performance obligation, being the provision

of services in pursuit of the successful settlement of a customer's claim. Upon successful settlement, the performance obligations in the contract are satisfied.

The Group recognises revenue for personal injury matters over time and when a claim is highly probable on a portfolio basis of a successful outcome. Revenue represents the fair value of the consideration receivable in respect of services delivered during the year and is shown excluding disbursements. Where a contract has only been partially completed at the year-end date, revenue is recognised proportionally based on the stage of completion of the performance obligation.

• *Consumer legal services*

Revenue from the provision of consumer legal services is recognised over time when services are rendered based on the stage of completion of the single distinct performance obligation.

• *Collective actions*

Revenue from the provision of collective actions services is recognised over time when services are rendered based on the stage of completion of the single distinct performance obligation, when the claim is highly probable of a successful outcome. Certain collective actions matters are undertaken on a partially funded basis. In such arrangements, the funded portion of fees is recognised in line with the billing schedule and is not contingent on the successful outcome of the litigation.

The legal services revenue streams do not contain a significant financing component because a substantial amount of the consideration is variable and dependent on whether a future event occurs that is not within the control of the customer or the Group.

Ancillary revenue - provision of non-legal services

• *Vehicle hire and repair*

Revenue from the provision of car repair services is recognised on completion of all repair work and upon the customer taking back possession of the car.

Revenue from the provision of car hire and cost recovery services are recognised over the time that the services are performed, being the period between the commencement of the car hire and settlement of costs through the Third-Party Insurer ("TPI").

Accrued income is recorded based on the provision of car recovery services where the services provided overlap the year end date and the final invoice has not been billed to the customer.

• *Medical reports and rehabilitation services*

Revenue from the provision of medical appointments

is recognised at the point in time when the medical report is received from the medical expert. The amount of revenue recognised is based on the fee structure agreed with the customer. This value remains in accrued income until the medical report is issued to the Instructing Party ("IP") at which point a request for payment is raised.

Revenue from the provision of rehabilitation services is recognised at the point in time when the course of treatment is completed, and the final assessment or discharge report is issued to the IP. The amount of revenue recognised is based on the fee structure agreed with the IP.

Government grants are recognised in the consolidated statement of comprehensive income on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. General government grants for which there is no specified purpose are recognised in other income.

Income or costs which are both material and exceptional or one-off in nature, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as non-recurring items. The Directors consider that the separate disclosure of these items assists in understanding the Group's financial performance.

Borrowing costs are expensed in the period in which they are incurred, except for borrowing costs incurred as part of the refinancing of the shareholder loan which are disclosed as other receivables in note 15. Borrowing costs includes finance charges in respect of leases and interest accrued on the shareholders' loan and working capital facility in place.

Income tax

The tax expense for the year comprises of current and deferred tax and is recognised in the statement of comprehensive income. Under certain circumstances, tax is recognised either in other comprehensive income or directly in equity, depending on the item that the tax relates to.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the UK where the Group operates and generates taxable income.

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are determined using the current income tax charge defined above and is shown net in the statement of financial position.

Deferred tax assets are recognised to the extent that it is highly probable that future taxable profits will be available against which the temporary differences can be utilised. The deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Value Added Tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of VAT, except where the VAT incurred is not recoverable from Her Majesty's Revenue and Customs ("HMRC") or Malta Inland Revenue ("MIR") and is therefore recognised as part of the asset's cost or as part of the expense item. Receivables and payables are stated inclusive of VAT.

The net amount of VAT payable to HMRC/MIR is included as part of current payables in the consolidated statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows. Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the relevant taxation authority.

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year. Monetary items held under foreign currency contracts with an explicit exchange rate are translated at that contractual rate.

Intangible assets

Software development costs

Acquired software licenses and expenditure on developing software and other computer systems, providing they meet the criteria for recognition under IAS 38 "Intangible Assets", are capitalised and held at historic cost less accumulated amortisation and any accumulated impairment losses. Each asset is amortised from the date the asset is available for use on a straight-line basis over its finite useful economic life of 5-8 years.

Expenditure on research activities and maintenance of the software programmes is recognised as an expense in the period in which it is incurred.

Assets under construction

The recognition of assets held under construction is expenditure on developing software platforms that will benefit the Group in the future. Until the asset becomes fully operational for its intended use, no amortisation is charged. Once operational, these assets are transferred to software development costs and are amortised over its finite useful economic life of 5-8 years.

Trademarks

Trademarks acquired in a business combination are recognised at their fair value at the acquisition date (which is regarded as their cost). The fair value of trademarks is based on the discounted estimated royalty payments that have been avoided as a result of the trademark being owned. Trademarks have been assessed as having an infinite useful life and in accordance with IAS 36 "Impairment of Assets" are tested annually for impairment.

Customer relationships

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. They are assessed as having a finite useful life and are amortised over their useful life of 3 years.

Amortisation of intangible assets is expensed to operating expenses on the face of the statement of comprehensive income.

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amounts of property, plant and equipment are depreciated over their estimated useful lives, commencing from the time the asset is ready for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The depreciation rates used for each class of assets are:

Assets	Estimated useful lives	Depreciation method
Fixtures, fittings and computer equipment	3 – 5 years	Straight Line
Right-of-use assets	1 – 15 years	Straight Line
Leasehold improvements	Length of lease	Straight Line

An asset's residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of comprehensive income.

All property, plant and equipment and intangible assets are reviewed for impairment at each financial year end in accordance with IAS 36 "Impairment of Assets" if there is an indication that the carrying value of the asset may have been impaired.

An impairment loss is recognised for the amount at which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is calculated using future estimated cash flows, discounted by the appropriate cost of capital resulting from the use of those assets. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Any impairment losses are recognised in the consolidated statement of comprehensive income.

Work in progress represents revenue from the provision of legal services which are highly probable of a successful outcome, which have not yet reached a conclusion and are not yet invoiced at the year end. The revenue is recognised in accordance with the accounting policy noted in If.

The Group allocates work in progress between current and non-current classifications based on a historical analysis of the rates of completion for the Group's work in progress balances to determine expected future timing of settlements.

Cash and cash equivalents comprise cash in hand, deposits held on call with banks and short-term deposits with an original maturity of three months or less. It includes any amounts held in escrow. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding banking overdrafts.

Under the Solicitors Accounts Rules 2019 the Group is required to have a separate bank account to hold and receive client money. This must be under the name of the relevant entity and the name of the account must also include the word 'client'. All client money must be held in a client account. Client monies do not appear in the financial statements.

Trade receivables are amounts due from customers for services performed, completed and invoiced in the ordinary course of business. These are due for settlement within one year and are therefore all classified as current. Due to the short-term nature of the trade receivables, their fair value is considered to be equal to their carrying value.

Collectability of trade receivables is reviewed at each reporting date. Management considers whether an impairment of trade receivables is required based on the ageing profile and uses calculated historic rates of recovery to determine the required impairment. Debts that are known to be uncollectable are written off when identified. These are recognised in the statement of comprehensive income.

The Group acts as an agent for disbursements, which are only recognised when it is assessed that a reimbursement will be received from the customer or on their behalf. Disbursements are treated as a separate asset. The amount recognised for the expected reimbursement does not exceed the relevant costs incurred. The amount of any expected reimbursement is reduced by an allowance for non-recovery based on past experience.

The Group applies the IFRS 9 "Financial Instruments" simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for all trade receivables, work in progress and disbursements, which are grouped based on shared credit and market risk characteristics and days overdue. For balances in consumer legal services, the expected loss rates are based on the three-year historic default rate experienced for each aged

group of items. For all other business units, there is no history of credit loss owing to the nature of the counterparties. The average expected credit loss rates for consumer legal services is detailed as follows:

	2020	2019
Trade receivables		
0-30 days	1.97%	0.75%
31-60 days	4.34%	1.94%
61-90 days	6.20%	3.42%
91+ days	100.00%	100.00%
Disbursements	1.97%	0.75%

The expected credit loss provision movement is recognised in the consolidated statement of comprehensive income.

Accrued income represents the revenue recognised in accordance with the Group's revenue recognition policy to the extent it has not been invoiced. Due to the short-term nature of accrued income, their fair value is considered to be equal to their carrying value.

