14 July 2022

DSW CAPITAL PLC
("DSW Capital", "DSW" or the "Group")
(AIM:DSW)

Audited Final Results
Strong results ahead of market expectations set at IPO and new financial year started well

DSW Capital, a fast growing, mid-market, challenger professional services licence network and owner of the Dow Schofield Watts brand, is pleased to announce its audited results for the year ended 31 March 2022 (the "Period" or "FY22").

The Group has delivered a strong trading performance with revenue and Adjusted Pre-Tax Profit[1] for FY22 ahead of market expectations set at IPO. Pleasingly, Network Revenue[2] grew significantly ahead of market expectations.

Financial highlights

- Network Revenue[2] of £18.3m (FY21: £15.3m) - up 19.6%
- Group revenue of £2.7m (FY21: £2.4m) - up 12.5%
- Adjusted Pre-Tax Profit[1] of £2.0m (FY21: £1.6m) - up 25%
- Loss before tax, after the deduction of the Share Based Payment charge and IPO costs, of £0.03m (FY21: Profit before tax of £1.59m)
- Strong cash conversion[3] of 105% with £4.7m cash
- Strong balance sheet with Net Assets of £8.0m (FY21: £2.2m)
- Maiden final dividend per ordinary share of 4.22 pence

Operational highlights

- Fee Earners at year end increased to 88 (31 March 2021: 77) - up 14.3% demonstrating the profile boost from IPO and licence model negating the wider difficult recruitment market
- Average revenue per Fee Earner[4] of £227k (FY21: £196k) - up 15.8%
- Service lines expanded in line with strategic objectives, with the addition of DSW Asset Based Lending Risk Management LLP in January 2022
- Corporate finance and due diligence, which represent 70% of the business, continued to grow successfully in line with the market (FY21: 81%)[5]
- Named by Experian as one of the top 20 most active corporate finance advisers in the UK in 2021
- Business recovery and debt advisory performed strongly in FY22 and, as a result, represent an increasing proportion of business
- Two new partners welcomed in Scotland post year end, expanding the Network's presence to include Edinburgh and Glasgow - total number of licensees now 20 across 11 service lines

Outlook

- Significant opportunity for organic and acquisition driven growth with capital to invest
- Predictable cost base with low operational gearing, insulated from inflationary pressures
- New financial year has started well, in line with the Board's expectations, and the Directors look forward to another year of sustainable organic growth

James Dow, Chief Executive Officer, said:

"Our admission to AIM has enhanced and strengthened the Dow Schofield Watts brand, as we had expected, and the IPO "halo" effect is undoubtedly supporting our growth plans.

"The sector in which we operate is substantial and developing in a way that makes DSW's business model increasingly attractive to ambitious entrepreneurial professionals and their clients. By empowering these individuals to create and build their own professional services businesses, while also helping them develop as leaders and be the best they can be, I am confident that we will deliver strong returns for all our stakeholders.

"Our confidence is built on the quality of our people within the Network and their clients. This quality is reflected in the average revenue per Fee Earner achieved in the year of £227k (FY21: £196k) - an important metric, as we execute on our vision to become the most sought-after destination for ambitious professionals.

"DSW has a successful and profitable model, a strong balance sheet and an excellent capital base from which to scale the business. In a sector which is ripe with opportunity, we have every confidence in the future prospects for the Group."

1. *Adjusted Pre-Tax Profit is defined as (loss)/profit before tax adjusted to add back the items not considered part of underlying trading including share-based payment expense and IPO costs. It is a non-GAAP metric used by management and is not an IFRS disclosure. Reconciliation can be found in the CFO*
2. *Network Revenue is defined as total revenue earned by licensees, as opposed to total revenue reported by the Company*
3. *Cash conversion is calculated as cash generated by operations divided by Operating cash flows before movements in working capital*
4. *Prior year comparatives calculated using average Fee Earners in the Period which will be basis for the KPI calculation going forward.*
5. *Calculation includes all licensing income including income from associates*

Online investor presentation

An online investor presentation and Q&A will be hosted by the management team today at 1pm. To participate, please register with PI World at: https://bit.ly/DSW_FY22_webinar.

The investor presentation deck will be published on the Company's website today.

Enquiries:

DSW Capital	
James Dow, Chief Executive Officer	Tel: +44 (0) 1928 378 029
Nicole Burstow, Chief Financial Officer	Tel: +44 (0) 1928 378 039
Shore Capital (Nominated Adviser & Broker)	Tel: +44 (0)20 7408 4090
James Thomas / John More / Mark Percy	
Guy Wiehahn (Corporate Broking)	
Belvedere Communications	
Cat Valentine	Tel: +44 (0) 7715 769 078
Keeley Clarke	Tel: +44 (0) 7967 816 525
	dsw@belvederepr.com

Notes to Editors

About DSW Capital

DSW Capital, owner of the Dow Schofield Watts brand, is a profitable, fast growing, mid-market, challenger professional services network with a cash generative business model and scalable platform for growth. Originally established in 2002, by three KPMG alumni, DSW is one of the first platform models disrupting the traditional model of accounting professional services firms. DSW now operates licensing arrangements with 20 licensee businesses with 88 fee earners (“FEs”), across seven offices in England and three in Scotland. These trade primarily under the Dow Schofield Watts brand.

DSW’s vision is for the DSW Network to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses. Through a licensing model, DSW gives professionals the autonomy and flexibility to fulfil their potential. Being part of the DSW Network brings support benefits in recruitment, funding and infrastructure. DSW’s challenger model attracts experienced, senior professionals, predominantly with a “Big 4” accounting firm background, who want to launch their own businesses and recognise the value of the Dow Schofield Watts brand and the synergies which come from being part of the DSW Network.

DSW aims to scale its agile model through organic growth, geographical expansion, additional service lines and investing in “Break Outs” (existing teams in larger firms). The Directors are targeting high margin, complementary, niche service lines with a strong synergistic fit with the existing DSW Network.

Chair's Statement

On behalf of the Board, I would like to start by thanking all colleagues across the business for their unwavering commitment and support throughout the year. It gives me pleasure to announce DSW Capital's inaugural results as a quoted company for the year ended 31 March 2022. The Group has continued to perform strongly this year with a 19.6% increase in network revenue to £18.3m (FY21: £15.3m) and an increase in Adjusted Pre-Tax Profit of 25% to £2.0m (FY21: £1.6m). Average Revenue per Fee Earner has also increased by 15.8% in FY22 to £227k (FY21: £196k) and Revenue for the Group was £2.7m (FY21: £2.4m). Statutory loss before tax for FY22 was £31k (FY21: Profit before tax of £1.59m) after the deduction of the Share Based Payment charge and IPO costs.

Summary of the year

DSW's admission to AIM was a significant step in the development of the business. We are delighted to have the support from so many sophisticated investors and are confident that DSW is well placed to exploit the market opportunity that exists within the professional services sector.

The fundraising from the IPO, coupled with a robust trading performance, has ensured that the Group has a strong balance sheet and an excellent capital base from which to grow the business, both organically and through the strategic acquisition of talented individuals and teams as opportunities arise.

We are delighted with our results for FY22, which show significant growth against the prior year. The DSW Network generated revenues of £18.3m in FY22, up by 19.6% from the previous year. This growth was enabled by a combination of existing and new licensee businesses and the continued hard work of the whole of the DSW team.

The DSW Network, which comprises 20 licensee businesses, benefited from high levels of demand in the professional services sector throughout the Period and, in February 2022, DSW was named by Experian as one of the top 20 most active corporate finance advisers in the UK in 2021. As anticipated, the heightened profile of DSW resulting from the IPO has resulted in increased recruitment activity with a high number of talented individuals joining or about to join DSW. We now have 88 Fee Earners as of 31 March 2022, an increase of 14.3% on the prior year.

Long-term vision and strategy

DSW's long-term vision is to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses. We aim to scale the business through organic growth, new service lines and geographic locations, and investing in "Break Outs" (existing teams in larger firms).

DSW has successfully executed on its strategy to expand its service lines, since IPO, with the addition of DSW Asset Based Lending Risk Management LLP in January 2022. This brought the total number of licensees to 20 across 11 service lines. Since the end of FY22, the Group has welcomed two new partners in Scotland, expanding both the service offering and presence to include Edinburgh and Glasgow.

People and diversity

Our colleagues remain central to everything we do and achieve. Creating a positive dynamic culture, which is attractive to talent and in which our people can thrive, remains our top priority.

Diversity is at the core of DSW's model, as a broad range of perspectives benefits the progression and success of our business. DSW's commitment to diversity extends beyond gender to ethnicity, sexual orientation, gender identity, social mobility, disability and other challenges, which may lead to disadvantage in other environments. DSW is committed to creating a diverse and inclusive environment for its licensees and employees, and this will continue to be a core value, as new professionals and businesses are welcomed to the Network.

Technology

With the increased prevalence of hybrid working, the Group has invested in the right technology to ensure its licensees and employees have the flexibility to choose where they work most effectively, helping maintain a strong work life balance.

As part of the IT strategy to improve the cyber security of our systems further, the Group is in the process of obtaining the Cyber Essentials accreditation, as we adopt best practice.

Board and governance

The Board consists of five directors, two of whom are executive directors and three non-executive directors. Two of the non-executive directors, myself and Jillian Jones, are considered independent. The current Board reflects a blend of different experience and backgrounds.

