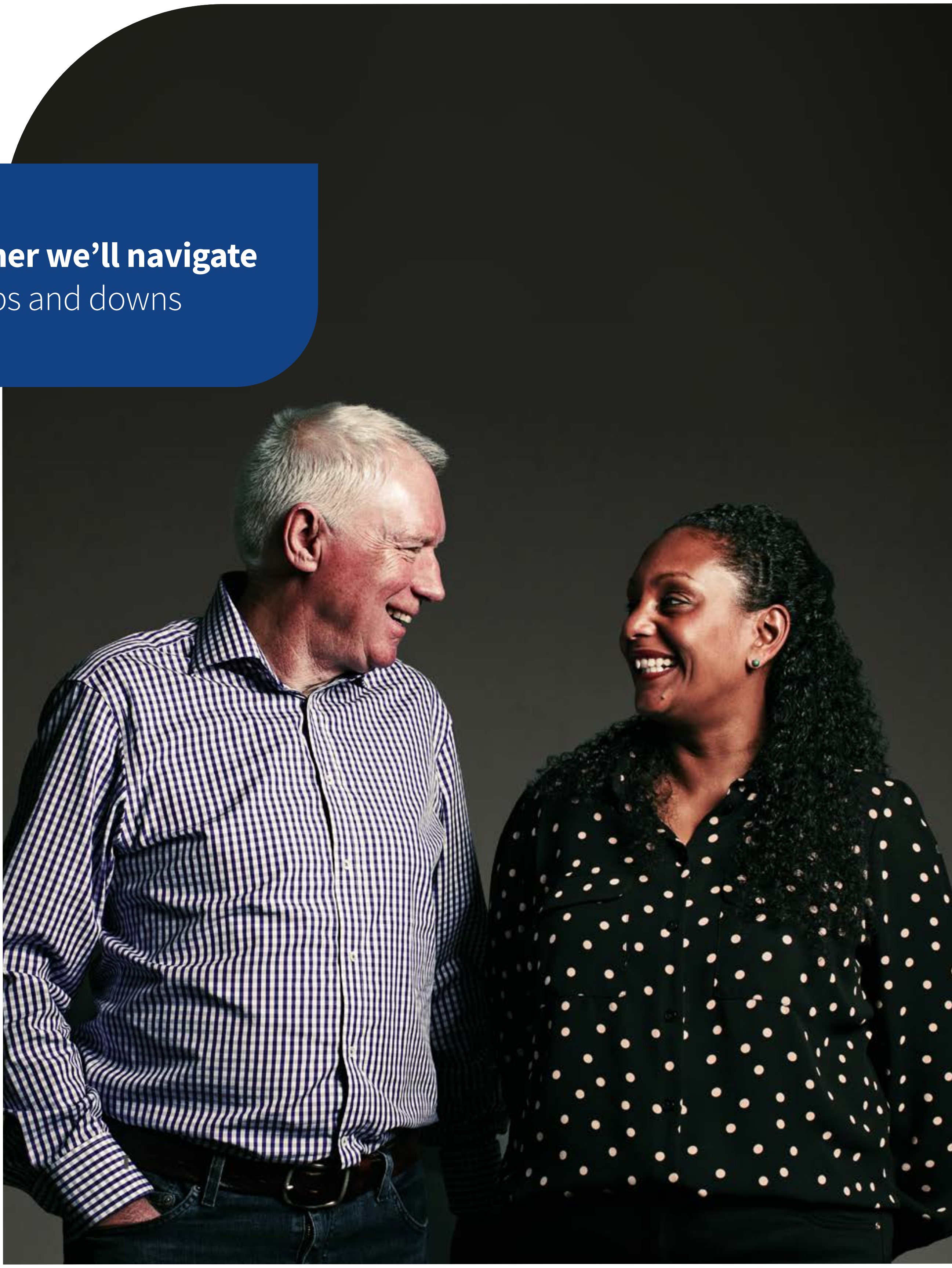
irwinmitchell



Together we'll navigate
life's ups and downs

IMHL Annual Report and Accounts 2022

What's in this report

Hayley, our client / Our 'Human Touch' campaign / case study page 26

Our human touch campaign focuses on our clients and the difference that expert legal and financial support has made to their lives, their families and their business.

To create the campaign we've worked with people with disabilities who often don't get the opportunities they deserve in the media industry.

Read our Annual Report and Accounts 2022 online/ **www.irwinmitchell.com/about-us**

If you need to access this document in a different format, please contact ResponsibleBusiness@irwinmitchell.com outlining the format you require and we will consider your request and respond as soon as we can.

We are a leading legal and financial services firm. Our purpose is to help clients navigate life's ups and downs.

The firm's vision is to be one step ahead in each of its core market segments. We will achieve this through the successful delivery of our strategy, which is focused on delivering positive outcomes for all our stakeholders: Clients, Colleagues and Communities.

Group highlights

Financial highlights

Group Revenue

£275.7m
-2.7%

FY21: £283.3m

Core Group Revenue

£266.1m
+1.4%

FY21: £262.3m

Cash and short-term investments

£52.8m
+9.7%

FY21: £48.2m

Core Group represents the total Group, less the non-core Other Businesses segment which largely comprises the Group's volume personal injury business, which is in run-off following the announcement in September 2021 that the Group is exiting the sector.

Operational highlights

A fresh approach to delivering lifetime value for our clients

Read more / page 24

In May 2021, we announced our new operating model which puts clients at the heart of everything we do. This client-centric approach to working will deliver holistic lifetime services that will enhance our clients' experiences and will help us to generate new income streams.

Under our new operating model, our growth activity is driven by our Commercial Growth team, which works closely with our Client Services team, our asset management business and debt management business to deliver outstanding client services and to support the growth of the business across its key audience groups.

Transfer of volume personal injury business

Read more / page 64 and note 3 to the financial statements

During the year, the Board completed a strategic review of the volume personal injury business and made the decision to withdraw from this sector to focus on the higher value complex personal injury market.

In September 2021, Irwin Mitchell announced that it had entered into a run-off agreement with Minster Law and Gildeas Solicitors to acquire the firm's back book of fast-track road traffic accidents, employer liability and public liability injury claims.

Non-financial highlights

Net Promoter Score

+62

FY21:+71

Employee engagement

77%

+1.3%

FY21: 76%

Total Group and colleague charitable donations and fundraising

£289k

FY21: £322k

Please see our Key Performance Indicators on pages 12 to 15 for further details.

New strategic partnerships to transform our Client experiences

Read more / page 21

During the year, we announced several new strategic partnerships, including with Peppermint, a leading legal technology business, to roll out a new platform. This will include two elements, a Client Relationship Management platform and the Next Generation approach for case and matter management.

The platform will enable us to make our processes more efficient, help our teams to collaborate more effectively around clients' needs and give us a greater insight into our relationships, and will allow us to identify more opportunities.