Trade payables, accruals and legal creditors are obligations to pay for services that have been provided to the Group prior to the end of the financial year which are unpaid. Trade payables, accruals and legal creditors are classified as current liabilities if payment is due within one year or less.

The Group has a working capital facility in place whereby a third party will lend on expected agreed costs and paid disbursements and liability admitted WIP on personal injury (No Win - No Fee) cases. This facility is disclosed in other payables.

Short-term employee benefit obligations

Liabilities for wages and salaries, annual leave and any other employee benefits that are expected to be settled within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented in other payables.

Defined contribution pension plan

The Group contributes to a defined contribution plan in respect of employee services rendered during the year. The Group recognises a liability and an expense as they are incurred. The pension liability is presented in social security and pension payable in the consolidated statement of financial position.

Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the

entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The Group recognises a provision for termination benefits when the Group can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted and presented as non-current liabilities.

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease, a right-of-use asset and a lease liability are recognised in the consolidated financial statements.

The lease liability is initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease. Lease incentives are recognised as part of the measurement of the lease liability. In determining the lease term, management considers all facts and circumstances that create an economic incentive to not exercise a termination option. Periods after termination options or break clauses are only included in the lease term if the lease is reasonably certain to not be terminated. Subsequently the lease liability decreases by the lease payments made, offset by the interest on the liability which is recognised as a finance cost in the statement of comprehensive income.

The right-of-use asset is initially measured at cost, being the value of the lease liability at the commencement date. The asset is depreciated on a straight-line basis over the expected term of the lease and is tested for impairment in accordance with IAS 36 "Impairment of Assets".

The Group has elected to use the recognition exemptions for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases with a value of less than £4,000) which are expensed to administrative expenses on a straight-line basis over the term of the lease.

Provisions for liabilities are recognised when the Group has a present, legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period.

Classification

The Group classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value;
- Those to be measured at amortised cost; or
- Those to be measured at the present value, where future cash flows have been discounted.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, lease liabilities, provisions and trade and other payables. Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Financial assets

The Group holds financial assets at fair value consisting of trade and other receivables and cash and cash equivalents.

Impairment of financial assets

Financial assets are reviewed for impairment at each financial year end in accordance with IAS 36 "Impairment of Assets" if there is an indication that the carrying value of the asset may have been impaired. For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition.

Financial liabilities

Financial liabilities include trade and other payables, lease liabilities and loans and borrowings. Non-derivative financial liabilities are recognised at present value, comprising of the original debt plus interest less principal payments. The implied interest expense is recognised in the consolidated statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income.

Lease liabilities are held at the present value of expected future payments discounted at the interest rate implicit in the lease. Liabilities are classified as current if the obligation falls due within one year.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies, the carrying amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The judgements, estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition – Performance obligation and stage of completion

Management is required to assess the single distinct performance obligation in a contract. Some personal injury contracts contain multiple deliverables but given the significant integration of services, these are collectively considered to represent a single distinct performance obligation, which is the pursuit of the successful settlement of a customer's claim. The Group has some contractual arrangements outside of personal injury matters that include multiple performance obligations. In these instances, the transaction price is allocated to the performance obligations on a relative standalone selling price basis as identified in the contract.

Management is required to make judgements in determining the progress of a case as it reaches completion of the performance obligation. A stage of completion approach is used to measure progress. Revenue is recognised when the significant risks and rewards of a service is transferred to the customer or, when the claim is highly probable of a successful outcome. Where a contract has only been partially completed at the year-end date, the fair value of revenue is recognised if the consideration can be measured reliably. The stage of completion is either linked to specific key stages in the life of a case based on a review of the work required to be done at each stage or the age of a case, depending on the nature of the matter.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period(s) to which they relate.

Impairment of intangible assets

Following the assessment of the recoverable amount of the trademark acquired in a prior business combination, the fair value of £5.7m is considered recoverable by the Directors. The sensitivity analysis in respect of the recoverable amount for the Trademark shows no indications of an impairment.

Management has estimated the future income attributable to the trademark and has used applicable royalty rates and discount rate. Budgets used include forecasts of revenue based on current and anticipated market conditions that have been considered and approved by the Board. Naturally, the revenue projections are uncertain due to the nature of the business and variable market conditions. Revenue is most sensitive to changes in the revenue attributable to each business sector, particularly surrounding the personal injury services given that this is the largest service provided by the Group. Overall market conditions have seen a significant slowdown since the outbreak of the Covid-19 pandemic in 2020.

Provision for claims against the Group

The liability represents the cost of open and potential future claims in process at the year end brought against the Group by former customers. In estimating the fair value of the liability, management uses market-observable data, to the extent it is available, which is based on past experience and historical performance of similar matters and expected reimbursed expense on a case by case basis. The provision estimate reflects the potential amount payable by the Group under its Professional Indemnity Insurance Policy based on historical information and facts pertinent to the individual claim if material. The carrying value of the provision for claims is detailed in note 19.

Revenue recognition – Estimating the transaction price

The Group provides various legal services on the basis of No Win – No Fee conditional fee arrangements. The uncertainty around the fees received under these types of contracts is generally only resolved when a matter is concluded.

Management uses the expected value method to assess past experience and historical performance of similar contracts to estimate the probability of a successful outcome of a case. The estimated amount of consideration is based on the expected fee for the nature of the legal service provided with reference to historical fee levels and the relative probability rates of successful and unsuccessful outcomes.

In some circumstances, the Group has limited historical experience with similar contracts and thus management are required to use judgement to determine the likelihood of success of a given matter, as well as the estimated amount of fees that will be recovered in respect of the matter.

Fees are only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of a reporting period will not be subject to significant

reversal when a matter is concluded. Revenue generated from legal services is detailed in note 3.

Working capital facility

As disclosed in note 1e, the availability of the working capital facility remains uncertain and is a key judgement in relation to going concern at the date of signing these accounts. The Directors' have carried out a going concern assessment and have applied judgement in assessing that the Group will have access to at least £25m of working capital funding, on terms that are substantially similar to current terms, in concluding on the Group's going concern. Discussions with the current and other lenders remain ongoing, with the support of professional advisors, to ensure that this is the case for the period of the projections. The current lender has expressed a non-legally binding intention to continue the facility through to December 2023.

3. Revenue

	Year ended 31 December 2021	Year ended 31 December 2020
Continuing operations		
Legal services	98,280	115,116
Ancillary revenue	-	57
Total revenue	98,280	115,173

4. Other income

	Year ended 31 December 2021	Year ended 31 December 2020
Continuing operations		
Government grant	364	364

The Group continued to use the Coronavirus Job Retention Scheme in the year ended 31 December 2021. This resulted in the Group receiving a government grant which provided funding for salaries of employees whose roles were impacted by the Covid-19 pandemic. The total receipt is shown gross since the grant has no conditions attaching to it.

5. Operating losses from continuing activities

The following items have been charged / (credited) to the statement of comprehensive income to arrive at the operating loss:

	Year ended 31 December 2021	Year ended 31 December 2020
Continuing operations:		
Amortisation of intangible assets	1,657	1,682
Depreciation of property, plant and equipment	3,468	6,160
Loss on disposal of property, plant and equipment	41	55
Loss on exited right-of-use assets	554	177
IFRS 16 lease modifications	156	(861)
Auditor's remuneration for the audit of the Group's financial statements	253	322

	PERIOD ENDED 31 DECEMBER 2021 £'000	PERIOD ENDED 31 DECEMBER 2020 £'000
Audit and audit-related services		
Continuing operations:		
Audit of the Company and Group financial statements	45	45
Audit of the financial statements of subsidiaries of the Company	160	160
Other Audit Services (Solicitor Regulation Authority)	48	48
Audit relating to prior periods	-	69
Total audit services for continuing operations	253	322
Discontinued operations:		
Audit of the financial statements of subsidiaries of the Company	100	100
Total audit services for discontinued operations	100	100
Total audit and audit-related services	353	422

	PERIOD ENDED 31 DECEMBER 2021 £'000	PERIOD ENDED 31 DECEMBER 2020 £'000
Continuing operations		
Adjusted EBITDA ⁽¹⁾	5,667	6,382
IFRS 16 lease modifications	(156)	861
Loss on share issuance	-	(100)
Amortisation of intangible assets	(1,657)	(1,682)
Depreciation of property, plant and equipment	(3,468)	(6,161)
Non-recurring items	(8,131)	(10,561)
Operating loss	(7,745)	(11,261)
Net finance costs	(10,208)	(9,078)
Total loss from continuing operations	(17,953)	(20,339)

(1) Adjusted EBITDA: The Group calculates adjusted EBITDA as operating profit before interest, tax, depreciation, amortisation, effects of IFRS 16 lease modifications, loss on share issuance and excludes non-recurring items. The Directors believe that adjusted EBITDA is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance.