The Board is supported by two committees, namely the Audit and Risk Committee and the Remuneration and Nominations Committee with formally delegated duties and responsibilities.

I am happy to report that, since the Company's IPO on 16 December 2021, DSW has complied with the QCA Corporate Governance Code.

Our approach to risk

DSW takes a proactive approach to risk management, which starts at a strategic level with the Board. Along with the other Directors, I continue to closely monitor and identify risks facing the Group and have strong risk mitigation strategies in place.

DSW has a wealth of compliance and risk experience to support all licensee businesses in related matters and provide them with regulatory guidance.

ESG

As a Board, we understand and welcome the increasing importance of ESG to investors, employees and clients. We are committed to creating positive interactions with all stakeholders and intend to demonstrate this over the long-term through our approach to ESG. For the first time, we have included an ESG report in this year's Annual Report, setting out our priorities and related activities.

The Board has also elected to make voluntary SECR disclosures, as it recognises the important role all businesses must play to reduce carbon emissions and increase energy efficiency.

Dividend

The Board is committed to a long-term progressive dividend policy.

As indicated at the time of the float, the Board is proposing to pay a dividend in respect of the current financial year. The Board is proposing to pay a final ordinary dividend for the year ended 31 March 2022, consisting of an interim catch up dividend of 0.56 pence per share and a final dividend of 3.66 pence per share, to align with its dividend policy going forward.

Ukraine

In response to the Russian invasion of Ukraine, the Group immediately reviewed all its relationships to ascertain if it was acting for any individual or corporate client that did not comply with the UK's sanction regime. We are not aware of any exposure through our licensees.

Outlook

I am pleased to report that the new financial year has started well, despite the well documented macro challenges.

This is an exciting time for the business. The market opportunity is substantial and the business is well structured with a clear growth strategy to build on the strong business performance demonstrated in the FY22 results.

While acknowledging that economic conditions continue to be volatile, we are confident in the Group's ability to continue to deliver on its organic growth strategy. We firmly believe that we are an attractive alternative to the Big 4 accounting firms, both as an "employer" of talented professionals and as a service provider providing a bespoke, personalised service. The Board looks forward to the year ahead with optimism and is excited about the long-term prospects for the Group.

Heather Lauder
Chair
13 July 2022

Chief Executive Officer's Review

The year under review has been a momentous one for the Group. The IPO and admission to AIM, in December 2021, was a significant milestone for DSW, which, combined with the strong financial performance achieved in FY22, has created a strong foundation for the Group as we look ahead.

Our balance sheet ensures that we are well placed to execute on our strategy to capitalise on the substantial growth opportunities presented in the rapidly changing UK accounting market.

Empowering professionals

Since launching the business in 2002, as a three-man start-up along with Jon Schofield and Mark Watts, DSW has developed steadily over time to become, in recent years, a fast-growing, mid-market challenger professional services network.

Our vision is to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses.

This is the essence of our success: we empower professionals, we help them build their businesses, develop as leaders and be the best they can be.

Strong organic growth

Being a professional services business, recruitment of Fee Earners is one of the principal sources of organic growth for DSW. This includes the recruitment of new partners and Fee Earners to set up new teams and the recruitment of additional Fee Earners to grow existing licensee businesses.

At the year-end, the number of Fee Earners, including partners, had grown from 77 to 88, an increase of 14.3%, and the number of partners rose from 34 to 39.

Our organic growth included the addition of one new specialism, DSW ABL Risk Management, bringing in two new partners, and a new location in Reading with the recruitment of three new partners. We now have a total of 11 specialisms and seven locations.

This has been a very welcome acceleration, as the COVID-19 pandemic presented particular challenges to our recruitment primarily by restricting "face to face" meetings.

Since March 2013, the number of Fee Earners has increased from 30 to 88, which equates to a nine-year CAGR of over 12%.

Strong trading results

This has been another successful year of profitable growth for DSW.

Corporate finance and due diligence still represent the majority of our business (70% vs. 81% in the previous year) and have continued to grow successfully in line with the market. Other service lines such as business recovery and debt advisory grew significantly faster, with the number of licensees increasing from 18 to 20, and as a result are now an increasing proportion of our business.

As a result of this supportive market for specialist professional services, the DSW Network Revenue grew 19.6% to £18.3m (FY21: £15.3m). The three-year historical DSW Network Revenue CAGR to FY22 was 28.2%.

Our Adjusted Pre-Tax Profit was up 25% to £2.0m (FY21 £1.6m) and DSW received an average licence fee (including profit share where applicable) of 16.9% (FY21:16.1%).

A growing brand and reputation

DSW must continue to demonstrate that it is an extremely attractive proposition for both clients and professionals who work within the UK "mid-market". The quality of our clients and the quality of our people is reflected in our significant average revenues per fee earner of £227k (FY21 £196k). This is an important metric in our positioning towards being the most sought-after destination for ambitious professionals.

DSW's achievements and capabilities are most notable in its original core service areas of corporate finance and due diligence. Our prominence in M&A was highlighted by an Experian research report for Q1 of 2022, which marked DSW as the 6th most active adviser (by number of deals) in the UK. More representative was the 18th position of DSW for 2021 as a whole up from 25th place in 2020.

An IPO "halo"

Our admission to the AIM market of the London Stock Exchange in December 2021 was extremely successful and endorsed our confidence in the strength and potential of the DSW platform model and our market opportunity.

We considered that admission was an important step in our development, providing access to capital to fund licence fee acquisitions, to increase brand awareness and recognition, and add further credibility to the DSW offering amongst potential new licensees and clients of the Network, thereby enhancing the Network's future growth potential.

Listing on AIM was a significant undertaking, and our success was made possible by an amazing internal team and external advisers, who managed the process so expertly and enthusiastically. I would like to thank everyone who contributed to this outstanding achievement and significant milestone for our firm.

The overall strength of the DSW brand is crucial in attracting and retaining both clients and professionals. I passionately believe that our admission to AIM has enhanced and strengthened that brand and that the IPO "halo" effect is supporting our growth plans.

DSW's strategy and delivery against it

Growth strategy

As communicated at the time of the AIM listing, DSW aims to scale its licence model through organic growth of existing licensees, geographical expansion, additional service lines, recruitment of new licensees and investing in "Break Outs" (existing teams in larger firms) and the acquisition of licence fees.

We have had a productive year on Fee Earner recruitment, with year-end Fee Earners of 88, up a net 11 (having been at 82 at the time of listing in December). This growth rate is in line with our projections. Our recruitment processes continue to improve and our investment in additional central recruitment capability has resulted in a significant uplift in new applicants.

In terms of "break-outs" and acquisitions of licence fees, our significant efforts are ongoing. In March 2022, we launched a DSW Entrepreneurship Grant scheme on social media offering significant financial incentives to encourage teams to join DSW and we would expect this to bear fruit in the current year. With regard to acquisitions of licence fees, we remain in regular contact with companies we admire and continue to work hard to convince them of our attractiveness as a suitor, offering the right solution for all their stakeholders.

Our focus remains on high margin, complementary, niche service lines with a strong synergistic fit with the existing DSW Network.

International network

DSW has an established partnership network of global advisory firms, called "Pandea Global M&A". Pandea Global M&A comprises selected independent firms with a primary focus on the origination and execution of middle market M&A activities. The Pandea network increases the DSW Network's access to overseas buyers, investors, and valuable local knowledge, while providing its UK-based clients with access to an enlarged pool of acquisition targets.

Central team

As a team, we remain committed to delivering the highest level of service to our partners. It is the delivery of these services which makes it possible for the Fee Earners to focus on delivering high quality work for their clients. The team is young, talented, and extraordinary and I thank all of them for their considerable efforts in delivering the flotation and supporting the licensees to achieve another successful year.

During this year, we have expanded the team to assist with the recruitment and the growth of our licensees. These appointments include:

- an additional recruitment manager for the recruitment pipeline of newly established licensee businesses and for growing existing licensee businesses. This additional resource also provides us with people development support and conducts new partner assessments and team assessments; and
- a strategic projects director to drive licensee development, licensee cross referrals and provide us with a class leading ESG framework and strategy.

These investments are right at the heart of empowering our licensees to build their own businesses and we are looking to extend our central capabilities to further that support to help our partners and their employees to be "the best that you can be".

This focus on developing our battalions of licensees will make sure that they continue to represent DSW successfully and their development reinforces the foundations of the licensee business and therefore for DSW for the coming years.

Our partners and their teams are our greatest ambassadors. I would like to take this opportunity to thank DSW partners across the Network for their continuing commitment to DSW and all that it stands for.

Looking ahead

This is a truly exciting time for DSW. The market sector in which we operate is substantial and developing in a way that makes DSW's business model increasingly attractive to ambitious entrepreneurial professionals and their clients. As accounting and tax specialists continue to demand flexible and mobile working solutions, DSW's first mover advantage puts us in an excellent position to benefit from the significant cultural changes now taking place within the Big 4.

We remain confident in the strength of our business model. We are generally protected from the impact of wage and cost inflation as our partners bear most of these risks of operational gearing. However, we are not immune from a downturn in M&A activity particularly if it is focused on the SME marketplace. But these short-term challenges often give rise to the greatest long-term opportunities, as our candidate pool of new partners and employees is as much fuelled by personal disappointment as it is by significant opportunity.