Strategic acquisition of TWP Wealth Limited

Read more / page 20

Post year end, in May 2022, IM Asset Management Limited (IMAML) signed an agreement to acquire TWP Wealth Limited (TWP), a wealth management business providing investment and financial planning advice to private and corporate clients. The acquisition enables IMAML to scale up and expand its wealth management offering and enables cross-sell of legal services to TWP's clients as well as financial planning advice to Irwin Mitchell's existing private clients. The acquisition is subject to FCA approval.

Our purpose

Together we'll navigate life's ups and downs

Our purpose is to help individuals and businesses navigate life's ups and downs. This lifetime approach to understanding our clients' needs, providing expert advice and nurturing long-term relationships are key tenets of our client-centric operating model, as synonymised by our award winning 'expert hand with the human touch' brand campaign.

Our client-focused business model

We reorganised our operating model in 2021 to put clients at the heart of everything we do.

Read more / pages 24 and 25

Drives us in delivering our strategic objectives

Our strategy is focused on delivering positive outcomes for all our stakeholders: Clients, Colleagues and Communities. We will provide exceptional client experiences, resulting in the sustainable and profitable growth of our business.

Read more / pages 32 and 33

Underpinned by our Responsible Business approach

Our aim is to become a leading responsible business, doing the right thing, at all times, for our stakeholders by focusing on two key goals: Inclusion and Sustainability.

Read more / pages 39 to 53

Supported by our strong culture and values

Our values help define our culture and are closely aligned to our purpose. This is why we continue to invest in our people and nurturing our culture to enable them to thrive.

Read more / pages 39 to 53

Delivering positive outcomes for all our stakeholders

The firm's vision is to be one step ahead in each of its core market segments. We will achieve this through the successful delivery of our strategy.

Read more / pages 34 to 37

Read our case study / page 26

Clients

- We are ranked as number one for overall client service out of the top 25 law firms in the Legal 500.
- We are the leading Superbrand in the legal sector for the second consecutive year.
- We are named in The Times Best Law Firms 2022 guide with the largest breadth of services recommended of any law firm.
- We continue to maintain an excellent Net Promoter Score (+62) (FY21:+71, FY20: +59).

Read our case study / page 28

Colleagues

- We are recognised as an employer of choice and have been a member of Great Place to Work for over six years and were ranked 16th in the latest Great Place to Work rankings in 2022.
- We are one of the UK's Best Workplaces for Women 2022 (ranked 10th).
- We are one of the UK's Best Workplaces for Wellbeing 2022 (ranked 15th).
- We have been awarded Disability Confident Level 2.

Read our case study / page 30

Communities

- We appointed our first Head of Responsible Business and also our first Environment and Sustainability Manager.
- We launched our new environmental strategy which accelerates our plans for a 2040 Net Zero transition.
- Group and colleague donations and funds raised for charitable causes in FY22 amounted to £289K.
- Our colleagues delivered over 4,100 hours of volunteering work to our communities.[1]

1 Inclusive of some of our pro bono work.

Our key strengths

A market-leading business with scale across the UK

We have a leading position in the growing high-value complex personal injury market. This differentiates us from our peers and enables us to invest in the growth of our other established business areas. With an addressable market of £9bn[1], there remains significant opportunity to continue to grow.

17
offices across the UK

1 Strategy& - UK Legal Services Market report (2022)

Read more / page 22

A recognised brand with a quality-led client service proposition

Our brand builds on more than 100 years of outstanding client service delivery. We continue to generate high unprompted brand awareness across both personal and business audiences. In 2022, we were named number one legal Superbrand in the UK for the second year running. Last year, we were recognised by Legal 500 as the leading firm for client service in the top 25 law firms in the UK and were named one of The Times Best Law Firms.

>100
years of outstanding client services

#1
legal Superbrand in the UK

Read more / page 21

A distinct culture set up for success

Our colleagues are our greatest asset. That's why we place great emphasis on investing in nurturing and evolving how it feels to work at Irwin Mitchell. We are recognised as an employer of choice and have been a member of Great Place to Work for over six years and were ranked as 16 in the latest Great Place to Work rankings in 2022.

6
years' membership of Great Place to Work

16th
in the latest Great Place to Work rankings

Read more / page 28

A differentiated and synergistic business model

Our business is underpinned by a differentiated and synergistic business model focused on delivering lifetime value for clients.

In combination with our balance sheet strength, we have good visibility on future earnings and the confidence to continue to invest in the future and deliver positive outcomes for our stakeholders. Our prudent approach to financial management means that we apply strict discipline in all our decision-making processes.

£10.3m

positive free cash flow generation (FY21: £27.2m)

Read more / page 65

Multiple levers for growth

We continue to pursue a range of organic and inorganic growth opportunities across a range of sectors, client segments and markets that can help deliver sustainable growth and positive outcomes for all our stakeholders.

£103m

Available liquidity

(FY21: £98m)

Read more / page 32

We are proud of the journey we have been on over the last 12 months and the commitments we have made to be recognised as a leading responsible business, but we know that there is much more to do.

Kate Fergusson, Head of Responsible Business

Our business at a glance

We are a multi-award winning legal and financial services firm

With 17 UK locations and an international reach that covers over 100 jurisdictions through our global network, we are able to serve our clients wherever they are.

£266m
Core Revenue (pg 12)

£249m
Revenue Pipeline (pg 12)

1,599
fee earners

224
partners

12 years
average partner tenure

>£1bn
assets under management

4.7
Trustpilot rating

What we do

We have a trusted brand built on more than 100 years of exceptional client service delivery supported by our outstanding colleagues and inclusive culture.

Our awards and industry recognition

Leading Superbrand in the legal sector for the second year running

Recognised by Legal 500 as the leading firm for client service in the top 25 law firms in the UK

The Times Best Law Firms 2022

16th UK's Best Workplaces 2022

15th UK's Best Workplaces for Wellbeing 2022

10th UK's Best Workplaces for Women 2022

Level 2 Disability confident level achieved

Fantastic service! I have nothing but praise and would always recommend this company to anyone needing a trustworthy professional legal company to represent them.

Julia Rothwell, 5* Trustpilot review for Workplace Illness

We have a differentiated client service proposition that delivers lifetime value and positive outcomes for all our stakeholders.

Our business at a glance continued

How we are organised

Our business is organised into three core operating segments which are closely aligned to our target audience groups.

Complex Personal Injury (CPI)

Our CPI business generates revenue from complex personal injury claims where third parties have failed in their duty of care to others. Key areas of focus within CPI are Medical Negligence, Serious Injury and Workplace Illness. The complex nature of the cases means that it can typically take over four years for a case to be resolved and results in high barriers to entry as only those firms with strong balance sheets can manage the associated work in progress exposure. The multi-year case profile provides the Group with strong income visibility with high margins and high cash conversion. Our market position, investment in brand, referral network and geographic footprint across the UK help to generate new business.

53%
share of Group Revenue (2021: 50%)

64%
share of Gross Profit (2021: 58%)

Life Cycle Legal Services (LCLS)

Our LCLS segment provides legal services to both individuals and businesses to meet a range of lifetime client needs. This segment covers a broad range of services and sector experience, which collectively help to generate diversified revenues streams that help to minimise the impact of market volatility. The six practice areas within this segment are Commercial Advisory and Disputes, Corporate and Finance, Family, Property, Private Client, and Public Law.