	YEAR ENDED 31 DECEMBER 2021			YEAR ENDED 31 DECEMBER 2020		
	£'000	£'000	£'000	£'000	£'000	£'000
Redundancies	2,068	-	2,068	2,597	290	2,887
Restructuring costs	5,553	4,162	9,715	5,732	423	6,155
Legal costs relating to Watchstone	-	-	-	42	-	42
Legacy litigation	510	-	510	2,190	-	2,190
	8,131	4,162	12,293	10,559	713	11,272

Non-recurring items are costs or income that have been recognised in the statement of comprehensive income which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of year on year underlying performance. Non-recurring items include costs associated with, but not limited to, restructuring the business including redundancies and legal costs.

Redundancy costs of £2.1m (2020: £2.9m) relate to early termination of staff employment due to the restructure of businesses, or in business areas or locations which are not being continued.

Restructuring costs totalling £9.7m (2020: £6.2m) include £4.2m (2020: £0.4m) in relation to additional asset provisions and onerous contracts in discontinued operations. The remaining costs totalling £5.6m (2020: £5.7m) are for office closures and relocations, and expenditure on technology. These costs are classified as exceptional due to the strategic one-off nature of the project which is expected to conclude in 2022 due to the delays from the Covid-19 Pandemic.

The Group has incurred costs of £0.5m (2020: £2.2m) associated with historical litigation cases.

5 Discontinued operations

During the year ended 31 December 2021, under the criteria of IFRS 5 "Non-current assets held for sale and discontinued operations", the Group has classified three businesses as discontinued operation:

- Mobile Doctors Limited ("Health")
- Overland Group (Overland Health Limited, Overland Malta Trading Limited, Overland Limited) ("Health")
- SGS Business Process Services (UK) Limited ("Motor")

The results of the discontinued operations, which have been included in the consolidated statement of comprehensive income, were as follows:

	YEAR ENDED 31 DECEMBER 2021			YEAR ENDED 31 DECEMBER 2020		
Discontinued operations	Revenue	Cost of sales	Gross profit	Revenue	Cost of sales	Gross profit
Revenue	1,687	12,633	14,320	16,615	26,325	42,940
Cost of sales	(1,034)	(8,290)	(9,324)	(9,332)	(16,919)	(26,251)
Gross profit	653	4,343	4,996	7,283	9,406	16,689
Other income	-	191	191	-	411	411
Operating expenses before non-recurring items	882	(6,342)	(5,460)	(3,897)	(9,964)	(13,861)
Operating profit / (loss) before non-recurring items	1,535	(1,808)	(273)	3,386	(147)	3,239
Pre tax loss on disposal of subsidiary (see note 6c)	(29)	-	(29)	-	-	-
Non-recurring items	(301)	(3,861)	(4,162)	(76)	(637)	(713)
Operating profit / (loss)	1,205	(5,669)	(4,464)	3,310	(784)	2,526
Net finance costs	(1)	(220)	(221)	(19)	(225)	(244)
Profit / (loss) before tax	1,204	(5,889)	(4,685)	3,291	(1,009)	2,282
Income tax (expense) / credit	(148)	-	(148)	358	(340)	18
Profit / (loss) after tax from discontinued operations	1,056	(5,889)	(4,833)	3,649	(1,349)	2,300

In July 2020 the Group concluded a strategic review of the Overland entities (Overland Health Limited, Overland Malta (Trading) Limited, Overland Limited) channels to market. As a result of this review all contracts were terminated. The Overland entities ceased trading on 21 January 2021. The closure meets the criteria to be disclosed as discontinued operations under IFRS 5 for the year ended 31 December 2021.

On 17 November 2021, a strategic decision was taken to restructure SGS Business Process Service (UK) Limited ("Motor") principal activities. This has resulted in a significant reduction in the operations of Motor as third party partnerships will provide the hire and repair business, rather than these being performed by Motor. All contracted parties and employees were notified of the change in business activities pre year end, with new partnership arrangements finalised in March 2022. Management intends to cease trade by May 2023. The planned closure of Motor meets the criteria to be disclosed as discontinued operations under IFRS 5 for the year ended 31 December 2021.

12 Disposal of Mobile Doctors Limited

On 8 March 2021 the Group sold Mobile Doctors Limited for a total consideration of £3.6m, of which £0.9m was deferred and £2.0m contingent on the delivery of a specified number of Medical Reports to the buyer over the next 5 years. The deferred consideration was received in December 2021. As the contingent consideration is by its nature subject to some uncertainty, it has not been recognised as an asset as at 31 December 2021 and will be recognised as the consideration is received. A loss on disposal of £29,000 was generated. The net assets of Mobile Doctors Limited at the date of disposal were as follows:

	£,000
Intangible assets	1
Property, plant and equipment	66
Trade and other receivables	20,719
Cash and cash equivalents	558
Trade and other payables	(19,800)
Lease liabilities	(76)
Net assets	1,468
Other disposal costs	121
Loss on disposal recognised in profit for the year from discontinued operations (see note 6)	(29)
Total consideration	1,568
Satisfied by:	
Cash and cash equivalents	700
Deferred consideration	860

13 Discontinued operations

	YEAR ENDED 31 DECEMBER 2021			YEAR ENDED 31 DECEMBER 2020		
	£,000	£,000	£,000	£,000	£,000	£,000
Discontinued operations						
Net cash flow from operating activities	(1,430)	(862)	(2,292)	(475)	(395)	(870)
Net cash flow from investing activities	-	-	-	(13)	(17)	(30)
Net cash flow from financing activities	(12)	(338)	(350)	(74)	(313)	(387)
Net cash flow from discontinued operations	(1,442)	(1,200)	(2,642)	(562)	(725)	(1,287)

14 Employee information

The aggregate employee benefit expense, including Directors, comprised:

	YEAR ENDED 31 DECEMBER 2021		YEAR ENDED 31 DECEMBER 2020	
	£,000	£,000	£,000	£,000
Wages and salaries	52,132	3,871	52,657	6,888
Social security costs	5,620	328	5,835	533
Contributions to defined contribution pension arrangements	3,617	92	3,415	129
Total employee benefit expense	61,369	4,291	61,907	7,550

Pension arrangement costs includes the defined contribution plan costs included within operating costs.

The monthly average number of people, including Directors, employed by the Group during the year was:

	YEAR ENDED 31 DECEMBER 2021	YEAR ENDED 31 DECEMBER 2020
Headcount by type		
Fee earner	692	650
Legal support	200	402
Shared services	687	659
Continued operations	1,579	1,711

Discontinued operations had an average headcount for the year ended 31 December 2021 of 157 (2020: 268).

8 Directors' remuneration

	YEAR ENDED 31 DECEMBER 2021	YEAR ENDED 31 DECEMBER 2020
Directors' emoluments	1,243	2,035
Contributions to defined contribution pension arrangements	-	22
Total Directors' remuneration	1,243	2,057

During the year ended 31 December 2021 remuneration was paid to five (2020: six) Directors.

The highest paid Director received remuneration, including termination benefits, of £363,000 (2020: £576,000).

Included within the Directors' emoluments figure above are termination benefits of £nil (2020: £223,680) which are included in non-recurring items in the statement of comprehensive income.

During the year no (2020: two) Directors participated in the defined contribution pension arrangements.