The new financial year has started well, in line with the Board's expectations, and we look forward to another year of sustainable organic growth.

James Dow
Chief Executive Officer
13 July 2022

Chief Financial Officer's Review

Key Performance Indicators

The following KPIs are used by management to monitor the financial performance of the Group:

	2022	*2021*	*2020*
Revenue (£,000)	**2,681**	2,354	1,689
Total income from Licensees* (£,000)	**2,990**	2,456	1,754
Adjusted EBITDA** (£,000)	**2,233**	1,824	1,136
Adjusted PBT (£,000)	**2,002**	1,592	996
Adjusted PBT margin (%)	**74.6**	67.6	59.0
Net Assets	**7,985**	2,212	1,327

* *Total income from licensees represents statutory revenue plus share of results in associates*
** *Adjusted EBITDA is defined as Adjusted profit before tax adjusted to add back impairment of loans due from associated undertakings (£127k), finance costs (£60k), depreciation (£87k), amortisation (£39k) and deduct finance income (£82k)*

The Group also measures its performance using the following KPIs which are derived from the performance of the DSW Network:

	2022	*2021*	*2020*
Total revenue of all Network licensees (£,000)	**18,285**	15,342	12,362
Revenue per fee earner (£,000)	**227**	196	166
Revenue per partner (£,000)	**446**	432	388
Fee Earners (Number)	**88**	77	83

Income Statement

Revenue and Network Revenue

I am delighted to report our maiden set of results as a listed business. We have an extremely talented network of partners and employees and their hard work and relentless commitment to exceptional client service has driven a very strong performance.

Network revenue for the year was £18.3m, an increase of 19.6% on the prior year. The buoyancy in the M&A market was unabated in the Period and we have continued to work with our licensee partners to grow their businesses and teams. Meanwhile, the high quality of work delivered, represented by a 15.8% growth in revenue per Fee Earner, has further enhanced top line growth. This has translated into total income from licensees of £2.99m for DSW Capital, an increase of 21.7% on the prior year representing an average licence fee of 16.9%.

Fee Earners

The number of Fee Earners is a key driver of growth and we have seen a 14.3% increase on the prior year, against the backdrop of a challenging recruitment market. This has been particularly notable post IPO, where we have seen an uptick in recruitment from the enhanced profile of being a plc, further assisted by investment in central recruitment resources and marketing.

With 88 Fee Earners, DSW's Network is smaller than other listed professional services firms; however, the revenue per fee earner of £227k is comparable with larger listed peers such as Knights, DWF, Gateley and Keystone Law. Furthermore, we believe our average revenue per fee earner for the year is comparable to all of the Big 4 based on their latest available financial results.

Central Costs

The Group has a lean platform model, which is largely insulated from wage inflation as licensee employee costs are borne by the licensee businesses and partners are remunerated based on the fees they bill. The fixed cost base includes only 10 people (excluding directors), 6.5 full time equivalents. Similarly, the licensee businesses bear their own property costs or work from home, therefore the Group's exposure to inflationary pressures is limited to its one office premises.

Central costs (excluding the share-based payment charge and IPO costs) have increased by £0.17m, 37% on the prior year. The majority of the increase is due to the full year impact of non-executive remuneration and the alignment of executive and non-executive remuneration to market commensurate rates. In addition, we have bolstered our central infrastructure in the year with the addition of a Talent and Resource Manager and a Strategic Projects Director to support the growth of the Network. We are committed to maintaining a lean central cost base whilst ensuring we provide our licensees with the support they need to thrive and fulfil their potential. This has resulted in an Adjusted Pre-tax Profit of £2.0m, an increase of 25% on the prior year.

Adjusted PBT and Exceptional Costs

Adjusted PBT is calculated as follows:

	2022 (£000's)	2021 (£000's)
(Loss) / Profit before tax	**(31)**	1,585
Share based payments	**1,167**	7
IPO costs	**866**	-
Adjusted PBT	**2,002**	1,592

We have a significant exceptional share-based payment charge in the year of £1.2m which reflects the accounting impact of the one-off issue of growth shares to partners and employees prior to the IPO. The growth shares were converted to ordinary shares on IPO and there is no dilutive impact on shareholders going forward. The charge is being spread over the period from issue to 1-2 years post IPO depending on the individual share conditionality. The expense is expected to reduce in future periods and from 16 December 2023 will represent a more normalised basis, reflecting the effect of the executive LTIP scheme only.

Total IPO costs incurred were £1.27m, of which £0.40m has been recognised in equity and the remaining £0.87m in the Income Statement.

Taxation

The effective rate of tax (based on PBT excluding the share-based payments charge which is non-deductible) is 26.7%. This is higher than the statutory tax rate and the prior year (20.5%) due to non-deductible IPO costs in the Period.

Earnings Per Share

Earnings per share has been diluted year on year by the shares issued and share re-organisation on IPO. Adjusted basic earnings per share for the year is 10p (2021: 66p). Adjusted EPS removes the impact of the share-based payment charge and IPO costs incurred in the year (as shown above).

Balance Sheet

Cash

The cash balance has benefitted from the net funds of the IPO of £3.8m (after IPO costs). The bank loan was repaid out of the proceeds with a total of £0.99m repayments against borrowings in the year.

The Group's business model is strongly cash generative as the working capital requirement for the licensee businesses which includes employee and property costs are borne by the individual licensees. In addition, partners only get paid when their invoices are paid so they are highly motivated to collect cash from clients. The DSW Network lock up equivalent for the year was 30 days (calculated as amounts owed to DSW Capital from licensees divided by Network Revenue), well below the listed peer group.

Cash generated from operations was £1.44m (2021: £1.01m). Operating cash conversion in the year was 105% which is higher than the prior year (2021: 56%) due to very strong billings in the final quarter and the associated licence fees being paid on a quarterly basis in Q1 of 2022. This has also driven the year-on-year swing in working capital. Corporation tax payments were £0.5m (2021: £0.2m), whilst we had a net receipt in respect of loans to licensees due to repayments made as businesses mature.

Capital expenditure was minimal in the Period (£0.04m) and lease payments of £0.08m relate to the Head Office in Daresbury where a formal lease arrangement was entered into in October 2021.

As a result, the net increase in cash and cash equivalents before the payment of dividends was £4.49m (2021: net increase £0.65m). The Group paid dividends of £0.38m in the year (2021: £0.38m) leaving closing cash of £4.72m (2021: £0.61m) and no debt.

Net Assets

The net assets of the Group have increased from £2.2m to £8.0m in the year, recognising the capital raised on IPO and profit for the year and a robust financial performance. This leaves the business with a strong balance sheet and the excellent capital base to grow the business, both organically and through strategic acquisition opportunities.

Dividend

The Board is proposing to pay a final ordinary dividend for the year ended 31 March 2022 consisting of an interim catch up dividend of 0.56 pence per share and a final dividend of 3.66 pence per share, to align with its dividend policy going forward. An interim dividend of £0.25m in respect of the six months to 30 Sept 2021 was paid on 13 October 2021.

Both the interim catch up dividend and the final dividend will be approved at the Company's AGM, which will be held in September 2022.

Nicole Burstow
Chief Financial Officer
13 July 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 (Restated) £'000
Continuing operations			
Revenue	4	2,681	2,354
Gross profit		**2,681**	**2,354**
Share of results of associates	16	309	102
Share of results of jointly controlled entity	17	102	15
Administrative expenses		(3,018)	(728)
Operating profit		**74**	**1,743**
Adjusted operating profit[1]		**2,107**	**1,750**
Share based payments expense		(1,167)	(7)
IPO Expenses		(866)	-
Operating profit		**74**	**1,743**
Finance income	9	82	84
Impairment of loans due from associated undertakings		(127)	(139)
Finance costs	10	(60)	(103)
(Loss) / Profit before tax		**(31)**	**1,585**
Income tax	11	(303)	(327)
(Loss) / Profit for the year	6	**(334)**	**1,258**
Total comprehensive (loss) / income for the year attributable to owners of the Company		**(334)**	**1,258**
Earnings per share			
From continuing operations			
Basic	13	(£0.02)	£0.66
Diluted	13	(£0.02)	£0.66

1. Adjusted Operating profit, which is defined as operating profit adjusted for items not considered part of underlying trading including IPO costs and share based payments, is a non-GAAP metric used by management and is not an IFRS disclosure.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	As at 31 March 2022 £'000	As at 31 March 2021 (Restated) £'000
Non-current assets			
Intangible assets	14	794	673
Property, plant and equipment	15	525	56
Investments	18	922	922
Investments in associates	18	290	97
Interests in jointly controlled entities	18	23	19
Prepayments and Accrued Income	19	175	184
Deferred tax asset	22	4	3
		2,733	**1,954**
Current assets			
Trade receivables	19	832	1,352
Prepayments and Accrued Income	19	362	255
Other receivables	19	369	266
Cash and bank balances		4,722	609
		6,285	**2,482**
Total assets		**9,018**	**4,436**
Current liabilities			
Trade payables	23	86	81
Other taxation	23	210	278
Other payables	23	54	24
Accruals and Deferred Income	23	163	88
Current tax liabilities	23	63	262
Borrowings	20	-	326
Lease liability	25	83	-
		659	**1,059**
Net current assets		**5,626**	**1,423**
Borrowings	20	-	625
Convertible loan notes	21	-	540
Lease liability	25	302	-
Dilapidation provision	23	72	-
		374	**1,165**
Total liabilities		**1,033**	**2,224**
Net assets		**7,985**	**2,212**
Equity			
Share capital	24	54	2
Share premium		5,280	-
Share-based payment reserve	26	1,174	7
Retained earnings		1,477	2,203
Total Equity attributable to owners of the Company		**7,985**	**2,212**