30%
share of Group Revenue (2021: 30%)

22%
share of Gross Profit (2021: 24%)

Underpinned by our Responsible Business approach

Delivering positive outcomes for all stakeholders is at the heart of our leading Responsible Business approach covering two broad goals:

(1) **Inclusion,** meaning enabling everyone to thrive;

(2) **Sustainability,** meaning making everything we do positively impact our future.

Responsible Business review / page 39

Appointed our first Head of Responsible Business

Financial Asset Services (FAS)

Our FAS segment provides complementary and differentiated financial services to help individuals and businesses to manage their financial assets.

The FAS segment is made up of three practice areas:

(i) IMAML, an investment management and financial planning firm,

(ii) Court of Protection, a specialist practice for vulnerable clients and families and

(iii) Ascent Performance Group Limited (Ascent), an arrears management outsourcing business primarily servicing UK lenders.

13%
share of Group Revenue (2021: 13%)

12%
share of Gross Profit (2021: 12%)

Diversity is really important to Irwin Mitchell because our lawyers need to reflect the society they serve.

Satinder Bains, Partner – Workplace Illness, and Chair of IM Aspiring

Launched our new Responsible Business and Environmental strategies, which accelerates our plans for a 2040 Net Zero transition

Our 13 Charities of the Year received c.£152k thanks to our colleagues and the Irwin Mitchell Charities Foundation.

Proud to be England Rugby's official legal partner

Read more / page 31

Key performance indicators

Measuring our performance

The Group uses a framework of financial and non-financial performance metrics to monitor our Group performance and impact on our Clients, Colleagues and Communities.

In addition to our KPIs, the Group uses a range of other operational and financial metrics including a Net Zero transition by 2040 action plan. This is detailed further on page 48.

Financial KPIs

Core Revenue

£266.1m

2022	£266.1m
2021	£262.3m
2020	£242.4m

Defined as:
Fees to which the group is entitled in exchange for transferring services to a customer through the Core group (see note 4 to the financial statements).

Why do we measure this?
Core revenue measures our ability to increase chargeable hours and rate per hour in obtaining successful outcomes for Clients.

How have we performed?
We have achieved a 5% cumulative average growth rate since FY20 pre-pandemic, largely driven by our Complex Personal Injury segment.

Alignment to objectives:

Group Revenue

£275.7m

2022	£275.7m
2021	£283.3m
2020	£267.4m

Defined as:
Fees to which the group is entitled in exchange for transferring services to a customer through the Group.

Why do we measure this?
Group revenue measures our ability to increase chargeable hours and rate per hour, in obtaining successful outcomes for Clients.

How have we performed?
We have achieved overall growth of 3% since FY20 pre-pandemic, largely driven by growth in our Complex Personal Injury segment offset by a planned reduction in Volume Personal Injury activity.

Alignment to objectives:

Core Revenue per fee earner

£174k

2022	£174k
2021	£186k

Defined as:
Core revenue divided by the average number of Core Group fee earners (see note 4 to financial statements).

Why do we measure this?
This measures the productivity and efficiency of our Core fee earners.

How have we performed?
Core revenue per fee earner fell by 6% due to additional fee earner recruitment in FY21 to prepare us for future growth. Core fee earner FTEs have grown by 8%.

Alignment to objectives:

Core Underlying Operating Profit

£29.8m

2022	£29.8m
2021	£43.0m
2020	£23.7m

Defined as:
Core Group operating profit before non-underlying items (see note 4 to financial statements).

Why do we measure this?
This measures the underlying profitability of our core fee earning teams.

How have we performed?
As expected, core underlying operating profit reduced since FY21 principally due to the one-off cost mitigating actions implemented in FY21. Since FY20 we have achieved a cumulative average growth rate of 12%.

Alignment to objectives:

Revenue Pipeline

£249m

2022	£249m
2021	£259m
2020	£242m

Defined as:
Hours worked but not recognised as revenue on open, Core Group[1] matters valued at charge out rates as communicated to our Clients.

Why do we measure this?
Revenue pipeline measures the extent to which we have visibility over future income generation.

How have we performed?
We have achieved 3% growth in the revenue pipeline since 2020, pre-pandemic, driven by our Complex Personal Injury segment.

Alignment to objectives:

Alignment to our objectives

Becoming a leading responsible business

Clients
Meeting more needs for more clients

Clients
Enhancing our clients' experiences by extending our human touch across digital platforms

Colleagues
Being flexible, diverse and agile

Communities
Developing valuable and enduring relationships

Staff Cost to Revenue

64.1%

2022	64.1%
2021	60.2%
2020	59.7%

Defined as:
Total staff costs divided by total revenue.

Why do we measure this?
Staff costs to revenue measures the productivity and efficiency of our people.

How have we performed?
Staff costs have grown as a percentage of revenue following a planned investment in senior colleagues to position us for future growth.

Alignment to objectives:

Gross Margin

52.3%

2022	52.3%
2021	55.4%
2020	49.2%

Defined as:
Gross Profit divided by Revenue.

Why do we measure this?
Gross margin measures the underlying profitability of our fee earning teams.

How have we performed?
In line with expectations, gross margin reduced as a result of the one-off cost mitigating actions implemented in FY21. Gross margin has grown three percentage points since FY20 (pre-pandemic).

Alignment to objectives:

Operating Profit

£23.5m

2022	£23.5m
2021	£45.4m
2020	£18.0m

Defined as:
Statutory operating profit.

Why do we measure this?
This measures the total profitability of the Group.

How have we performed?
Operating profit fell in FY22 due largely to one-off cost-mitigating actions implemented in FY21 in response to the COVID-19 pandemic. A planned £6.1m increase in total staff costs since FY21 also places the Group well for future growth.

Alignment to objectives:

Group lock up days

206 days

2022	206 days
2021	197 days
2020	204 days

Defined as:
The total of trade debt, accrued income and paid disbursement debtors divided by full year revenue recorded, multiplied by 365.

Why do we measure this?
Lock up measures the time it takes us to convert working capital into cash on fee earning matters.

How have we performed?
Lock up days have remained stable. CPI lock up days (248) are longer than LCLS (152 days) and FAS (113 days) due to the funding of some disbursements on matters that can take many years to settle. See note 4 to the financial statements.

Alignment to objectives:

Free cash flow

£10.3m

2022	£10.3m
2021	£27.3m
2020	£35.7m

Defined as:
Net increase in cash, before M&A activity, cash impact of non-underlying items and dividends.

Why do we measure this?
Free cash flow measures the extent to which the underlying Group's performance generates cash for distribution.

How have we performed?
We realised a free cash flow of £10.3m in the year, which is down on FY21 due to the one-off cost saving measures implemented in response to COVID-19. This figure is stated after a one-off cost of living payment to employees in FY22 of £2.4m.