9 Interest receivable

	YEAR ENDED 31 DECEMBER 2021			YEAR ENDED 31 DECEMBER 2020		
Interest receivable						
On deposits	9	1	10	49	-	49
Interest payable						
Shareholders' loan	(4,684)	-	(4,684)	(4,086)	-	(4,086)
Lease liabilities	(2,126)	(222)	(2,348)	(2,538)	(237)	(2,775)
Working capital facility	(3,407)	-	(3,407)	(2,503)	(7)	(2,510)
Total interest payable	(10,217)	(222)	(10,439)	(9,127)	(244)	(9,371)
Net interest costs	(10,208)	(221)	(10,429)	(9,078)	(244)	(9,322)

10. Income tax

	YEAR ENDED 31 DECEMBER 2021			YEAR ENDED 31 DECEMBER 2020		
	£'000	£'000	£'000	£'000	£'000	£'000
Current tax						
Overseas current tax	-	40	40	-	(1,815)	(1,815)
Adjustment for current tax relating to prior periods	3	9	12	42	(899)	(857)
	3	49	52	42	(2,714)	(2,672)
Deferred tax (note 13)						
Deferred tax for the current year	-	-	-	3	1,841	1,844
Deferred tax asset derecognition	-	-	-	1	340	341
Change in tax rate on deferred tax brought forward	-	-	-	-	(5)	(5)
Adjustment for deferred tax relating to prior periods	-	99	99	(1)	520	519
	-	99	99	3	2,696	2,699
Tax expense / (credit) on loss before taxation	3	148	151	45	(10)	27

Factors affecting the total tax charge for the year

The tax charge assessed on the loss on ordinary activities for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021	2020
Loss before tax from continuing and discontinued operations	(22,638)	(18,057)
At the statutory income tax rate of 19% (2020: 19%)	(4,301)	(3,431)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	1,272	709
Non-taxable income on disposal of subsidiary	(440)	-
Adjustments in respect of prior periods	111	(338)
Change in tax rate on deferred tax brought forward	-	(5)
Deferred tax asset derecognition	-	341
Difference in overseas tax rate	(113)	(92)
Deferred tax assets not recognised	3,622	2,843
Income tax charge	55	27

A reduction to the UK corporation tax rate down from 19% to 17% was announced in the 2016 Budget and enacted on 15 September 2016 (to be effective from 1 April 2020). However, the 2020 Budget announced that this reduction in rate would be reversed with 19% being maintained from 1 April 2020.

An increase to the UK corporation tax rate from 19% to 25% was announced in the 2021 Budget and was

substantively enacted on 24 May 2021, effective from 1 April 2023. The changes in tax rates do not have a current impact on the recognition of deferred tax at 31 December 2021. Any future recognition of deferred tax assets will be assessed on an annual basis as appropriate.

II Intangible assets

	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Cost						
At 31 December 2020	4,077	3,575	5,726	1,096	11,550	26,024
Additions	2,785	-	-	-	-	2,785
Transfers	3,545	(3,537)	-	-	(8)	-
Disposals from subsidiaries	-	-	-	-	(285)	(285)
Disposals	-	(38)	-	-	(6,422)	(6,460)
At 31 December 2021	10,407	-	5,726	1,096	4,835	22,064
Amortisation						
At 31 December 2020	3,043	-	-	1,096	8,432	12,571
Charge for the year	1,274	-	-	-	385	1,659
Disposals from subsidiaries	-	-	-	-	(284)	(284)
Disposals	-	-	-	-	(6,420)	(6,420)
At 31 December 2021	4,317	-	-	1,096	2,113	7,526
Net book value at 31 December 2021	6,090	-	5,726	-	2,722	14,538
Cost						
At 31 December 2019	4,084	84	5,726	1,096	11,550	22,540
Additions	2	3,537	-	-	-	3,539
Disposals	(9)	(46)	-	-	-	(55)
At 31 December 2020	4,077	3,575	5,726	1,096	11,550	26,024
Amortisation						
At 31 December 2019	2,304	-	-	762	7,765	10,831
Charge for the year	739	-	-	334	667	1,740
At 31 December 2020	3,043	-	-	1,096	8,432	12,571
Net book value at 31 December 2020	1,034	3,575	5,726	-	3,118	13,453

Assets under construction included development expenditure on portal systems recognised at cost. The portals facilitate the provision of accessible legal solutions for customers through technology and became operational during the year ended 31 December 2021. These were transferred to software development and are amortised on a straight-line basis over its finite useful economic life of 5 years.

Trademarks are an indefinite life intangible asset, which were acquired through business combinations and have been allocated to individual cash generating units ("CGUs") in the UK business for the purposes of impairment testing.

The recoverable amount of indefinite life intangible asset allocated to each of the CGUs has been determined based on a value in use calculation as required by IAS 36 "Impairment of Assets". This uses financial budgets and cash flow projections approved by senior management.

The value in use is compared to the net carrying amount of the CGU. If the calculated value in use exceeds the net carrying amount, no impairment loss is recorded.

For all CGUs a post-tax cost of capital of 10.2% (2020: 12%) has been applied. This cost of capital has been assessed with reference to the Company's weighted average cost of capital and independent third party analysis.

The customer relationships were recognised at their fair value at the date of acquisition and have been subsequently amortised on a straight line basis, based on the timing of the projected cash flows on the contracts over their estimated useful economic lives.

Included within acquired intangibles are software licences and fair value adjustments for WIP acquired as part of a previous business combination. Software licences were recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis, based on the timing of the projected cash flows on the contracts over their estimated useful economic lives. WIP is recognised at the present value of its future profit and is amortised in line with the realisation of these profits.

12 Property, plant & equipment

	FIXTURES, FURNITURE AND COMPUTER EQUIPMENT £'000	RIGHT-OF-USE ASSETS £'000	LEASEHOLD IMPROVEMENTS £'000	TOTAL £'000
Cost				
At 31 December 2020	7,343	19,996	-	27,339
Additions	41	1,525	-	1,566
Disposals from subsidiaries	(514)	(151)	-	(665)
Disposals	(665)	(7,463)	-	(8,128)
At 31 December 2021	6,205	13,907	-	20,112
Depreciation				
At 31 December 2020	3,376	5,301	-	8,677
Charge for the year	891	2,809	-	3,700
Disposals from subsidiaries	(511)	(88)	-	(599)
Disposals	(588)	(1,444)	-	(2,032)
At 31 December 2021	3,168	6,578	-	9,746
Net book value at 31 December 2021	3,037	7,329	-	10,366

	FIXTURES, FURNITURE AND COMPUTER EQUIPMENT £'000	RIGHT-OF-USE ASSETS £'000	LEASEHOLD IMPROVEMENTS £'000	TOTAL £'000
Cost				
At 31 December 2019	7,370	23,099	66	30,535
IFRS 16 lease modifications	-	1,711	-	1,711
Additions	116	400	-	516
Disposals	(143)	(5,214)	(66)	(5,423)
At 31 December 2020	7,343	19,996	-	27,339
Depreciation				
At 31 December 2019	2,457	4,288	33	6,778
Charge for the year	1,050	5,429	33	6,512
Disposals	(131)	(4,416)	(66)	(4,613)
At 31 December 2020	3,376	5,301	-	8,677
Net book value at 31 December 2020	3,967	14,695	-	18,662

Right-of-use assets consist of properties and computer equipment under leases within the scope of IFRS 16. The IFRS 16 lease modifications has arisen from changes to payment terms of the lease obligations.

13 Deferred tax assets

Deferred tax assets have not been recognised in respect of the following items due to the future taxable profits not being highly probable:

	2022 €'000	2021 €'000
Tax losses	92,857	66,816
Property, plant and equipment	3,143	2,764
Other short-term timing differences	250	237
Deferred tax assets not recognised	96,250	69,817

Deferred tax relates to the following:

Maltese refundable tax credit	2	-
Other short-term timing differences	-	25
Property, plant and equipment	2,044	16
Revenue losses carried forward	2,046	1,626
Net deferred tax assets	2	1,667

Reflected in the statement of financial position as follows:

Deferred tax assets	2,046	1,667
Deferred tax liabilities on intangibles	(2,044)	(1,626)
Net deferred tax assets	2	41

Non-current deferred tax asset	-	41
Current deferred tax asset	2	-
Total deferred tax asset	2	41

Balance brought forward	41	2,740
Charge for the year	-	(1,844)
Deferred tax asset derecognition	-	(341)
Change in tax rate on deferred tax brought forward	-	5
Removed on disposal of subsidiary	60	-
Adjustments to prior periods	(99)	(519)
Total deferred tax asset	2	41

14 Work in progress

	2022 €'000	2021 €'000
Non-current	16,924	18,245
Current	124,109	122,098
Total	141,033	140,343

Work in progress is aged based on end of case settlement date.