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	As at 31 March 2022 £'000	As at 31 March 2021 (Restated) £'000
Non-current assets			
Intangible assets	14	794	673
Property, plant and equipment	15	39	35
Investments	18	922	922
Investments in associates	18	290	97
Interests in jointly controlled entities	18	23	19
Prepayments and accrued income	19	175	184
Deferred tax asset	22	4	3
		2,247	**1,933**
Current assets			
Trade receivables	19	801	1,316
Prepayments and Accrued Income	19	307	190
Other receivables	19	499	366
Cash and bank balances		4,714	584
		6,321	**2,456**
Total assets		**8,568**	**4,389**
Current liabilities			
Trade payables	23	29	10
Other taxation	23	177	276
Other payables	23	54	24
Accruals and Deferred Income	23	154	87
Current tax liabilities	23	63	262
Borrowings	20	-	276
		477	**935**
Net current assets		**5,844**	**1,521**
Borrowings	20	-	625
Convertible loan notes	21	-	540
		-	**1,165**
Total liabilities		**477**	**2,100**
Net assets		**8,091**	**2,289**
Equity			
Share capital	24	54	2
Share premium		5,280	-
Share-based payment reserve	26	1,174	7
Retained earnings		1,583	2,280
Total Equity attributable to owners of the Company		**8,091**	**2,289**

The loss after tax for the Company was £305,819 (2021: profit of £1,274,699).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2022

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020 (restated)	**2**	**-**	**-**	**1,325**	**1,327**
Profit for the year	-	-	-	1,258	1,258
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	7	-	7
Balance at 31 March 2021 (restated)	**2**	**-**	**7**	**2,203**	**2,212**
Loss for the year	-	-	-	(334)	(334)
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	1,167	-	1,167
Issue of shares in year	52	5,280	-	(12)	5,320
Balance at 31 March 2022	**54**	**5,280**	**1,174**	**1,477**	**7,985**

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2022

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020 (restated)	**2**	**-**	**-**	**1,386**	**1,388**
Profit for the year	-	-	-	1,274	1,274
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	7	-	7
Balance at 31 March 2021 (restated)	**2**	**-**	**7**	**2,280**	**2,289**
Loss for the year	-	-	-	(305)	(305)
Dividends	-	-	-	(380)	(380)
Share-based payments	-	-	1,167	-	1,167
Issue of shares in year	52	5,280	-	(12)	5,320
Balance at 31 March 2022	**54**	**5,280**	**1,174**	**1,583**	**8,091**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
(Loss) / profit for the year		**(334)**	**1,258**
Adjustments for:			
Income tax expense	11	303	327
Net interest (income)/expense		(22)	19
Depreciation of property, plant and equipment	15	87	36
Amortisation of intangible assets	14	39	37
Share-based payment expense	26	1,167	7
Impairment of loans due from associated undertakings		127	139
Operating cash flows before movements in working capital		**1,367**	**1,823**
Decrease/(increase) in trade and other receivables		192	(1,266)
Increase in trade and other payables		73	367
(Increase)/decrease in amounts owed from associates in relation to profit share		(196)	89
Cash generated by operations		**1,436**	**1,013**
Income taxes paid		(502)	(203)
Net cash from operating activities		**934**	**810**
Investing activities			
Purchases of property, plant and equipment	15	(37)	(16)
Net cash used in investing activities		**(37)**	**(16)**
Financing activities			
Dividends paid	12	(380)	(380)
Finance lease payments		(77)	-
Interest received/(paid)		45	19
Repayments of loans and borrowings		(992)	(217)
Proceeds from loans and borrowings		-	50
Proceeds from issue of ordinary shares net of issue costs		4,620	-
Net cash from / (used in) financing activities		**3,216**	**(528)**
Net increase in cash and cash equivalents		**4,113**	**266**
Cash and cash equivalents at beginning of year		**609**	**343**

Cash and cash equivalents at end of year	**4,722**	**609**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company was incorporated as DSW Capital Limited on 23 March 2010 under the Companies Act 2006 (Registration number: 07200401). The Company was re-registered as DSW Capital plc on 26 October 2021. The Company is incorporated and domiciled in England and Wales. The principal activity of the Company and its subsidiary, DSW Services LLP, (together referred to as the 'Group') is the licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector.

The address of the Company's registered office is:
7400 Daresbury Park
Daresbury
Warrington
WA4 4BS

The Financial Statements are presented in Pounds Sterling (£), which is the currency of the economic environment in which the Group operates. All amounts are rounded to the nearest £'000 except where noted.

2. Accounting policies

Basis of Preparation

The preliminary announcement does not constitute full financial statements for the years ended 31 March 2022 or 2021 within the meaning of section 434 of the Companies Act 2006.

The results for the year ended 31 March 2022 have been extracted from the annual audited financial statements of the Group for the year ended 31 March 2022 prepared in accordance with UK adopted International Accounting Standards which received an unqualified auditor's report and which have not yet been delivered to the Registrar of Companies. This preliminary financial information has been prepared on the same basis as the accounting policies adopted in those financial statements but does not include all the disclosures required in financial statements prepared in accordance with UK adopted International Accounting Standards and accordingly does not itself comply with UK adopted International Accounting Standards. The audited financial statements for the year ended 31 March 2022 were approved by the Directors on 13 July 2022.

The financial information for the year ended 31 March 2021 has been derived from the financial statements of the Company for that year which were prepared under section 1A of Financial Reporting Standard 102, which have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified. The financial statements for the year ended 31 March 2022 and 31 March 2021 did not include a statement under Section 498(1) to (4) of the Companies Act 2006.

The 2022 annual report will be distributed to shareholders and included within the investor relations section of our website in due course and will be considered at the Annual General Meeting to be held in September 2022.

Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

The Group has historically prepared company only accounts under UK Generally Accepted Accounting Practices (FRS 102). As such, consolidated financial information has been prepared under IFRS for the first time for the purpose of presentation in these financial statements. Details of the transition and prior year adjustments have been disclosed in note 31.

The preparation of financial statements in compliance with adopted UK IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In preparing the Financial Statements the Group has applied the below amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Financial Statements:

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*
- *Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

New and revised IFRS Standards in issue but not yet effective

In preparing these Financial Statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

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

Basis of accounting

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique

The principal accounting policies adopted are set out below.

Going concern

In considering the appropriateness of the going concern basis of preparation, the Directors have considered forecasts for the next twelve months following the date of this Annual Report, which includes detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the foreseeable future, allowing the Group to meet its liabilities as they fall due.

At 31 March 2022, the Group has net assets of £8.0 million (2021: £2.2m) and net current assets of £5.6m (2021: £1.4m) which reflects the strong financial position for both the Group and the Company. In addition, the Group remains profitable with adjusted profit after tax of £1.7m in the year ended 31 March 2022 continuing the trend of increased profitability seen in the previous two financial periods.

Over the last two years the COVID-19 pandemic has created an unprecedented and constantly changing challenge to all businesses. The Group has been resilient throughout the pandemic with minimal disruption and even signs of increased productivity across the network, as demonstrated by the strong results reported for the year ended 31 March 2022. In light of the government's "Living with Covid" policy, management do not anticipate further disruptions from COVID-19 and consider it to be a reasonable expectation that the forecasts will not be materially impacted by future COVID-19 outbreaks.

The process of monitoring the fast-evolving situation in Eastern Europe, recessionary threats and current inflationary pressures on the Group's financial performance and liquidity is ongoing. Whilst the Group does not have operations in Russia or Ukraine, the far-reaching impact on energy prices and the cost of living have been considered as part of our going concern assessment. Each licensee business bears its own working capital requirement including employee and property costs. Furthermore licensee partners are only remunerated out of licensee profits, insulating the group from the impact of wage inflation. Given our low operational gearing, diversified revenue streams and lean cost base the Directors believe that DSW Capital is resistant to macro-economic uncertainty.

Scenario analysis has been performed on the underlying forecasts and, given the Group's current cash balance is over 4 times the size of the overheads, the forecasts demonstrate that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The payment of a dividend has been approved totalling £888k which will reduce the group's cash balance by this amount at the time of payment.

After making enquiries, the Directors have formed a judgement, at the date of the Annual Report, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements for the year ended 31 March 2022.

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Investments in associates and jointly controlled entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a jointly controlled entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A jointly controlled entity is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or jointly controlled entities are incorporated in these Financial Statements using the equity method of accounting.

Under the equity method, an investment in an associate or a jointly controlled entity is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or jointly controlled entity. The Group's share of the profit or loss is driven by the contractual arrangements in place. The Group's share of the profit or loss is defined by the economic interest in the associate or jointly controlled entity as stipulated in the legal arrangements, which differs from the percentage voting rights held.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a jointly controlled entity. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a jointly controlled entity.