Alignment to objectives:

Net Cash/(Debt)

£2.3m

2022	£2.3m
2021	£1.9m
2020	£(23.3)m

Defined as:
Total cash and short-term investments, less bank borrowings and LLP members' capital. See note 4 to the financial statements.

Why do we measure this?
Net cash is a measure of the Group's leverage.

How have we performed?
The Group remains in a robust net cash position with no draw down of available bank facilities.

Alignment to objectives:

Key performance indicators continued

Client and Colleagues KPIs

Net Promoter Score

+62

2022	+62
2021	+71
2020	+59

Defined as:
Measure of client service delivery taken from asking clients how likely they are to recommend our service, calculated as % promoters (9–10 score) less % detracters (1–6 score).

Why do we measure this?
To monitor the extent to which the Group is excelling in client service delivery. In FY22, we removed the volume personal injury business from the calculation.

How have we performed?
Despite a change in basis FY22, we have maintained our excellent score and are up 5% since FY20.

Alignment to objectives:

Employee engagement

77%

2022	77%
2021	76%
2020	74%

Defined as:
The overall "Trust Index" extracted from the external Great Place To Work survey.

Why do we measure this?
This measures the extent to which the Group is considered to be an excellent workplace by our colleagues.

How have we performed?
Our Trust Index continues to increase, indicating we continue to be an excellent place to work.

Alignment to objectives:

Minority Ethnic representation In leadership roles

5.4%

2022	5.4%
2021	5.0%
2020	5.1%

Defined as:
Percentage of colleagues from minority ethnic backgrounds in senior leadership roles across our Group companies (inclusive of partners).

Why do we measure this?
To monitor the ethnic diversity of our leadership group, which is central to our Reponsible Business strategy.

How have we performed?
The percentage of colleagues from minority ethnic backgrounds has improved slightly over the year.

Alignment to objectives:

Female representation in leadership roles

52.3%

2022	52.3%
2021	48.1%
2020	44.1%

Defined as:
Percentage of women in senior leadership roles across our Group companies (inclusive of partners).

Why do we measure this?
To monitor the gender diversity of our leadership group, which is central to our Responsible Business strategy.

How have we performed?
The percentage of women in leadership roles has increased by 4% in the year.

Alignment to objectives:

Communities KPIs

Group and colleague donations and funds raised for charitable causes

£289k

2022	£289k
2021	£322k*

Defined as:
The total Group and colleague donations and fundraising for charitable causes.

Why do we measure this?
To monitor the value we give back to our communities.

How have we performed?
We continue to support a range of charitable organisations aligned to our purpose and addressing the material issues identified in our Responsible Business strategy. We work in partnership with the Irwin Mitchell Charities Foundation (IMCF).

Alignment to objectives:

Further Information

Read more about how we operate / page 24

Read about our approach to responsible business / page 39

Read about our principal risks and mitigations / page 57

* Figure amended following publication of FY21

To mark the IMCF's 25th year, we've evolved our approach to community investment so we can make an even greater impact.

Kate Rawlings, Responsible Business Manager and IMCF Trustee

Investing in the local community

We have a long history of supporting the communities in which we operate and being involved with the local community is a natural element of our day-to-day working life. Whether it's visiting clients at home, supporting local businesses or working with charitable organisations and institutions, we are in constant contact with the community.

In partnership with our independent charitable foundation, the Irwin Mitchell Charities Foundation (IMCF), we continue to actively support those most in need in our communities.

The value of charitable donations and fundraising undertaken by the Group and its colleagues was £289k. In FY22, our 13 Charities of the Year received c.£152k thanks to the IMCF and our colleagues.

For more information, visit our website /
www.irwinmitchell.com/about-us/social-responsibility

Chair's statement

I'm delighted to welcome you to our Annual Report for the year-ended 30 April 2022. This has been another year in which our belief in our strategy and business model has been justified.

> Our performance in FY22 was strong and in line with our expectations, despite the uncertainty caused by several global issues affecting the economy.
>
> **Glyn Barker**
> Chair

20%

increase in interim dividend payments to 1.5p per share

2040

Net Zero transition target

On behalf of the Board I would like to place on record my appreciation for our excellent colleagues who continue to adapt to new ways of working and deliver exceptional client service levels.

I'm also grateful to the clients who put their trust in our experts to help them navigate life's ups and downs and I am proud that our client satisfaction scores remain high and hope that they will continue to entrust us with other services across their lifetime.

Performance

Our financial performance in FY22 was strong and in line with our expectations. This is despite the uncertainty caused by a huge range of global issues affecting the economy.

As one of the largest UK full-service law firms also offering financial services, the breadth of service of the Group continues to ensure we remain resilient to market fluctuations.

We remain a clear market leader in complex personal injury and have made the decision to focus on growing our market share in this area of the market. As a result of changes caused by recent law reforms this year we took the decision to exit the fast-track volume personal injury market entering into an agreement to sell our work in progress of fast-track injury claims.

We are also excited by the opportunities presented by our new organisational structure. Our Client Services team and Commercial Growth team, both established in May 2021, have made great strides in identifying new ways of working which will help drive efficiencies across the business and improve our client and colleague experience which will ultimately result in the sustainable growth of our business.

With both teams focusing on delivering lifetime value for our clients, our Life Cycle Legal Services and Financial Asset Services businesses are well placed to benefit from improving our service line penetration and also provide crucial resilience to market volatility.

Responsible Business

We recognise the importance of a strong environmental, social and governance framework and believe our approach to being a responsible business sets us apart in the legal market.

This year we have continued to build out our Responsible Business strategy around the two core elements of Inclusion, which includes diversity, fairness and access, and Sustainability, which focuses on wellbeing, resilience and the environment.

While we are already recognised externally for our work in these areas, we appointed our first Head of Responsible Business in January 2022, who will work closely with our Responsible Business Committee and Operations Forum to help us deliver on our long-term objectives.

This year we have also agreed an ambitious new environment strategy which accelerates our plans for a 2040 Net Zero transition and includes targets such as achieving 100% renewable electricity across our offices by 2025 and halving our total organisational carbon impact by 2030. Our aim is for our targets to be verified by the Science Based Targets initiative (SBTi) in the next 12 months.

Dividend

Following the decision to resume the Group's progressive dividend policy in FY22, the Board announced in March 2022, a 20% increase in the interim dividend to 1.5p per share (FY21: 1.25p per share). In light of the Group's continued performance and the outlook for the business, the Board reiterates its commitment to a progressive dividend policy and an announcement detailing the final proposed dividend for FY22 will be made prior to the Annual General Meeting (AGM).

Summary

I am very pleased with the start we have made to FY23, opening two new offices in Cardiff and Liverpool and completing our acquisition of TWP Wealth Limited (subject to FCA approval) which will add further capability to our wealth management services.

This activity is a sign of our intent to grow the business and is made possible by another strong performance in FY22 as outlined in this report.

While we recognise that there are significant macroeconomic challenges ahead, we are confident in our ability to deliver another successful year.