15. Trade and other receivables

	31 DECEMBER 2021 £'000	31 DECEMBER 2020 £'000
Non-current		
Disbursements	20,666	22,195
Allowance for non-recovery	(4,649)	(5,167)
Total non-current trade and other receivables	16,017	17,028
Current		
Trade receivables	16,413	20,882
Accrued income	834	1,890
Net receivables	17,247	22,772
Disbursements	151,552	148,549
Allowance for non-recovery	(34,094)	(34,571)
Net disbursements	117,458	113,978
Prepayments	5,884	8,433
VAT receivable	2,877	-
Other receivables	7,062	5,046
Total other receivables and prepayments	15,823	13,479
Total receivables and prepayments	133,280	127,257

Trade receivables are reported net, after charging a provision for non-recovery of £9.9m (2020: £20.2m). Included in the provision for non-recovery is £0.1m (2020: £0.1m) relating to the IFRS 9 expected credit loss provision.

Included in other receivables is £1.9m of capitalised project costs that are amortised on a straight-line basis over its finite useful economic life of 29 months. The fair value of the trade receivables, accrued income, disbursements, prepayments and other receivables is considered to be equal to their carrying amount.

16. Cash and cash equivalents

	31 DECEMBER 2021 £'000	31 DECEMBER 2020 £'000
Cash at bank	11,519	13,775

At 31 December 2021 cash includes an amount of £0.1m (2020: £0.1m) in respect of cash held in escrow.

17 Trade and other payables

	31 DECEMBER 2021 £'000	31 DECEMBER 2020 £'000
Non-current		
Legal creditors	14,491	13,305
Current		
Trade payables	8,323	22,829
Legal creditors	106,267	89,043
Accruals & deferred income	19,441	16,873
VAT payable	-	5,896
Social security & pension payable	3,026	3,214
Other payables	36,291	26,614
	173,248	184,859

Included in other payables is an outstanding balance of £31.4m (2020: £20.9m) in relation to the Group's arrangements for financing on costs agreed and paid disbursements. The Group has a working capital facility in place whereby a third party lends on expected agreed costs and paid disbursements and liability admitted WIP on personal injury (No Win - No Fee) cases. The total facility available at 31 December 2021 is £33.0m and is currently available for new drawings until 31 March 2023. We are in active discussions with the lender to extend the terms of this facility and the Directors' assessment of going concern assumes this facility will be renewed under substantially similar terms, consistent with discussions with the lenders.

Included in other payables is deferred consideration of £nil (2020: £2.0m) relating to the acquisition of Jigsaw Law Limited, detailed in note 28.

During the prior year, the Group took part in the VAT Deferral Scheme which deferred VAT payments which would have been due between 20 March 2020 and 30 June 2020. The deferred VAT liability of £4.7m at 31 December 2020 was subsequently repaid to HMRC under the instalment payment regime from 26 February 2021. At the year ended 31 December 2021, the deferred VAT liability balance reported is £0.3m which has subsequently been paid post year-end.

18 Lease liabilities

The Lease liabilities reported in the statement of financial position comprise:

	31 DECEMBER 2021 £'000	31 DECEMBER 2020 £'000
Amounts payable under finance leases:		
Within one year	4,952	5,507
In the second to fifth years inclusive	13,999	17,472
After five years	8,318	13,907
Total gross payments	27,269	36,886
Less: future interest charges	(7,775)	(11,866)
Carrying value of liability	19,494	25,020
Analysed as:		
Current	3,086	3,035
Non-current	16,408	21,985
	19,494	25,020

Lease liabilities consist of properties and computer equipment under leases within the scope of IFRS 16 "Leases".

19. Provisions

	DILAPIDATIONS £'000	ONEROUS PROVISION £'000	CLAIMS £'000	OTHER £'000	TOTAL £'000
Balance as at 31 December 2020	2,594	1,321	4,563	438	8,916
Additions	214	1,099	2,655	-	3,968
Utilisations	(211)	(1,382)	(1,328)	-	(2,921)
Releases	(984)	(60)	(485)	(438)	(1,967)
Balance as at 31 December 2021	1,613	978	5,405	-	7,996
Analysed as:					
Current	200	725	5,405	-	6,330
Non-current	1,413	253	-	-	1,666
	1,613	978	5,405	-	7,996

	DILAPIDATIONS £'000	ONEROUS PROVISION £'000	CLAIMS £'000	OTHER £'000	TOTAL £'000
Balance as at 31 December 2019	4,216	1,709	3,366	3,629	12,920
Additions	377	1,098	2,629	16	4,120
Utilisations	(96)	(1,486)	(1,202)	(2,397)	(5,181)
Releases	(1,903)	-	(230)	(810)	(2,943)
Balance as at 31 December 2020	2,594	1,321	4,563	438	8,916
Analysed as:					
Current	1,060	1,204	4,563	438	7,265
Non-current	1,534	117	-	-	1,651
	2,594	1,321	4,563	438	8,916

The dilapidations, onerous provision and other provision reported above have been shown as current or non-current on the statement of financial position reflecting the Group's expected timing of the matters reaching conclusion. Due to the nature of the claims and unknown settlement date, the balance has been reported as current.

Dilapidations: The provision represents the future expected repair costs required to restore the Group's leased buildings to their fair condition at the end of their respective lease terms.

Onerous provision: The provision represents the remaining expenditure on rates and utilities that no

longer derive economic benefit in the future. The onerous provisions are stated at the net present value of the amounts payable under the contracts.

Claims: The provision represents the cost of open and potential future claims in process at the year end brought against the Group by former customers. The provision estimate reflects the potential amount payable by the Group under its Professional Indemnity Insurance Policy based on historical information and facts pertinent to the individual claim if material.

Other: The provision was in respect of a potential liability for VAT which has now been settled.

20. Share capital

	31 December 2021 £'000	31 December 2020 £'000
Non-current		
Shareholders' Loan	43,484	-
Current		
Shareholders' Loan	-	33,801

The Group has an outstanding loan of £43.5m (2020: £33.8m) comprising principal of £29.5m (2020: £24.5m) and interest of £14.0m (2020: £9.3m). The total loan is secured on all assets of the Group and is repayable in full on 31 May 2024. On 10 June 2022, the Group repaid in full, including PIK interest, the shareholder loan of £46.3m. Following repayment of the shareholder loans, the Group does not hold any external debt other than the VFS facility.

The loan comprises three facilities: the Existing Facility Loan, the Incremental Facility Loan and the new Super Senior Incremental Facility:

- At 31 December 2021, the Existing Facility Loan had an outstanding balance of £21.5m (2020: £19.5m) including interest incurred at 10% per annum (2020: 10% per annum). On 14 December 2021, the loan was extended to 31 May 2024.

- At 31 December 2021, the Incremental Facility Loan had an outstanding balance of £17.0m (2020: £14.3m) including interest incurred at 17.5% per annum (2020: 17.5% per annum). On 14 December 2021, the loan was extended to 31 May 2024. The costs incurred in the extension of the Existing Facility Loan and Incremental Facility Loan have been included in the carrying amount of the loan as there was not a substantial change in the terms of the facilities, as assessed under IFRS 9 "Financial instruments"

- On 14 December 2021, the Group agreed a new Super Senior Incremental Facility with its shareholders. The Group has committed to additional funding of £5.0m (Tranche A) and a further £5.0m is available but not yet committed (Tranche B). This facility is due to expire on 31 May 2024 and accrues interest at 10% PIK interest per annum.

21. Share premium

	2021	2020	2019	2018	2017
Balance at 31 December 2019	1,000,014	172,004	-	23,549	23,549
Issue of shares on convertible loan note	2,505	-	-	100	100
Issue of shares	-	42,667	-	252	252
Repurchase of ordinary shares	(20,450)	-	-	-	-
Balance at 31 December 2020 & 31 December 2021	982,069	214,671	-	24,901	24,901

At 31 December 2021 the Group has two classes of shares which carry no right to fixed income.