Other Investments

Where long-term loans are made to licensees, the Directors of the Company have accounted for them as investments under IFRS 9. These loans are accounted for using the amortised cost method. See note 3 for associated critical judgements involved in determining the appropriate classification of long-term loans to licensees.

Revenue recognition

Revenue comprises revenue recognised by the Group in respect of services supplied during the year, exclusive of Value Added Tax.

The Group recognises revenue from the following major sources:

- Licence fee income
- Profit share income

Licence fee income is recognised at the point at which the performance obligations as defined by the contractual arrangements have been satisfied, which is primarily when revenue has been invoiced by the licensees over time. Profit share income is only recognised at the point at which the risk of reversal is deemed to be remote.

Leases

The Group applies IFRS 16 to account for leases. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Group's incremental borrowing rate. The incremental borrowing rate applied to lease liabilities during the year is 5.55%.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded directly in profit or loss if the carrying amount of the right-of-use asset is zero.

Short-term leases and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

Dilapidations provision

The Group recognises a provision for the future costs of dilapidations on leased office space. The provision is an estimate of the total cost to return applicable office space to its original condition at the end of the lease term.

Operating profit

Operating profit is stated after charging the share of results of associates and jointly controlled entities, but before finance income and finance costs.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are then recognised in the consolidated income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has elected to net grant income off against the related costs as permitted under IAS 20. In 2022, no government grants were received. In the prior year, government grants of £13,614 were received as part of the Coronavirus Job Retention Scheme ("JRS"). There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense in the income statement in the periods during which services are rendered by employees. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Short-term and other long-term employee benefits

Wages, salaries, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by employees of the Group.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and on unused tax losses or tax credits available to the Group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Office equipment	33% straight line
Office fixtures & fittings	20% straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful life of intangible assets is as follows:

Intangible assets	10 – 25 years

The intangibles relate to intellectual property and trademarks acquired.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables that arise from the business operations and loans to licensees.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Classification of financial assets

Amortised cost and effective interest method

(a) *Trade and other receivables*
Trade receivables are stated at their original invoiced value. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. See Note 3 for details of the loss allowance.

(b) *Loans owing from licensees*
Loans are measured at amortised cost at their effective interest rates. The amortised cost of a loan is the amount at which the loan is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

(c) *Cash and cash equivalents*
Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Interest income is recognised in profit or loss and is included in the "finance income" line item (note 9).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on the Group's loans to licensees and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The expected loss rates for these financial assets are based on the Group's historical credit losses experienced over the three-year period prior to the period end. An additional portfolio expected loss provision is calculated in which the historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's licensees. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor.

(i) Definition of default

The Group considers when a licensee business is terminated or ceases to trade as default events.

(ii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default), and the exposure at default. The assessment of the *probability* of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities are included on the balance sheet as trade and other payables and borrowings.

(a) *Trade and other payables*
Trade payables are stated at their original invoiced value. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

(b) *Borrowings*
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost and the interest expense is recognised on the basis of the effective interest method and is included in finance costs.

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

Convertible Loan Note - Measurement

Upon IPO the convertible loan notes converted into 700,000 ordinary shares. See Note 21 for further details.

Dividend Policy

The Board has adopted a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group. The Board may, however, revise the Group's dividend policy from time to time in line with the actual results of the Group.

Dividends are recognised once they have been paid.

Related Party Transactions

Details of related party transactions entered into by members of the Group are set out in Note 30.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Consideration of control over a licensee

Where the Group holds voting rights in an underlying licensee, an assessment of the ability to exert control over these entities is made based on whether the Group has the practical ability to direct the relevant activities of these entities unilaterally. Investments in associates have been recognised for entities where the Group holds between 20% and 50% of the voting rights and does not have any unilateral powers other than protective ones. As the Group has more than 20% of the voting rights, it is deemed to have significant influence over the licensees and thus they are accounted for as investment in associates.

There is one entity in which the Group has 51% of the voting rights and 16.7% of the economic rights. However, all significant operational decisions require the unanimous consent of the parties. As such this entity has been recognised as an investment in a jointly controlled entity.

Classification of long-term loans to licensees

Where long-term loans are made to licensees, these are accounted for as investments under IFRS 9 using the amortised cost method. The long-term loan provided to a licensee has a 20-year term and is only repayable at the end of the term and therefore in substance, is more akin to an investment. The interest rate is 7.1%.

Share based payments

In the year ended 31 March 2022, the Group operated three equity share based payment plans. Management have formed a judgement on the vesting period over which the associated charge should be spread. This has been formed with reference to the individual conditionality associated with the different classes of share awards and ranges between one to four years from the balance sheet date.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of expected loss allowance for related party loans

When measuring expected credit loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions for the licensee business.

The Group assesses each licensee individually as to the probability of default on their loans based on their cash balances and their ability to pay the cash flows due.

Also, the Group has elected to calculate an additional portfolio expected loss provision in which the historical loss rates are adjusted for current and forward-looking information on macroeconomic factors affecting the Group's licensees. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor as the failure of corporates is deemed to be a reasonable macroeconomic predictor for the likely failure of a licensee business on a portfolio basis.

4. Revenue

The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see note 5).

Disaggregation of revenue

	2022	2021
	£'000	£'000
External revenue by product line		
License Fee Income	2,531	2,243
Profit Share Income	150	101
Other Income	-	10
Total	**2,681**	**2,354**

A further breakdown of revenue by reporting line is shown below:

	2022	2021
	£'000	£'000
External revenue by reporting line		
License fees attributable to Mergers & Acquisition ('M&A')	1,889	1,864
License fees attributable to Other	642	379
Profit share attributable to M&A	150	101
Profit share attributable to Other	-	-
Total Revenue by reporting line	**2,681**	**2,344**
Other income	-	10
Total Revenue	**2,681**	**2,354**

5. Operating segments

Products and services from which reportable segments derive their revenues

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Marker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Chief Executive.

The Group has four reporting lines, identified above, which divide license fees and profit share income between those attributable to M&A and Other, but the Group only has one operating segment due to the nature of services provided across the whole Group being the same, being revenue derived from licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector. The Group's revenues, costs, assets, liabilities and cash flows are therefore totally attributable to this reporting segment.

Internal management reports are reviewed by the Directors monthly, including revenue information by licensee. Such revenue information alone does not constitute sufficient information upon which to base resource allocation decisions.

Performance of the segment is assessed based on revenue data only.

As the Group only has one reportable segment, all segmented information is provided by the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows.

Geographical information

The Group has operations in one geographic location, the United Kingdom, and therefore the Group only has one reporting geographic operating segment. This is in line with internal reporting.

Information about major customers

Included in revenues arising from License fees attributable to M&A are revenues of approximately £0.96m (2021: £1.17m) which arose from license fee income from the Group's largest licensee. No other single licensee contributed 10 per cent or more to the Group's revenue in either 2022 or 2021.

6.(Loss) / Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	2022	2021
	£'000	£'000
Government grant for the purpose of immediate financial support	-	(14)
Depreciation of property, plant and equipment	87	36
Amortisation	39	37
Employee pension	36	2
IPO costs	866	-
Expected credit loss - license fees	(6)	29
Expected credit loss - outstanding loans	127	139
Expected credit loss - profit share	14	-

In 2022 no government grants were received. In the prior year, government grants of £13,614 were received as part of the Coronavirus Job Retention Scheme ("JRS"). There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

7. Auditors' remuneration

	2022	2021
	£'000	£'000
Audit of the Group financial statements	60	50
Fees payable to the Company's auditors in respect of:		
Interim financial reporting	16	-
Reporting Accountants	126	-
Total auditors' remuneration	**202**	**50**

Non-audit services relate to the appointment of BDO LLP as reporting accountants during the IPO and the interim review of financial information by the Company's auditors which was completed as part of the IPO.

8. Staff costs

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

	2022	2021
	Number	**Number**
Central Heads	16	13
	16	**13**

Their aggregate remuneration comprised:

	2022	2021
	Year ended 31 March 2022 £'000	**Year ended 31 March 2021 £'000**
Wages and salaries	669	340
Social security costs	74	31
Other pension costs (see note 27)	36	2
	779	**373**

'Other pension costs' relate to the defined contribution plan charge as detailed in Note 27.

Aggregate Directors' remuneration

	2022	2021
	£'000	**£'000**
Wages and salaries	393	259
Social security costs	49	28
Other pension costs (see note 27)	31	1
	473	**288**

The highest paid Director's total emoluments in the year were £276,308 (2021: £127,313) of which £31,321 (2021: £1,313) related to pension costs.

Directors' transactions

Dividends totaling £379,995 were paid in the year in respect of ordinary shares (2021: £380,000). The dividends were all paid to Directors of the Company who were currently serving at the time of payment. See Note 12 for details.

9. Finance income

	2022	2021
	£'000	**£'000**
Interest income:		
Loan Interest	80	80
	80	**80**
Other finance income	2	4
Total finance income	**82**	**84**

10. Finance costs

	2022	2021
	£'000	**£'000**
Interest on bank loans	(36)	(64)
Amortisation of debt issue costs	(11)	(14)
Interest costs on lease	(11)	-
Other finance costs	(2)	(25)
	(60)	**(103)**

11. Income Tax

	2022	2021
	£'000	**£'000**
Corporation income tax:		
Current year	340	329
Adjustments in respect of prior years	(36)	12
	304	**341**
Deferred tax (see note 22)		
Origination and reversal of temporary differences	(1)	(14)
	303	**327**

The standard rate of corporation tax applied to reported profit is 19 per cent (2021: 19 per cent).