Glyn Barker
Chair

Group Chief Executive Officer's statement

FY22 was another strong year for Irwin Mitchell as we continued to demonstrate our resilience in the face of uncertain market and geopolitical conditions due to the continuing impact of the COVID pandemic, the ongoing changes caused by Brexit and latterly the war in Ukraine and rise in global inflation.

> I'm pleased to report on a strong year for Irwin Mitchell both financially and operationally.
>
> **Andrew Tucker**
> Group Chief Executive Officer

Sport has given me a chance to look beyond my injuries and achieve things I never thought would be possible.

Issy Bailey, our client

Incredible inspiration

Issy Bailey, a student at Exeter University, was 19 when she was injured in a road traffic accident leaving her with a serious spinal injury. Her family got in touch with our serious injury lawyers to help them access funds for Issy's recovery.

Before her accident Issy was a runner, javelin champion and a talented hockey player at regional and national level. The compensation Issy got gave her access to special equipment she needed to play sport again. After trying different sports she found wheelchair rugby and shooting were her favourite.

For more information, visit our website / **www.irwinmitchell.com/dont-quit-do-it**

I am pleased to report that our financial performance was in line with our expectations and we've successfully implemented several operational changes designed to build further resilience into our business and encourage greater agility and collaboration amongst our colleagues, as we maintain our pursuit of delivering exceptional lifetime value for our clients.

In parallel with the changes that we have made to our operational structures, we have also redefined our core financial reporting segments through which we will report our performance. These are Complex Personal Injury (CPI), Life Cycle Legal Services (LCLS) and Financial Asset Services (FAS) which are closely aligned to our key audience groups. FY22 also marks the first year in which we present our results under International Financial Reporting Standards (IFRS) instead of FRS 102. This decision reflects our desire to move towards best practice reporting and is a natural evolution in our journey (please see Financial review on pages 60 to 65 for further details).

We continue to build our reputation as a premium full services law firm and I am proud to share that we were named the leading Superbrand in the legal sector for the second year running and were recognised by the Legal 500 as the number one firm for client service out of the top 25 law firms in the UK.

On behalf of the Board, I want to thank all of our colleagues for their hard work and our clients and shareholders for their unwavering support throughout FY22.

Financial performance

In the year-ended 30 April 2022, the Group generated Core revenues of £266.1m compared to £262.3m in the prior year, representing an increase of 1.4%. Our performance in the year was driven by revenue growth in our market-leading CPI division while our LCLS segment performed in line with broader market conditions. Our FAS segment performed well with our Court of Protection (COP) and asset management (IM Asset Management Limited (IMAML)) businesses realising year-on-year revenue growth that helped to offset the anticipated decline in Ascent, our arrears management outsourcing business, in line with the broader market.

In line with our expectations, we delivered Group profit before tax (PBT) of £21.2m compared to £43.1m in the prior year. While the figure is down from last year due to the one-off cost saving measures that were implemented to protect profitability and preserve cash during the pandemic, it is broadly in line with pre-COVID expectations.

Cash generation was once again strong in FY22, supported by the continued focus on working capital efficiency and operational cost management.

Our resilience to continuing market pressures and fluctuations is testament to the strength of our business model and the focus of our strategy to deliver positive outcome for all our key stakeholders (please see pages 32 and 33 for further details).

Group Chief Executive Officer's statement continued

Progress against our strategic objectives

Our strategy is closely aligned with our purpose and is focused on delivering positive outcomes for all our stakeholders: Clients, Colleagues and Communities. We will provide exceptional client experiences through our leading approach to doing business responsibly which will result in the sustainable growth of our business.

We will measure the success of our strategy through the following key objectives:

- Becoming a leading Responsible Business;
- Meeting more needs for more clients;
- Enhancing our clients' experiences by extending our human touch across our digital platforms;
- Being flexible, diverse and agile; and
- Developing valuable and enduring relationships.

Becoming a leading responsible business

Doing business responsibly is a key element of our heritage and is at the heart of our business model. It's the reason why we place great emphasis on building on our leading position in the market by investing in our colleagues, capabilities and infrastructure.

During the year, we made significant progress in building our responsible business credentials. We appointed our first Head of Responsible Business and we also established our new Responsible Business Committee to execute our Responsible Business strategy.

We have recently launched a Group Environmental Sustainability Forum to help progress key sustainability initiatives, including our recently announced ambitious carbon targets which accelerates our plans for a 2040 Net Zero transition. We've also taken the decision this year to voluntarily report on our initial identification and disclosure of climate-related risks against the Task Force on Climate-Related Financial Disclosures (TCFD) framework (see page 49 for further details).

Post year-end, in July 2022, we became a signatory of the United Nations Global Compact, committing to its 10 principles; and the framework provided by the Sustainable Development Goals.

Our Diversity and Inclusion strategy underpins our commitment to creating an inclusive workplace culture where all of our colleagues feel a sense of belonging and are enabled to thrive. With a focus on inclusive leadership, active allyship and insight and impact, our activity is overseen by a D&I Board which includes our Group Chief People Officer, Head of Responsible Business, Diversity and Inclusion Manager and the chairs of each of our six colleague network groups: IM Able (disability and long-term health conditions), IM Powered (gender equality), IM Generations (age-related and generational), IM Equal (LGBT+), IM Aspiring (social mobility) and IM Respect (ethnicity, culture and faith).

Meeting more needs for more clients

This is a key strategic imperative for the business and we have developed a four-pronged approach to delivering sustainable growth:

i) Market development
   a. International growth through affiliations
   b. Sector growth
   c. Increasing audience segments

ii) Market penetration
   a. Client acquisition through our Priority Client Programme
   b. Technological advancements that will improve retention and increase cross-sell opportunities

iii) Product development
   a. Targeted marketing
   b. Multi-disciplinary teams

iv) Diversification
   a. New lines of service
   b. Creating holistic composite solutions for clients
   c. Increasing assets under management in IMAML.

Post year-end, in May 2022, IMAML signed an agreement (subject to FCA approval) to acquire TWP Wealth Limited, a wealth management business providing investment and financial planning advice to private and corporate clients. The acquisition increases assets under management by c.£110m and enables IMAML to scale up and expand its wealth management offering and enables cross-sell of legal services to TWP's clients as well as financial planning advice to Irwin Mitchell's existing private clients.

We have also opened two new offices in Cardiff and Liverpool, bringing our legal services closer to our existing clients in those regions and providing a platform to grow our client base in those locations.

#1

Superbrand for the second consecutive year

77%

Employee engagement, up 1.3%

During the year, the Board completed a strategic review of the volume personal injury business and made the decision to withdraw from this sector to focus on the higher value complex personal injury market where we are the market leader. In September 2021, Irwin Mitchell announced that it had entered into a run-off agreement with Minster Law and Gildeas Solicitors to acquire the firm's back book of volume fast-track road traffic accidents, employer liability and public liability injury claims., which will be derecognised from the Group accounts as the transfers complete.

Enhancing our clients' experiences by extending our human touch across our digital platforms

We've invested heavily in new technology which will help improve the digital experience for both clients and colleagues over the coming years as we roll out new software to help manage our cases.