In anticipation of the Watchstone plc litigation, Slater & Gordon (UK) Limited and Glas Trustees Limited ("Trustee") entered into a Convertible Loan Notes Trust Deed on 22 December 2017 (as amended on 19 December 2019) to absorb any proceeds from the litigation. On 20 January 2020, Slater & Gordon (UK) Limited issued £250,000,008 loan notes to the Noteholders. The Noteholders exercised their right to convert the loan notes into preference shares on a 1:1 basis. As agreed under the deed the preference shares were exchanged for equity in the Company by the Company issuing 2,505 Ordinary Shares to the

Noteholders at fair value. The loss on issuance in the prior year was £0.1m and is reported in the loss on share issuance in the statement of comprehensive income.

In July 2020 the Group issued 42,667 Class A Shares to key management personnel ("beneficial owners") for cash at their unrestricted market value as at the purchase date. Slater and Gordon UK Nominees Limited holds these shares on behalf of the beneficial owners.

On 21 December 2020, the Group repurchased 20,450 shares for £0.01 following the partial repurchase of the shareholders' loan of £0.3m held within the Group by Slater & Gordon (UK) Limited.

22. Own shares

	2021	2020
At start of year	(124)	-
Own shares purchased	-	(229)
Own shares reissued	-	105
At end of the year	(124)	(124)

Slater and Gordon EBT Limited holds 26,669 ordinary shares (2020: 26,669 ordinary shares) in the Company with a nominal value of £0.1m (2020: £0.1m) representing 2.7% of the ordinary share capital (2020: 2.7%).

23 Group entities

The following companies as well as the parent company (Slater and Gordon UK Holdings Limited) form the Group. The basis of the subsidiaries within the Group is not defined by ownership but by control of the entity. The companies which can apply the subsidiary exemption from audit of accounts under section 479A of the Companies Act 2006 are noted below.

COMPANY NAME	COUNTRY OF ORIGIN	COMPANY NUMBER	OWNERSHIP	AUDIT	PRINCIPAL
				EXEMPTION	
Controlled entities					
4 Legal Limited	United Kingdom ¹	06466579	100	Exempt	Dormant
4 Legal Solutions Limited	United Kingdom ¹	06492865	100	Exempt	Legal
Abstract Legal Holdings Limited	United Kingdom ¹	05107527	100	Exempt	Non-Legal
Access to Compensation Limited	United Kingdom ¹	05107366	100	Exempt	Non-Legal
Accident Advice Helpline Direct Limited	United Kingdom ¹	05107417	100	Exempt	Non-Legal
Accident Advice Helpline Limited	United Kingdom ¹	05121321	100	Exempt	Dormant
Accident Advice Insurance Management Group Limited	United Kingdom ¹	05121320	100	Exempt	Dormant
Adroit Financial Planning Limited	United Kingdom ¹	07980535	100	Audit	Financial Services
Compass Costs Consultants Limited	United Kingdom ¹	04265483	100	Exempt	Dormant
Intelligent Claims Management Limited	United Kingdom ¹	05658734	100	Exempt	Non-Legal
iSaaS Technology Limited	United Kingdom ¹	07434692	100	Exempt	Non-Legal
Legal Facilities Management & Services Limited	United Kingdom ¹	05340220	100	Exempt	Non-Legal
Liberty Protect Limited	United Kingdom ¹	05657846	100	Exempt	Non-Legal
MDL Medical Administration Limited	United Kingdom ¹	03688229	100	Exempt	Dormant
Medicalaw Limited	United Kingdom ¹	03447569	100	Exempt	Non-Legal
Medici Legal Limited	United Kingdom ¹	04266208	100	Exempt	Non-Legal
SG Health Group Limited (formerly Mobile Doctors Group Limited)	United Kingdom ¹	05383361	100	Exempt	Non-Legal
SG Health Solutions Limited (formerly Mobile Doctors Solutions Limited)	United Kingdom ¹	04215291	100	Exempt	Non-Legal
Overland Health Limited	Malta ²	C49864	100	Audit	Non-Legal
Overland Limited	Malta ²	C43412	100	Audit	Non-Legal
Overland Malta (Trading) Limited	Malta ²	C43415	100	Audit	Non-Legal
React & Recover Medical Group Limited	United Kingdom ¹	07316438	100	Exempt	Non-Legal
React Medical Management Limited	United Kingdom ¹	07315629	100	Exempt	Non-Legal
React Medical Reporting Limited	United Kingdom ¹	06872536	100	Exempt	Non-Legal
Recover Healthcare Limited	United Kingdom ¹	06836625	100	Exempt	Non-Legal
SG Funding Limited	United Kingdom ¹	13130201	100	Exempt	Non-Legal
SG Technology Innovations Limited	United Kingdom ¹	13595369	100	Exempt	Non-Legal
SGS Business Process Services (UK) Limited	United Kingdom ¹	03851175	100	Audit	Non-Legal
Slater & Gordon (UK) 1 Limited	United Kingdom ¹	07895497	100	Audit	Holding Company
Slater & Gordon (UK) 2 LLP	United Kingdom ¹	OC371153	100	Exempt	Dormant
Slater & Gordon Collections Limited	United Kingdom ¹	12500854	100	Exempt	Non-Legal
Slater & Gordon Trust Corporation Limited	United Kingdom ¹	08185633	100	Exempt	Dormant
Slater and Gordon EBT Limited	United Kingdom ¹	06519828	100	Exempt	Non-Legal
Slater and Gordon Scotland Limited	United Kingdom ¹	SC572803	-	Exempt	Legal
Slater and Gordon UK Limited	United Kingdom ¹	07931918	100	Audit	Legal
Slater and Gordon UK Nominees Limited	United Kingdom ¹	04432180	100	Exempt	Legal
Walker Smith Way Limited	United Kingdom ¹	07016439	100	Exempt	Dormant
WSW Limited	United Kingdom ¹	07016446	100	Exempt	Dormant

[1] – Registered office: 58 Mosley Street, Manchester, M2 3HZ

[2] – Registered office: Level 4, Suite 8A, Rosa Marina Building, 216 Marina Seafront, Pieta PTA 9041, Malta

[3] – Registered office: 1 Lochrin Square, Fountainbridge, Edinburgh, EH3 9QA

24. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (comprising of interest bearing loans and borrowings, lease liabilities and deducting cash and short-term

deposits) and equity of the Group (comprising issued capital and retained earnings).

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, determined as the proportion of net debt to equity.

	2021	2020	2019
Interest bearing loans	20	43,484	33,801
Lease liabilities	18	19,494	25,020
Less: cash and short-term deposits	16	(11,519)	(13,775)
Net debt		51,459	45,046
Equity		85,116	107,905
Net debt to equity ratio		60%	42%

The debt excludes the working capital facility due to this being a working capital arrangement which is repaid from monies received on settlement.

25. Remuneration

The key management have been assessed to be the Group's Executive Leadership Team. During the year ended 31 December 2021 there were nine (2020: ten) key management personnel. The compensation paid or payable to key management for employee services is shown below:

	2021	2020
Short-term employee benefits		
Wages and salaries	2,010	2,706
Social security costs	262	354
Contributions to defined contribution pension arrangements	28	46
Total	2,299	3,106

During the year ended 31 December 2021, the Group issued loans of £nil (2020: £0.1m) to no key management personnel (2020: one).

During the year ended 31 December 2021, £nil of loans were paid back to the Group by no key management personnel (2020: £0.03m).

The outstanding loans balance is £0.2m (2020: £0.2m) and are repayable over two years. The loans attract interest at 2.00% (2020: 2.25%). There were no other related party transactions during the year to 31 December 2021 other than the shareholders' loan referred to in note 20.

26. Financial risk management

The Group is exposed to a variety of financial risks comprising:

- i) Credit risk
- ii) Liquidity risk
- iii) Fair values
- iv) Foreign exchange risk

The Directors have overall responsibility for identifying and managing operational and financial risks. The categories of financial instruments are as follows:

	2021	31 DECEMBER 2021 £ '000	31 DECEMBER 2020 £ '000
Financial assets			
Cash and cash equivalents	16	11,519	13,775
Net trade receivables	15	17,247	22,772
Other receivables	15	15,823	13,479
Net disbursements	15	133,476	131,006
		178,065	181,032
Financial liabilities			
Trade and other payables	17	187,839	177,774
Interest bearing loans	20	43,484	33,801
		231,323	211,575

Credit risk arises from the financial assets of the Group. The main exposure to credit risk in the Group is represented by trade and other receivables owing to the Group. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of those assets as disclosed in the statement of financial position and notes to the financial statements.