The charge for the year can be reconciled to the profit before tax as follows:

	2022	2021
	£'000	**£'000**
(Loss) / Profit before tax on continuing operations	(31)	1,585
Tax at the UK corporation tax rate of 19 per cent (2021: 19 per cent)	**(6)**	**301**
Tax effect of expenses that are not deductible in determining taxable profit	128	11
Depreciation in excess of capital allowances	5	11
Other tax effects	3	6
Tax effect of adjustments in relation to prior periods	(36)	12
Tax effect of income not taxable in determining taxable profit	(12)	-
Movement in deferred tax assets/liabilities	(1)	(14)
Tax effect of share based payment adjustment	222	-
Tax expense for the year	**303**	**327**

On 26 October 2015, the UK corporation tax rate was reduced to 19% for the years beginning 1 April 2020 and 1 April 2021. As a result of the March 2021 Budget, the UK corporation tax rate will increase to 25% for the financial year beginning 1 April 2023. All deferred tax has been assessed including at 25% rate beyond FY23.

12. Dividends

	2022	2021
	£'000	**£'000**
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2021 of £0.0667 (2020: £nil per share)	127	-
Interim dividend for the year ended 31 March 2022 of £0.133 per share (2021: £390 per share)	253	370
Special dividend for the year £nil (2021: £0.005 per share)	-	10
	380	**380**
Proposed final dividend for the year ended 31 March 2022 consisting of:		
Interim catch up dividend for the year to 31 March 2022 of £0.0056 per share (2021: £nil)	120	-
Final dividend for the year to 31 March 2022 of £0.0366 per share (2021: £0.0667 per share)	786	127
	906	**127**

13. Earnings per share

From continuing operations

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

	2022	2021
Earnings	**£'000**	**£'000**
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	(334)	1,258
Effect of dilutive potential ordinary shares:	-	-
Earnings for the purposes of diluted earnings per share	**(334)**	**1,258**

	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	17,014,850	1,900,000
Effect of dilutive potential ordinary shares:		
Share Options	122,844	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**17,137,694**	**1,900,000**

From continuing operations

	2022	2021
Earnings	**£**	**£**
Basic earnings per share	(0.02)	0.66
Diluted earnings per share	(0.02)	0.66

Adjusted earnings per share is included as an Alternative Performance Measure ('APM') and is not presented in accordance with IAS 33. It has been calculated using adjusted earnings calculated as profit after tax but before;

- Share-based payments expense;
- IPO costs
- The tax effect of the above items

The calculation of adjusted basic and adjusted diluted earnings per share is based on;

	2022	2021
	£'000	£'000
(Loss) / Profit after tax on continuing operations	(334)	1,258
Adjusted for:		
Share-based payment expense	1,167	-
IPO Costs	866	-
Tax effect of adjustments above	(43)	-
Adjusted earnings for the purposes of adjusted basic and adjusted diluted earnings per share	**1,656**	**1,258**

	2022	2021
Earnings	£	£
Adjusted basic earnings per share	0.10	0.66
Adjusted diluted earnings per share	0.10	0.66

Tax adjustments of £43,000 (2021: £ nil) have been made in arriving at the adjusted earnings per share. This is based on an estimated full year equivalent tax rate, which is largely driven by the UK corporation tax rate of 19% adjusted upwards to take into account the effect of non-deductible expenses.

Shares held in trust are issued shares that are owned by the Group's employee benefit trusts for future issue to employees as part of share incentive schemes. The future exercise of the share awards and options is the dilutive effect of share awards granted to employees that have not yet vested.

Shares held in trust are deducted from the weighted average number of shares for basic earnings per share. For its adjusted basic measure, the group uses the weighted average number of ordinary shares.

14. Intangible assets

	Total
	£'000
Cost	
At 1 April 2020	707
Additions	40
At 31 March 2021	**747**
Additions	160
At 31 March 2022	**907**
Amortisation	
At 1 April 2020	37
Charge for the year	37
At 31 March 2021	**74**
Charge for the year	39
At 31 March 2022	**113**
Carrying amount	
At 31 March 2021	**673**
At 31 March 2022	**794**

All intangible assets relate to intellectual property on which license fees are charged. £707k of the carrying amount as at 31 March 22 (2021: £531k) relates to Camlee Group.

15. Property, plant and equipment - Group

	Right of Use Asset £'000	Office Fixtures, Fittings & Equipment £'000	Total £'000
Cost			
At 1 April 2020	-	168	168
Additions	-	16	16
At 31 March 2021	**-**	**184**	**184**
Additions	520	37	557
At 31 March 2022	**520**	**221**	**741**
Accumulated depreciation			
At 1 April 2020	-	93	93
Charge for the year	-	36	36
At 31 March 2021	**-**	**129**	**129**
Charge for the year	52	35	87
At 31 March 2022	**52**	**164**	**216**
Carrying amount			
At 31 March 2021	**-**	**56**	**56**
At 31 March 2022	**468**	**57**	**525**

Property, plant and equipment - Company

	Office Fixtures, Fittings & Equipment £'000
Cost	
At 1 April 2020	87
Additions	10
At 31 March 2021	**97**
Additions	31
At 31 March 2022	**128**
Accumulated depreciation	
At 1 April 2020	33
Charge for the year	29
At 31 March 2021	**62**
Charge for the year	27
At 31 March 2022	**89**
Carrying amount	
At 31 March 2021	**35**
At 31 March 2022	**39**

16. Associates

As none of the individual associates are deemed to be material associates, they have been grouped together in aggregate below.

Aggregate information of associates that are not individually material

	2022 £'000	2021 £'000
The Group's share of profit from continuing operations	309	102
The Group's share of profit and total comprehensive income	**309**	**102**

Change in the Group's ownership interest in an associate

Where the Company is a member of a licensee's business, a profit share arrangement is in place which entitles the Company to profits over a contractual threshold which is stated within an LLP agreement. The Group accounts for associates based on their economic share as stated in the legal agreements, rather than based on the Company's voting rights. Therefore, the accounting always mirrors the economic arrangement. When there is a change in profit share, this is not deemed to constitute a change in the Group's ownership interest in an associate as this relates to a change in economic interest only, hence there is no change to the equity accounting basis. A change in the Group's ownership interest therefore is only recognised where there is a change in the Company's voting rights.

17. Jointly controlled entities

The jointly controlled entity is not deemed to be a material jointly controlled entity.

Information of jointly controlled entity that is not individually material

	2022 £'000	2021 £'000
The Group's share of profit from continuing operations	102	15
The Group's share of profit and total comprehensive income	**102**	**15**

18. Investments – Group and Company

	2022 £'000	2021 £'000
Financial assets measured under the equity method		
Investment in Associates	290	97
Investment in jointly controlled entities	23	19
Financial assets measured at amortised cost		
Other investments	922	922
Total Investments	**1,235**	**1,038**

Where long-term loans are made to licensees, which are disclosed within "Other investments" above, the Directors of the Company have accounted for them as investments under IFRS 9. These loans are accounted for using the amortised cost method. The movement in these investments is included in the cash flow statement as increase in amounts due from associates.

19. Trade and other receivables

	Company 2022 £'000	Company 2021 £'000	Group 2022 £'000	Group 2021 £'000
Trade receivables	879	1,404	910	1,440
Loss allowance	(78)	(88)	(78)	(88)
	801	**1,316**	**832**	**1,352**
Other receivables	686	538	686	538
Loss Allowance	(317)	(272)	(317)	(272)
	369	**266**	**369**	**266**
Prepayments and Accrued Income	574	452	629	517
Loss Allowance	(92)	(78)	(92)	(78)
	482	**374**	**537**	**439**
	1,652	**1,956**	**1,738**	**2,057**
Amounts due from subsidiary undertakings	130	100	-	-

	1,782	**2,056**	**1,738**	**2,057**

Included in prepayments and accrued income for both the company and the group are £175k (2021: £184k) due in greater than 1 year. Other receivables are made up from loans due from licensees and prepayments and accrued income relates to prepayments and profit share due from licensees. Amounts due from subsidiary undertakings, in other receivables on the balance sheet, are interest free and repayable on demand.

Trade receivables

The Group assessed each licensee individually as to their probability of default based on previous credit loss history which is adjusted for current and forward-looking information. It is not appropriate to group the licensee trade receivable balances as there are specific circumstances associated with each business, notably, service line, sector, location and maturity of the business.

Average Credit Period taken is 84 Days (2021: 64 days) and no interest is charged on the receivables.

The ageing of trade receivables net of the loss allowance at the reporting date was as followed;

	2022	**2021**
	£'000	**£'000**
Not past due	698	1,263
Past due 61 to 90 days	-	9
Past due 91 to 120 days	51	20
Past due over 120 days	83	60
	832	**1,352**

The provision for impairment of trade receivables is the difference between the carrying value and the present value of the expected proceeds. The Directors consider that the carrying value of trade receivables approximates to fair value.

20. Borrowings

	2022	**2021**
	£'000	**£'000**
Secured borrowing at amortised cost		
Bank loans	-	942
Debt issue costs	-	(41)
Other loan	-	50
Total borrowings	**-**	**951**
Non-current	-	625
Current	-	326

The other principal features of the Group's borrowings are as follows.