In March 2022, we announced a new strategic partnership with Peppermint, a leading legal technology business, to roll out a new platform which will include two elements, a Client Relationship Management platform and the Next Generation approach for case and matter management. The platform will enable us to make our processes more efficient, helping our teams to collaborate more effectively around clients' needs and will give us a greater insight into client relationships. We've also commenced a strategic partnership with a new IT services provider which will help us to transform the user experience both our colleagues and clients receive.

Being flexible, diverse and agile

We're listening to our colleagues to ensure our Flexible by Choice (Flexible by Success for our Ascent colleagues) hybrid working arrangements are fit for purpose. They are proving very popular with colleagues and new recruits and we will continue to realise the operational benefits that this way of working provides in terms of digital working, travel, office needs and the human impact on our colleagues.

Our colleagues continue to score us highly in the independent Great Place to Work Initiative's Best UK Workplaces index where we ranked 16th for 2022, our second consecutive year in the top 20 for Super Large Businesses across all sectors nationally.

In light of the rising costs of living, the Board decided to make a one-off payment of £900 to all colleagues below Partner level. This is due to the rapid and significant uplift in fuel and energy costs which all of our colleagues are facing.

Developing valuable and enduring relationships

In February 2022, we launched our new flagship Priority Client Programme to protect and grow our relationships with our strategic clients and referrers. As part of the PCP each relationship will be led by a Client Relationship Partner, who will help to assess their needs and deliver targeted solutions from across our business. During FY22, we achieved an average service line penetration of four in relation to our PCP and expect this to continue to grow.

I'm delighted that this year we have been able to take the Irwin Mitchell Mentoring Club in partnership with England Rugby to the next level with two pitchside events at Twickenham. These events acted as a celebration of the mentoring club (please see page 31 for further details), bringing young players from across the country to take part in events, with former England men's captain Dylan Hartley and England women's international Jess Breach acting as mentors at the events.

Outlook

Our strategy is clear. We've renewed our growth plans with a greater focus and understanding on where and how we will grow the business across multiple levers, including organic growth, lateral hires and M&A.

We enter FY23 in a position of financial and operational strength following another strong year in the face of uncertain market conditions. And while the ongoing war in Ukraine and resulting Russian sanctions does not impact us directly, we will continue to monitor and adapt to the resulting impact on market conditions.

The resilience in our business model and strategy highlight that we are on the right path and we have set a strong foundation on which to grow our business.

Andrew Tucker
Group Chief Executive Officer

Market overview

The UK legal services industry is a significant sector for the UK economy, contributing c.3%[1] to total UK gross value added in 2019 and providing employment for around 1%[1] of the UK's labour force. According to Strategy&[1], the UK legal services market was worth approximately £32bn[1] in 2021, up from £24bn[1] in 2016. The UK legal services market is highly concentrated with the Top 10 firms accounting for c.35%[1] of the market, while the next 190 largest firms make up an additional c.40%[1]. Beyond this there is a long, fragmented tail of a further c.9,600[1] firms.

Technology disruption

What's happening?

Increased use of technology solutions and data in legal services has resulted in a rise of Alternative Legal Service Providers (ALSPs) which use a high degree of technology and staff in lower cost locations to deliver repetitive, high volume work at a lower cost than traditional law firms, disrupting the industry. ALSPs can provide these services for clients either directly or by working in a strategic partnership with traditional law firms. Traditional law firms can also provide these services themselves by the creation of in-house ALSPs or by acquiring them.

The impact

The rise of ALSPs mean general counsels and heads of legal at corporates can get their process-orientated, business-as-usual work delivered at a reduced cost, while using a traditional law firm for more bespoke and complex advisory-led work.

How we are responding

We expect ALSPs to continue gaining traction in high-volume, process-driven area of legal services however, our "expert hand, human touch" philosophy combined with targeted investments and strategic partnerships with leading technology businesses, will enable us to continue to deliver exceptional lifetime value for our clients. This is what sets us apart from the competition and why clients continue to value our services so highly.

Sustainability of pricing models

What's happening?

Globalisation, the liberalisation of the UK market and the rise of ALSPs underpinned by technology, have all increased competition in the UK legal services market, putting pressure on corporate earnings. In addition to this, the publication of the Competition and Market Authority (CMA) report on pricing transparency in 2020 and the realisation that corporates have become better procurers, with fixed-fee pricing arrangements displacing the traditional billable hour model, have helped to increase focus on the sustainability of pricing models and the need for better pricing transparency.

The impact

Legal services pricing has consistently outpaced inflation over time however, with inflation and fears of a recession rising, consumers and corporates are likely to pay greater focus on cost management and operational efficiency which could result in certain legal services being outsourced to ALSPs or regional service providers.

How we are responding

As a responsible business, delivering lifetime value for our clients is at the centre of our business approach.

We have a deep understanding of the market and take pride in listening to our clients and understanding their evolving needs. This informs our growth strategy and approach to pricing which aims to deliver lifetime value for our clients.

The UK legal services market benefits from a broad range of both cyclical and counter-cyclical services available to corporates and individuals providing a natural hedge against broader macro-economic volatility. From 2016 to 2019, the sector delivered steady rates of growth of c.5%[1] per annum. While the pandemic period saw slowdown in demand across several service lines including personal injury, the sector continued to demonstrate resilience and grew c.6%[1] during 2019 to 2021, driven by a significant rise in corporate activity and in particular M&A, Banking and Commercial Property advice.

The effects of the pandemic in combination with the current macroeconomic volatility and drive towards sustainability continue to be felt across the legal and financial services industry. In order to navigate through these difficult times, businesses will have to demonstrate an agile approach to meeting the changing needs of all stakeholders.

There are several trends impacting the UK legal services market and here we highlight some of these key trends and how Irwin Mitchell is responding.

Market consolidation driven by ABS reforms

What's happening?

Prior to the Legal Services Act (LSA) 2007, the UK legal services market was dominated by sole practitioners, general partnerships and Limited Liability Partnerships (LLPs). The LSA was a pivotal moment of reform for the UK legal services market, allowing Alternative Business Structures (ABS) to participate in the provision of legal services.

Few companies initially transitioned to an ABS structure but the number has been rising rapidly from 1,945[1] in 2010 to 5,137[1] in 2020, representing a cumulative average growth rate of over 10% and demonstrating a clear shift in preference of corporate structures over traditional partnership models. Some of the key benefits of an ABS structure are outlined below:

- Ability for non-lawyers to participate in the equity of a firm;
- Increased access to finance through public and private markets;
- Financial security as salaried partners are no longer remunerated through profit shares, which can fluctuate year-on-year; and
- No personal liabilities should the law firm become insolvent.

The impact

The growth in ABS has coincided with the overall decline in the total number of law firms in the UK due to consolidation as well as closures and bankruptcies amongst smaller firms (e.g. sole practitioners and partnerships). The total number of UK law firms has fallen from 10,354[1] in 2016 to 9,809[1] in 2021, representing a 5% fall. During this period, the share of top 50 law firms has increased from 61[1]% to 64[1]%.