The credit risk associated with cash and cash equivalents is considered as minimal as the cash and cash equivalents are held with reputable financial institutions in the UK.

Debts are almost exclusively due from insurance companies. The capitalisation of insurers is regulated by the Financial Conduct Authority in the UK. The insurance industry operates a policy holders' protection scheme to alleviate the impact of the failure of an insurance company, minimising risk to the Group.

No interest is charged on the receivable's balances, however late penalty payments become payable at certain dates under the Association of British Insurers' General Terms of Agreement. The Group does not hold any security over these balances nor has the legal right of offset with any amounts owed by the Group to the receivables counterparty.

Management of credit risk

The Group actively manages its credit risk by:

- assessing the capability of a customer to meet its obligations under the fee and retainer agreement;
- periodically reviewing the reasons for bad debt write-offs in order to improve the future decision-making process;
- maintaining an adequate provision against the future recovery of receivables and disbursements;
- including in practitioner's Key Performance Indicators ("KPI's") measurements in respect of receivable levels, recovery and investment in disbursements;
- providing ongoing training to staff in the management of their personnel and practice group receivable portfolios; and
- where necessary, pursuing the recovery of debts owed to the Group through external mercantile agents and the courts.

Due to the nature of the No Win - No Fee arrangements applicable to the majority of the legal matters managed by the Group an increase in the required processing time between initiation and settlement and an increase in the ageing of receivables, particularly disbursements, does not always increase the associated credit risk.

Management performs periodic assessment of the recoverability of receivables, and provisions are calculated based on historical write-offs of the receivables as well as any known circumstances relating to the matters in progress.

Financial position

The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of operating cash flows and committed available credit facilities. The Group actively reviews its funding position to ensure the available facilities are adequate to meet its current and anticipated needs.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained.

Maturity analysis

The table below represents the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

Financial instrument	Contractual cash flows	Expected cash flows	Contractual cash flows	Expected cash flows
Non-derivative financial liabilities				
Trade and other payables	173,348	14,491	187,839	187,839
Lease liabilities	3,086	16,408	27,269	19,494
Provisions	6,330	1,666	7,996	7,996
Borrowings	-	43,484	43,484	43,484
Financial liability maturities	182,764	75,949	262,598	258,813

Financial instrument	Contractual cash flows	Expected cash flows	Contractual cash flows	Expected cash flows
Non-derivative financial liabilities				
Trade and other payables	164,469	13,305	177,774	177,774
Lease liabilities	3,035	21,985	36,886	25,020
Provisions	7,265	1,651	8,916	8,916
Interest bearing loans	33,801	-	33,801	33,801
Financial liability maturities	208,570	36,941	257,377	245,511

The financial assets and financial liabilities not measured at fair value approximates their carrying amounts as disclosed in the statement of financial position and notes to the financial statements.

The Group is exposed to currency risk on services income, expenses, receivables and borrowings that are denominated in a currency other than the functional currency of the Group entities, which is Sterling (GBP). The Group has one subsidiary denominated in EUR but has deemed the risk as not significant at the end of the reporting period.

27. Controlling party

At 31 December 2021, there was no one person with ultimate control of Slater and Gordon UK Holdings Limited and its subsidiaries. Slater and Gordon UK Holdings Limited is the largest and smallest group for which consolidated accounts are prepared.

28. Jigsaw acquisition

On 9 October 2020, the Group completed an asset acquisition of the WIP and associated client files of Jigsaw Law Limited for deferred consideration totalling £2.5m, which is fully paid at 31 December 2021. The Group has assessed the acquisition under IFRS 3 "*Business Combinations*" and following completion of the concentration test, has concluded that this meets the definition of an asset acquisition due to the nature of the assets acquired.

The cost of the assets and liabilities acquired have been allocated on the basis of their relative fair value at the date of purchase as set out below:

Purchase price allocation	
Work in progress	2,500
Disbursements	1,034
Cash and cash equivalents	304
Trade payables	(304)
Legal creditors	(1,034)
Net assets	2,500

Satisfied by:

Deferred consideration	2,500
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29. Subsequent events

On 10 June 2022, the Group repaid in full including PIK interest, the shareholder loan of £46.3m and subsequently wrote off £1.9m capitalised costs held as other receivables at 31 December 2021. Following repayment of the shareholder loans, the Group does not hold any external debt other than the VFS facility.

On 7 July 2022, the Group repurchased 232,632 Ordinary shares of £0.000001 nominal value for £1.4m.

As detailed in note 6b, on 17 November 2021 the Directors announced a plan to enter into third party partnerships for the provision of the hire and repair business of SGS Business Process Services (UK) Limited. All contracted parties and employees were notified and the scope of services being provided was reduced. The new partnership arrangements were finalised in March 2022, and management intends to cease trade by May 2023.

During 2022, the biggest risk in the markets has been the rise in inflation and, as a result, central banks have started to raise interest rates. Since February 2022, the Group has been closely monitoring the geopolitical issues in Ukraine and the effect on global markets. Management do not expect these events to impact the long term returns of the Group.

On 15 December 2022, the Group sold Adroit Financial Planning Limited. The disposal did not meet the criteria under IFRS 5 "Non-current assets held for sale and discontinued operations" to be disclosed as held of sale at 31 December 2021 or discontinued operations for year ended 31 December 2021.

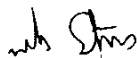
Company financial statements

Company statement of financial position

At 31 December 2021

	NOTE	31 DECEMBER 2021 £'000	31 DECEMBER 2020 £'000
Non-current assets			
Investments	3	23,751	23,751
Total non-current assets		23,751	23,751
Current assets			
Trade and other receivables	4	554	553
Cash and cash equivalents	5	157	358
Total current assets		711	911
Total assets		24,462	24,662
Current liabilities			
Trade and other payables	6	560	760
Total current liabilities		560	760
Net current assets		151	151
Net assets		23,902	23,902
Capital and reserves			
Share premium	7	23,901	23,901
Retained earnings		1	1
Total equity		23,902	23,902

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a Statement of Comprehensive Income for the Company. Profit after tax for the financial year was £nil (2020: £1,000). The accompanying notes on pages 64 to 67 form an integral part of these financial statements. The financial statements were approved by the board of Directors and authorised for issue on 13 January 2023. They were signed on its behalf by:



N I Stoesser **Chief Executive Officer**

Company number: 10977311

Company statement of changes in equity

For the year ended 31 December 2021

	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019
	€ million	€ million	€ million
Balance at 1 January 2020	-	23,549	-
Profit after tax for the year	-	-	1
Total comprehensive income for the year	-	-	1
Transactions with owners in their capacity as owners			
Issue of shares	-	352	-
Total transactions with owners in their capacity as owners	-	352	-
Balance at 31 December 2020	-	23,901	-
Result for the year	-	-	-
Total comprehensive result for the year	-	-	-
Balance at 31 December 2021	-	23,901	-

The accompanying notes on pages 64 to 67 form an integral part of these financial statements.

Company notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101, *"Reduced Disclosure Framework"* (FRS 101) and the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements in accordance with IFRS as adopted by the UK. The Company meets the definition of a qualifying entity under FRS 100, *"Application of Financial Reporting Requirements"* as issued by the Financial Reporting Council.

FRS 101 sets out amendments to IFRS's that are necessary to achieve compliance with the Companies Act 2006 and related Regulations. The Company adopted the following amendments to IFRS's from 1 January 2021:

Interest Rate Benchmark Reform	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
Amendments to IAS 1	Amendments to presentation of financial statements on classification of liabilities

The Company's financial statements are presented in Pounds Sterling (GBP), which is the functional currency of the Company and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

Historical cost convention

The financial statements are prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies. By publishing the Company financial statements here together with the Group financial statements the Company is taking advantage

of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements. The adoption of the amendments listed above did not have any impact on the amounts recognised in prior and current periods. No impact is expected in future periods.

The adoption of the amendments listed above did not have any impact on the amounts recognised in prior and current periods. No impact is expected in future periods.