(a) A loan of £1.16m was taken out by the Company on 10 February 2020. The loan was secured by a debenture from each Obligor over all its assets and a security from the Shareholders over the entire issued share capital of the Company. The rate of interest on the loan was the aggregate of the 5.25% Margin and 3 month LIBOR (subject to a LIBOR floor of 0.75%). Capital repayments of £72k were paid quarterly in January, April, July, October. £11k of capitalised debt issue costs were amortised to finance charges in 2022 (2021: £14k). This loan was repaid with proceeds from the share issue in December 2021.

(b) A Bounce Back loan of £50,000 was taken out in October 2020 to enable DSW Services to access finance more quickly during the coronavirus outbreak. This loan was repaid in full in October 2021 and no interest was paid.

All borrowings were held in the Company and Group other than the £50,000 bounce back loan.

The weighted average interest rates paid during the year were as follows:

	2022	2021
	%	%
Bank loans	6.0	6.2

Analysis of changes in net debt

	01 April 2020	Cash flow	Amortisation of debt issue costs	Non-cash debt items	31 March 2021
Cash & bank balances	**342**	267	-		**609**
Bank Loans	**(1,159)**	217	-		**(952)**
Debt issue costs	**55**	-	(14)		**41**
Convertible Loan Notes	**(396)**			(144)	**(540)**
New Loans	**-**	(50)	-		**(50)**
Net Debt	**(1,158)**	**434**	**(14)**	**(144)**	**(882)**

	01 April 2021	Cash flow	Amortisation of debt issue costs	Non-cash debt items	31 March 2022
Cash & bank balances	**609**	4,113			**4,722**
Bank Loans	**(942)**	942	-	-	**-**
Debt issue costs	**41**	-	(41)	**-**	**-**
Convertible Loan Notes	**(540)**	-	-	540	**-**
BB Loan	**(50)**	50	-	**-**	**-**
Net Debt	**(882)**	**5,105**	**(41)**	**540**	**4,722**

Balances at 31 March 2022 comprise:

	Current assets £'000
Cash and bank balances	4,722

21. Convertible loan notes – Group and Company

The Group issued £500k of convertible loan notes to the founders of a licensee which were convertible to equity in DSW Capital on IPO. As the float happened within 4 years, the value of the loan notes was uplifted to £700k. Given that the uplift value was fixed, it was in effect a 'known' outcome which was only contingent upon an event and therefore a provision was recognised. It was deemed appropriate to recognise a provision of £40k in the prior year due to the Group's estimation that there was a 20% chance of the float occurring as at 31 March 2021. On 16th December 2021, DSW Capital floated on AIM and the value of the loan notes was uplifted to £700k before being immediately converted to Ordinary Share Capital of DSW Capital plc.

22. Deferred tax – Company and Group

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	2022 £'000	2021 £'000
At the beginning of the year asset/(liability)	3	(11)
Charge in the year	-	-
Released in the year	-	11
Credited in the year	1	3
At the end of the year asset	4	3

23. Trade and other payables

	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade payables	29	10	86	81
Other taxation and social security	177	276	210	278
Other payables	54	24	54	24
Accruals and Deferred Income	154	87	163	88
Corporation Tax	63	262	63	262
	477	**659**	**576**	**733**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Amounts falling due in greater than one year include:

	2022 £'000	2021 £'000

Dilapidation provision	72	-
	72	**-**

24. Share capital – Group and Company

	2022		2021	
	Number	**£'000**	**Number**	**£'000**
Authorised, issued and fully paid:				
Ordinary shares	21,482,508	54	-	-
Ordinary A shares	-	-	950,000	1
Ordinary B shares	-	-	950,000	1
At 31 March	**21,482,508**	**54**	**1,900,000**	**2**
Authorised, issued and nil paid:				
Ordinary C shares	**-**	**-**	218,541	**-**
Ordinary D Shares	**-**	**-**	45,479	**-**
At 31 March	**-**	**-**	**264,020**	**-**
Total	**21,482,508**	**54**	**2,164,020**	**2**

	Ordinary	**A Shares**	**B Shares**	**C Shares**	**D Shares**	**E Shares**
As at 31 March 2021	-	950,000	950,000	218,541	45,479	-
Share issue	6,123,000	-	-	-	-	17,268
Cancelled shares	-	-	-	(4,233)	-	-
Bonus issue	-	7,579,480	7,579,480	6,046,745	-	430,051
Consolidated	-	(1,425,000)	(1,425,000)	(5,143,392)	-	(414,432)
Converted to Ordinary	15,359,508	(7,104,480)	(7,104,480)	(1,117,661)	-	(32,887)
Converted to Deferred	-	-	-	-	(45,479)	-
As at 31 March 2022	**21,482,508**	**-**	**-**	**-**	**-**	**-**

On the 26th October, the following transactions took place in relation to the company's share capital;

i. 4,233 Ordinary C Shares were fully paid up, bought back by the company and subsequently cancelled.
ii. 17,268 Ordinary E Shares were issued which were nil paid and have no voting rights. These shares were issued as part of the Growth Share Plan discussed in note 26. These were subsequently fully paid at their subscription price of £0.9614 per share prior to the re-capitalisation which took place on 16th December 2021.
iii. 50,000 Redeemable preference shares with a nominal value of £1.00 were issued and were quarter paid. These shares have no voting rights.
iv. On the 26th October 2021, the Company formally re-registered as a public company under the name of DSW Capital plc.

On the 16th December 2021, the following transactions took place in relation to the company's share capital;

v. The company undertook a bonus issue and consolidation of shares such that the nominal values of the A, B, C and E shares equalled £0.0025. The D Shares were unaffected.

vi. A further bonus issue then occurred, immediately following which the A, B, C and E shares were redesignated as one class of Ordinary Shares. The D Shares were redesignated into deferred shares which continue to have a nominal value of £0.0001. These shares have no rights to vote or income and are expected to be cancelled at the AGM in September 2022.
vii. 328,000 ordinary shares were issued in respect of the share awards set out in the Admission document and 700,000 ordinary shares were issued to the Camlee Noteholders in respect of the conversion of the Camlee Loan Notes, further details of which can be found in note 21.
viii. 5,000,000 ordinary shares were issued as part of DSW Capital's admission to AIM.
ix. 95,000 ordinary shares were issued as part of the PSP award scheme further details of which can be found in note 26.

On the 17th December, the 50,000 redeemable preference shares were repaid in full.

25. Leases

DSW Services, a subsidiary of DSW Capital PLC, entered into a formal lease arrangement for the Daresbury office, effective from 1 October 2021. Prior to this date, the lease had been recognised as a short-term lease and therefore did not meet the criteria under IFRS 16. Further detail on the lease accounting policy can be found in note 2.

The consolidated statement of financial position and consolidated statement of comprehensive income show the following amounts relating to leases:

Right-of-use assets	**Total**
	£'000
Balance at 1 April 2021	**-**
New leases recognised in the year	520
Depreciation	(52)
Balance at 31 March 2022	**468**

Lease liabilities	**Total**
	£'000
Balance at 1 April 2021	**-**
New leases recognised in the year	451
Interest expense	11
Lease payments	(77)
Balance at 31 March 2022	**385**

Income Statement	
	2022
	£'000
Interest expense (note 10)	11
Expense relating to leases of low-value assets	7
Expense relating to short-term leases	61
At 31 March 2022	**79**

As at the 31 March 2022, the Group recognised lease liabilities in respect of outstanding commitments for future minimum lease payments under non-cancellable lease contracts, which fall due as follows;

	Total £'000
Within one year	83
In one to two years	87
In two to three years	92
In three to four years	98
In over four years	25
Balance at 31 March 2022	**385**

The total cash outflow in the year paid in respect of leases was £76,800. Under the terms of the lease, £102,400 per annum is due for 5 years until the first break date.

26. Share-based payments

In the year ended 31 March 2022 the Group operated three equity-settled share-based payment plans as described below.

The Group recognised total expenses of £1,167,093 in respect of equity-settled share-based payment transactions in the year ended 31 March 2022.

The charge to the income statement is set out below:

Share plans:	**2022**	**2021**
Growth share plan	1,060,453	6,850
Legacy Awards	73,879	-
FY22 performance bonus	30,000	-
PSP Awards	2,761	-
Total SBP expense	**1,167,093**	**6,850**

Share-based payments movement for the year ended 31 March 2022:

	SBP Expense (£)	**SBP Reserve (£)**
Growth share plan	1,060,453	(1,060,453)
Legacy Awards	73,879	(73,879)
FY22 performance bonus	30,000	(30,000)
PSP Awards	2,761	(2,761)
Total movement	**1,167,093**	**(1,167,093)**

Share-based payments movement for the year ended 31 March 2021:

	SBP Expense (£)	**SBP Reserve (£)**
Growth share plan	6,850	(6,850)
Total movement	**6,850**	**(6,850)**

Details of Directors' share awards are set out in the Directors' Remuneration Report.

Growth Shares

DSW Capital implemented a Growth Share Plan in March 2021 for key members of its management team and a number of individuals within the licensees from which DSW receives licence fees.

Any value received for the Growth Shares was conditional on a future Exit event taking place and certain individual restrictions.