How we are responding

Irwin Mitchell was an early adopter of transitioning to an ABS and received SRA approval in August 2012.

In line with our growth plans, we are leveraging the flexibility our ABS structure brings and are actively pursuing a range of lateral hire and M&A opportunities that will build on our existing capabilities, help us to diversify into new service lines and create additional cross-sell opportunities.

Demand for talent

What's happening?

Attracted by the abundance of investable capital and significant M&A and restructuring opportunities, the UK legal services market has seen a growing presence of US and other foreign legal firms. This in turn has heightened competition for high quality talent, especially for newly qualified lawyers, which has driven up wage inflation and increased churn in the industry.

More recently, as a result of Brexit and the pandemic which has resulted in a shift towards healthier work-life balance, the UK legal services industry is suffering from a shortage of qualified lawyers which is further adding to pressures on staff acquisition and retention.

The impact

While competition for talent isn't a new phenomenon, it is leading to a more pronounced bifurcation of the market with magic circle and silver circle law firms able to afford significantly higher salaries than the mid-market or high-street law firms. Those firms unable to compete on price are responding by enhancing their existing recruitment and retention processes.

How we are responding

We recognise that providing lifetime value to our clients can only be delivered through the dedication, commitment and expertise of our colleagues. It's the reason why we continue to invest in our people and in nurturing a culture that enables our colleagues to be the best that they can be to help drive growth and performance through innovation, empowerment and trust.

Our Flexible by Choice (Flexible by Success for our Ascent colleagues) hybrid working arrangements are very popular with colleagues and new recruits and empowers them to make choice around how they work to deliver exceptional client experiences.

Our colleagues continue to score us highly in the independent Great Place to Work Initiative's Best UK Workplaces index where we ranked 16th for 2022 – this was our second consecutive year in the top 20 for Super Large Businesses across all sectors nationally.

1. Strategy& - UK Legal Services Market report (2022).

Our business model

Our business model is closely aligned to our purpose - to help individuals and businesses navigate life's ups and downs

We report our financial performance across three core operating segments which are closely aligned to our key client audiences, Seriously Injured and Vulnerable (SIV), Corporates and Institutions, and Business Owners and Affluent.

Our growth activity is driven by our Commercial Growth department, which provides sales and marketing expertise across the Group. This enables us to identify and develop business opportunities with new and existing clients, such as broadening our capabilities and services through new lateral hires and mergers and acquisitions.

Once clients have been engaged, their services are delivered by our legal business units, organised within a Client Services department, an asset management business (IMAML), and a debt management business (Ascent). The units and businesses work collaboratively to enable us to deliver outstanding client services and to support the growth of business across its key audience groups.

The Group's commercial and client service departments are supported by internal corporate services, including IT, finance, people services, in-house legal and company secretariat.

Key inputs

Market and brand positioning

- Leading market position and brand strength are key enablers of new business supported by targeted marketing investment

Tech and data

- Ongoing investment in technology and data to enhance lifetime client value supported by strategic partnerships

Culture and capabilities

- Engaged and collaborative culture
- Focus on diversity, inclusion and wellbeing
- Investment in training and talent promotion
- Colleagues empowered to deliver exceptional client experiences through agile solutions
- Deeply experienced management team

Financial strength

- Healthy balance sheet supported by cash-generative businesses
- Prudent financial management and focus on delivering operational efficiencies
- Targeted investments that deliver sustainable growth

Read more / page 6

Underpinned by our values

We are Approachable and Caring

How we generate sustainable growth

Acting responsibly and delivering lifetime value for our clients are at the centre of our operating model.

We generate revenue primarily from the amount of fee-generating engagements we undertake for our clients, which is supplemented by the other services we offer.

Our range of legal and financial services provides us with the opportunity to offer existing clients additional complementary services and products, thereby increasing lifetime value. In addition, through our existing client relationships, brand strength and referral network, we are able to retain and generate new business and client engagements.

Read more / page 39

Key outputs

Clients

- **#1** Superbrand
- **4.7** Trustpilot rating
- **+62** Net Promoter Score

Colleagues

- **77%** Engagement score
- **52.3%** Female representation in leadership roles
- **5.4%** Minority ethnic representation in leadership roles

Communities

- **4,100+** hours of volunteering work provided to our communities[1]
- **£289k** Total Group and colleague charitable donations and fundraising
- **£500k** fund established with the IMCF to support good causes over the next five years

Investors

- **£266.1m** Core Revenue (FY21: 262.3 m)
- **£52.3m** Gross margin (FY21: 55.4%)
- **£10.3m** Free cashflow (FY21: £27.3m)

Read more / pages 12 and 13

We are Tenacious

We have Integrity

We are Efficient

We are Pioneering

1 Inclusive of some of our pro bono work.

When we asked for a firm everyone popped up with Irwin Mitchell - It's a waste of time going with anybody else. Haley is so happy, smiling all the time.

Roger, Haley's father

Our clients are at the heart of everything we do

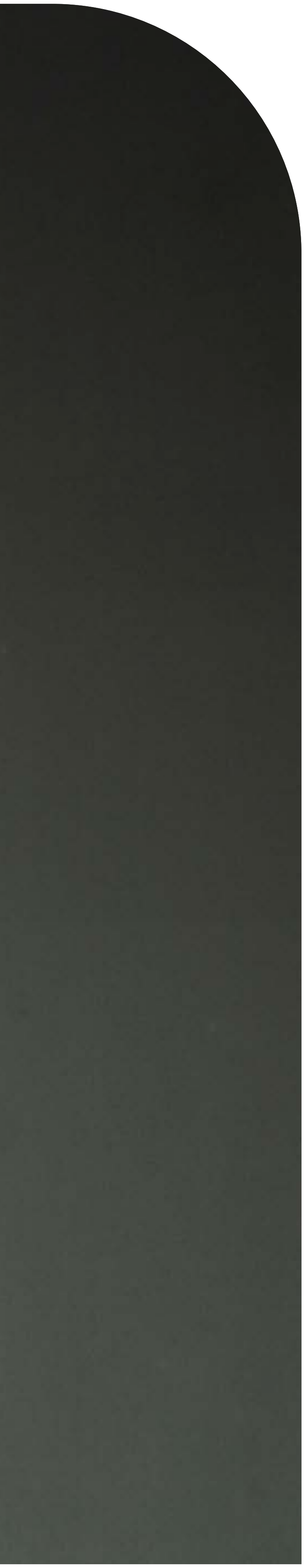
We helped Haley access the specialist therapies she needed while her claim continued and she's made remarkable progress. She even defied the doctor's original diagnosis to take her first independent steps at the age of four-and-a-half. Since then, she's continued to go from strength to strength.

The compensation settlement from their medical negligence claim has since helped them move into a bungalow that's specially adapted to Haley's mobility and care needs. It's also funded therapy and rehabilitation to help her make terrific progress and overcome the challenges she's faced. The family now has the resources to make sure Haley has the best possible quality of life.

Haley loves being outside and spending time with the family's horse, dog, and sheep. She loves using her specialist trike and buggy to get around.