Amendments to IFRS's in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following amendments to IFRS's that have been issued but are not yet effective:

IFRS 17	Insurance Contracts (effective from 1 January 2023)
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets (effective from 1 January 2022)
Annual improvements to IFRS 2018-2020	Effective from 1 January 2022

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

Investments in subsidiaries are stated at cost less accumulated impairment. Impairment reviews are carried out if there is an indication that the carrying value of the investments may have been impaired. Where, in the opinion of the Directors, an impairment of the investment has arisen, provisions are made in accordance with IAS 36 *"Impairment of Assets"*.

Amounts owed from group companies are repayable on demand and do not attract interest. Due to the short-term nature of the amounts, their fair value is considered to be equal to their carrying value.

The amounts owed are assessed for expected credit losses on a general basis under IFRS 9 "Financial Instruments".

Amounts owed to group companies are stated at cost and are classified as current liabilities as the payment is repayable on demand and does not attract interest.

The financial statements have been prepared on a going concern basis.

At 31 December 2021, the Company had net assets of £23.9m and net current assets of £0.2m. The Directors have prepared the Company financial statements of Slater & Gordon UK Holdings Limited using the going concern basis of preparation, on the basis that the Company is included within the Slater and Gordon group of companies in the UK and Malta. The going concern disclosure as set out in the consolidated financial statements of Slater and Gordon UK Holdings Limited are as follows:

At 31 December 2021, the Group had net assets of £85.1m and cash of £11.5m. The Group has prepared cash flow forecasts for the period to 30 June 2024, based on key assumptions around the achievement of revenues, the costs and working capital required to generate these revenues. The Directors have considered the level of new instructions and the likely future value of this work together with the forecasts and projected cash flow patterns of the Group for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

The Group's projections for the period to 30 June 2024 including receipts and payments indicate that the Group expects to be able to discharge its obligations to all stakeholders. Business activity and cash flows are monitored on a weekly basis and continue to be satisfactory. Regular financial forecasts are prepared to monitor the Group's funding requirements to demonstrate the Group's ability to meet its working capital requirements, to meet liabilities when they fall due and to comply with regulatory capital requirements.

The Group has considered the impact of the global economy on the cashflow forecasts, including the aftermath of the Covid-19 pandemic, the continuing rise of inflation and the geopolitical issues in Ukraine. The forecasts are based on a prudent level of intake growth, with road traffic volumes and court processes seeing a return to pre Covid-19 levels. The successful settlement of the VW case enabled the Group to increase cash during FY22.

As part of looking at the period of the projections the Group has also assessed its access to financing. Historically this has been provided through a shareholder loan facility and a working capital facility.

The shareholder loan facility, including accrued interest, was £43.5m as at 31 December 2021 and was fully drawn down (2020: £33.8m). On 10 June 2022, following the successful settlement of the Volkswagen class action, the Group repaid the shareholder loan of £46.8m (including interest), in accordance with the contractual terms of the loan facility.

The working capital facility had £31.4m drawn at 31 December 2021 (2020: £20.9m). In common with most asset based facilities this is an on demand facility, meaning that the lending counterpart has the ability to restrict or cease to allow drawdowns at short notice. This has been the case since the inception of the facility in 2019.

The current provider of the working capital facility has informed the Group that it is attempting to refinance its own business given repayment commitments under its own facilities. If these refinancing activities are not successful the current provider has indicated it will not be able to continue funding the Group's working capital facility. In these circumstances the Group will need to find alternative working capital financing. The Directors' assessment of going concern assumes that the Group will have access to at least £25m of working capital funding, on terms that are substantially similar to current terms. The group is in ongoing discussions with the current lender, and other lenders, with the support of professional advisors, to secure this level of funding for the period of the projections.

The Directors have reasonable expectations that the Group will have access to the necessary working capital financing based on current discussions with its lenders and other potential lenders, in particular given the availability of unsecured net assets of approximately £130m at 30 November 2022 (unaudited management accounts). Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

If the Group were not able to access at least £25m of working capital funding during the period of the projections these events or conditions constitute a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

2. Audit fees

The audit fee of £45,000 was borne by Slater and Gordon (UK) IL Limited, a subsidiary company (2020: £93,000).

3. Investments

	31 DECEMBER 2020 £'000	31 DECEMBER 2019 £'000
Cost		
At start of year	23,751	23,651
Additions	-	100
At end of year	23,751	23,751
Provisions for impairment		
At start and end of year	-	-
Net book value at end of year	23,751	23,751

Investments comprise of equity shares in Slater & Gordon (UK) Limited, a company incorporated in the United Kingdom with registered office 58 Mosley Street, Manchester, M2 3HZ.

The conversion of the Watchstone convertible loan note on 20 January 2020 resulted in Slater & Gordon

(UK) Limited issuing 250,000,008 Preference shares of £1 each fully paid to the loan note holders which, in accordance with the deed, were immediately exchanged for equity in the Company by the Company issuing 2,505 Ordinary Shares to the Noteholders at fair value in exchange for the preference shares.

4. Trade and other receivables

	31 DECEMBER 2020 £'000	31 DECEMBER 2019 £'000
Current		
Amounts owed by group companies	224	233

The amounts due from group companies are repayable on demand and do not attract interest (2020: same).

5. Cash

	31 DECEMBER 2020 £'000	31 DECEMBER 2019 £'000
Cash at bank	57	204

6. Trade and other payables

	31 DECEMBER 2020 £'000	31 DECEMBER 2019 £'000
Current		
Amounts owed to group companies	246	244

7. Share premium

The amounts owed to group companies are repayable on demand and do not attract interest (2020: same).

	31 DECEMBER 2020 £'000	31 DECEMBER 2019 £'000	31 DECEMBER 2018 £'000	31 DECEMBER 2017 £'000	31 DECEMBER 2016 £'000
Balance at 31 December 2019	1,000,014	172,004	-	23,549	23,549
Issue of shares on convertible loan note	2,505	-	-	100	100
Issue of shares	-	42,667	-	252	252
Repurchase of ordinary shares	(20,450)	-	-	-	-
Balance at 31 December 2020 & 31 December 2019	982,069	214,671	-	23,901	23,901

At 31 December 2021 the Company has two classes of shares which carry no right to fixed income.

In anticipation of the Watchstone plc litigation, Slater & Gordon (UK) I Limited and Glas Trustees Limited ("Trustee") entered into a Convertible Loan Notes Trust Deed on 22 December 2017 (as amended on 19 December 2019) to absorb any proceeds from the litigation. On 20 January 2020, Slater & Gordon (UK) I Limited issued £250,000,008 loan notes to the Noteholders. The Noteholders exercised their right to convert the loan notes into preference shares on a 1:1 basis. As agreed under the deed the preference shares were exchanged for equity in the Company by the Company issuing 2,505 Ordinary Shares to the Noteholders at fair value. On 24 June 2020, the terms of the Preference Shares were changed so such that they became ordinary shares, ranking equally with the existing ordinary shares (also owned by the Company) by changing the rights attaching to the shares.

In July 2020 the Company issued 42,667 Class A Shares to key management personnel ("beneficial owners") for cash at their unrestricted market value as at the purchase date. Slater and Gordon UK Nominees Limited holds these shares on behalf of the beneficial owners.

On 21 December 2020, the Company repurchased 20,450 shares for £0.01 following the partial repurchase of the shareholders' loan of £0.3m held within the Group by Slater & Gordon (UK) I Limited.

8 Related party transactions

The Company is taking advantage of the exemption granted under Financial Reporting Standard 101, Paragraph 8(k), "Related Party Transactions", not to disclose transactions with wholly owned group companies, which are related parties. Disclosures related to Directors' remuneration are made within note 8 of the consolidated accounts.

9 Financial guarantees

On 12 February 2019, the Company entered into a guarantee of a services agreement between RAC Motoring Services, SGS Business Process Services (UK) Limited and Slater and Gordon UK Limited, each of whom provide services (credit hire, credit repair or legal services) to customers of RAC. Annual anticipated fees £1.1m, as adjusted for volumes.

On 22 June 2019, the Company entered into a counter-indemnity (issued in favour of Slater and Gordon Limited ("SGL") of SGL's guarantee of the LLP Agreement relating to Slater and Gordon (UK) 2 LLP (the "LLP") dated 30 April 2012 in favour of the B Members of the LLP).

10 Subsequent events

Minority shareholder buyback

On 7 July 2022, the Company repurchased 232,632 Ordinary shares of £0.000001 nominal value for £1.4m.



Lawyers

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