As at 31 March 2022, 214,308 C Growth Shares and 17,268 E Growth shares have converted to 1,150,548 ordinary shares in issue. 45,479 D Growth Shares have converted to Deferred Shares which are expected to be cancelled at the AGM in September 2022. The Group recognised total expenses of £1,040,453 related to the Growth Share Plan in the year ended 31 March 2022.

The Growth Shares have been valued using the Black-Scholes pricing model. Management have formed a judgement on the vesting period over which the associated charge should be spread. This has been formed with reference to the individual conditionality associated with the different classes of share awards and ranges between one to four years from the balance sheet date.

Legacy Awards

Following the IPO in December 2021, a Legacy Award was awarded to be held by the Chief Financial Officer entitling them to 1.53% of the equity value in excess of £26m. The CFO Legacy Award is subject to continuing employment until 31 March 2023, with such awards vesting on 31 March 2023. Further, it was agreed that certain employees of Dow Schofield Watts CF Leeds were entitled to approximately 1.53% of equity value up to a maximum equity value of £26m (the "Leeds Legacy Awards"). To fulfil these obligations, those individuals will be granted options to acquire the interest below a £26m equity value in the same 1.53% shareholding that the CFO Legacy Award is granted over, similarly vesting on 31 March 2023. The share price per award is £1.00 with an exercise price per award of nil.

The Legacy Awards have been valued using the Black-Scholes pricing model. The charge for the year is £73,879. The key assumptions used in the calculation of the fair value of the share-based payments are as follows:

	Leeds Legacy Award	**CFO Award**
Spot price	100p	100p
Strike price	0.025p	122p
Volatility	35%	35%
Risk Free Rate	0.02%	0.02%
Dividend Yield	0%	0%
Fair Value per share	**9.1p**	**8.6p**

Details of the share options outstanding during the year are as follows:

	2022	**2021**
	No. of share options	No. of share options
Outstanding at beginning of year	-	-
Granted during the year	328,000	-
Outstanding at the end of the year	**328,000**	**-**
Exercisable at the end of the year	**-**	**-**

There were no share options exercised, forfeited or expired within the period.

FY22 performance bonus

The Remuneration and Nominations Committee have awarded James Dow, Chief Executive Officer, a performance bonus for FY22 with a value of £30,000. It has been agreed that the performance bonus will be settled in shares.

PSP Awards

The Board recognises the importance of ensuring that members of the Group are effectively and appropriately incentivised and their interests aligned with those of DSW Capital. Similarly, the Board believes that the ongoing success of the DSW Network depends to a high degree on retaining and incentivising the performance of its key people.

To that end, the Group has adopted the Performance Share Plan ("PSP"), to align the interests of Executive Directors and key employees ("Participants") with those of the Shareholders. The PSP will be a long-term incentive plan which will form the primary long-term incentive arrangement for the Executive Directors. The Remuneration and Nominations Committee will consider the granting of PSP awards to the participants on an annual basis.

A summary of the structure of the rules of the Plan is set out below:

- Annual awards will be determined by reference to a number of shares equal in value to a maximum of 200 per cent. of base salary of participants;
- Grants shall be subject to a three-year vesting period (subject to the satisfaction of the performance conditions
- Following vesting, there will be a further 24 month holding period before participants are able to sell any shares; and
- Awards are subject to malus and clawback provisions.

Challenging performance conditions will be set for each award under the PSP. For the first awards, the Remuneration and Nominations Committee intends that the awards will vest based on relative total shareholder return ("TSR") targets against an applicable comparator group. The share price per award is £1.00 with an exercise price per award of nil.

Awards outstanding at 31 March 2022 are shown below:

	2022	**2021**
	No. of share options	No. of share options
Outstanding at beginning of year	-	-
Granted during the year	95,000	-
Outstanding at the end of the year	**95,000**	**-**
Exercisable at the end of the year	**-**	**-**

There were no awards forfeited, exercised or expired in the period.

The Group used the Expected Value method to calculate the anticipated value of the PSP awards. The charge for the year is £2,761.

27. Retirement benefit plans

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees.

The Group is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of £35,679 (2021: £1,710) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 March 2022 and 31 March 2021, there were no contributions due in respect of the current reporting period which had not been paid over to the plans.

28. Financial Instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in Note 2. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Financial assets

	Held at amortised cost			
	Company 2022	**Company 2021 (Restated)**	**Group 2022**	**Group 2021**
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	4,714	584	4,722	609
Trade and other receivables	1,300	1,682	1,201	1,618
	6,014	**2,266**	**5,923**	**2,227**

Financial Liabilities

	Held at amortised cost			
	Company 2022	**Company 2021**	**Group 2022**	**Group 2021**
	£'000	**£'000**	**£'000**	**£'000**
Trade and other payables	237	121	303	193
Borrowings	-	901	-	951
	237	**1,022**	**303**	**1,144**

There is no significant difference between the fair value and carrying value of the financial instruments.

(a) Financial risk management objectives

The Board has overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Board, who also monitor the status of agreed actions to mitigate key risks. The Board's objective in managing financial risks is to ensure the long-term sustainability of the Group.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its startup loans provided to licensees. The Group mitigates this risk by encouraging ongoing engagement of senior management with network members and monthly reporting which allows close monitoring of emerging credit risks and facilitates early support and advice to mitigate or remediate performance.

Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings.

(b)(i) Overview of the Group's exposure to credit risk

The Group recognises a loss allowance for expected credit losses on the Group's loans to licensees and trade receivables.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The expected loss rates for these financial assets are based on the Group's historical credit losses experienced over the three-year period prior to the period end.

An additional portfolio expected loss provision is calculated in which the historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows.

Network members in difficulty are asked to provide short-term cash flow forecasts on a monthly basis to support risk monitoring and potential funding requirements and Partners may be asked to reduce drawings on a temporary basis.

(c)(i) Liquidity and interest risk

The bank loan was repaid in the year. There is no interest payable on trade payable balances and the operations of the Group are not dependent on the finance income received.

(c)(ii) Financing facilities

The Group is using the cash inflows from the financial assets and in the prior year previously available bank facilities to manage liquidity.

(d) Capital risk management

The Group considers its capital to comprise its ordinary share capital and retained profits as its equity capital. In managing its capital, the Group's primary objective is to provide return for its equity shareholders through capital growth and future dividend income.

The Group's policy is to seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs.

In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Details of the Group's capital are disclosed in the statement of changes in equity and Note 24.

29. Events after the reporting period

Since the end of the year the directors have recommended the payment of a top up to the interim dividend for the year to 31 March 2022 of 0.56 pence per share totaling £120k and a final dividend of 3.66 pence per share totaling £786k as detailed in Note 12.

The partner of DSW Wealth Advisory LLP has made the Directors aware of his intention to leave the partnership with effect from 22 July 2022. The Directors believe that this will not have a material impact on the results of the Group.

30. Related party transactions

Balances and transactions between the Company and its subsidiary, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below. Related parties are those licensees where the Company is a member of the related LLP.

Revenue and Cost Recharges

Group entities entered into the following transactions with related parties who are not members of the Group. All entities other than DSW Investments 2 LLP are licensee businesses. DSW Investments 2 LLP is an entity owned by certain directors of the company.

	2022	**2021**
	Revenue and Cost Recharges £'000	**Revenue and Cost Recharges £'000**
PHD Equity Partners	-	127
PHD Industrial Holdings	200	12
DSW Investments 2 LLP	99	65
Other investments	920	485
Totals	**1,219**	**689**

Other investments relate to routine and similar transactions which arose in the ordinary course of business, with DSW CF Leeds, DSW Wealth Advisory, DSW TS Leeds and DSW Business Recovery.

Amounts due from/to related parties

Group entities had the following balances, including loans to related parties, outstanding at year end with related parties who are not members of the Group:

	2022	**2021**
	Amounts due from/(to) related parties £'000	**Amounts due from/(to) related parties £'000**
PHD Equity Partners	-	19
PHD Industrial Holdings	1	14
DSW Investments 2 LLP	-	26
Other investments	497	213
Totals	**498**	**272**

Salary and fees payable to James Dow and Jon Schofield are as disclosed in the Remuneration and Nominations Committee Report. Salary totalling £18,761 (2021: nil) has been paid to Susie Dow in the year.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS.

	Year ended 31 March 2022 £'000	**Year ended 31 March 2021 £'000**
Wages and salaries	431	259
Social security costs	54	28
Other pension costs (see note 27)	32	1
	517	**288**

This includes amounts in respect of a previous director who provided services and was remunerated by the group in the year.

31. **Prior year adjustments**

The Group has historically prepared company only accounts under UK Generally Accepted Accounting Practices (FRS 102). As such, financial information has been prepared under IFRS for the first time for the purpose of presentation in this document. The prior year comparatives have been restated resulting from this first time adoption as detailed below:

	Originally stated	**Adjustment**	**Restated**
	£'000	**£'000**	**£'000**
Company statement of financial position			
Trade debtors	1,380	(64)	1,316
Prepayments and accrued income	490	(116)	374
Other debtors	405	(39)	366
Investment in associates	-	97	97
Investment in jointly controlled entities	-	19	19
Retained earnings	2,383	(103)	2,280

In the company financial statements these adjustments arise principally from the requirements of IFRS 9 with an expected credit loss provision recognised along with the reclassification of trade and other receivables in line with the requirements of IFRS 10 to better reflect the nature of the assets within investments.