For more information, visit our website / **www.irwinmitchell.com/personal/medical-negligence/cerebral-palsy-claims**

+62
Net Promoter Score (rated as Excellent)



Helping our **Clients** navigate life's ups and downs

Turning concern into **hope**

For years after Haley suffered a birth injury and developed cerebral palsy, her parents suspected that medical negligence was to blame. Our cerebral palsy claims solicitors helped the family get the answers and the financial support they needed to turn concern into hope.

Parents Abigail and Roger live with Haley, now 10 years old, on a farm in North Lincolnshire. After some initial problems during her birth, Hayley was later diagnosed with cerebral palsy. They were told that Haley may never walk or talk and may be permanently paralysed on her right-hand side. She was diagnosed with epilepsy shortly afterwards too.

Abigail and Roger decided to seek legal help when Haley was three – two and half years after her diagnosis – on the recommendation of their friends. They accessed Haley and Abigail's medical records, which raised further questions about the care they'd received and the decisions that medical staff were making. This gave them the drive to find answers.

Anna Stacey, from our medical negligence team in Sheffield, took on their case visiting Haley's family at their home and they were reassured straight away. Abigail knew that some families affected by cerebral palsy never get the support they need but Anna put her at ease. She investigated the care that Abigail and Haley had received, both during the delivery and the antenatal appointments.

#1

for overall client service in the top 25 by Legal 500

2nd

biggest litigation firm in the UK by The Lawyer Litigation Tracker

> From the flexibility available to the diversity and inclusion agenda and the team collaboration to the colleague recognition, I have built a career which is personalised to my needs and matches my ambitions.

Nicola Handley,
Senior Associate solicitor

Irwin Michell offers intensive support

Having a career with flexibility means a great deal to her and it's extremely valuable as it allows her to look after her family.

Nicola's mother was diagnosed with Parkinson's around nine years ago, but her condition deteriorated and she was further diagnosed with dementia in March 2020 around the start of the pandemic. This meant she could no longer live independently which was very tough for Nicola and her family.

Our Flexible by Choice approach has enabled Nicola to make sure her mother is settled and allowed her to be on hand when she needs help with things like dentist and doctors' appointments as well as doing her mother's shopping.

Being able to look after her family while still building a rewarding legal career has been the human touch that mattered for Nicola. During her 17 years at the firm, she has progressed from being a secretary to becoming an associate solicitor, thanks to the firm's emphasis on career progression, personal growth and achieving your ambitions.

For more information, visit our website / **www.irwinmitchell.com/business/employment-law/flexible-working**

Helping our **Colleagues** navigate life's ups and downs

Flexible by Choice

This year was our first full year since adopting a Flexible by Choice approach to hybrid working – allowing our colleagues to choose how they wish to work, subject to the requirements of their role and clients.

Our offices remain open – and we're expanding our number of locations across the UK – but we know that since the pandemic many colleagues have chosen to work from home for the majority of their time to improve their work-life balance.

We've carried out research among both colleagues and clients to determine the best approach to working in the future, with the vast majority preferring a hybrid approach to working, spending some time in the office and at home, or even other locations.

The approach is also consistent with our Responsible Business strategy to encourage travel only when necessary and continuing the shift to more digital ways of working, reducing the reliance on paper and helping us to reduce our environmental footprint.

16th
in the latest Great Place to Work survey 2022

52.3%
Female representation in leadership roles

> In our role as official legal partner, we're thrilled to be helping the Rugby Football Union and its community clubs with their own legal issues. We're ranked number one for sports law in the independent Legal 500 rankings and work with a wide range of governing bodies, sports clubs, athletes, and sports industry businesses.

Victoria Brackett,
Group Chief Commercial Officer

Alex's love of sport helped build confidence and break down barriers

As a mentee involved in the Irwin Mitchell Mentoring Club, Alex has worked with his mentor Sean Noone since he was 13 to develop as a player, a coach and a person.

Alex's autism means that communication is a barrier for him. As a young person he lacked confidence and was shy. This made him frightened of making mistakes. He worked with Wasps Rugby Football Club's community foundation, which encourages young people with disabilities and learning disabilities to give rugby a go and get more out of sports.

Having graduated from that programme he has now joined his local club, Trinity Guild Rugby Football Club to play the adult game.

His confidence has grown through the programme and he's now happy to recognise mistakes as an opportunity to learn and see how he can do better. The power of sport and a different environment allows him to express himself. Not only is Alex embracing adult rugby but he has an apprenticeship coaching members of his former youth team – helping them to learn and grow as he does so himself.

For more information, visit our website /
www.irwinmitchell.com/business/sectors/sport

Helping our **Communities** to navigate life's ups and downs

Irwin Mitchell **Mentoring Club**

We're proud to be England Rugby's official legal partner and play our part in helping to grow the game across the country.

The Irwin Mitchell Mentoring Club helps young people stay involved in rugby for longer and take the next step to progress in the sport. We've developed a community of mentors across grassroots rugby to help 35,000 young people navigate life's ups and downs.

The programme gives teenagers from different backgrounds and with different skillsets the opportunity to develop both on and off the field.

We know that the shift to adult rugby can be tricky for players, particularly with the ever-increased demands of modern life and the impact of the pandemic.

35,000

Total number of young people our mentors aim to support

Our strategy

Our strategy is focused on delivering positive outcomes for our key stakeholders: Clients, Colleagues and Communities. We will deliver exceptional client experiences through our leading approach to doing business responsibly, resulting in the sustainable and profitable growth of our business.

Clients

Becoming a leading Responsible Business

Our strategic objectives

Meeting more needs for more clients

Read more / pages 18 to 21

Enhancing our clients' experiences by extending our human touch across our digital platforms

Read more / pages 18 to 21

How we will deliver our strategy

We will meet more needs for more clients through:

(i) Market development
- a. International growth through affiliations
- b. Sector growth
- c. Increasing audience segments

(ii) Market penetration
- a. Client acquisition through our Priority Client Programme
- b. Technological advancements that will improve retention and increase cross-sell opportunities

(iii) Product development
- a. Targeted marketing to our key audience segment
- b. Multi disciplinary teams

(iv) Diversification
- a. New lines of service
- b. Creating holistic composite solutions for clients
- c. Increasing assets under management

We have chosen audience segments where we are under-indexed and/or where we foresee an opportunity based upon the market positioning and capability within Irwin Mitchell. We have also chosen sectors where we have established credibility, there is an opportunity for growth and, where possible, that stretch across our growth audiences.

Our focus is on the mid-market for both corporate and consumer clients as this is a market where clients are likely to have a desired level of complexity of need, demand a personal level of service, but look for efficiency in delivery and value for money.

Through targeted investment in technology and data, we will digitise the business to enhance the experience we deliver for our clients, thereby helping to increase retention and enhance lifetime client value.

Performance in FY22

- Leading Superbrand in the legal sector for the second year running
- Recognised by Legal 500 as the leading firm for client service in the top 25 law firms in the UK
- Maintained an excellent Net Promoter Score rating and achieved a Trustpilot rating of 4.7
- Entered into new line of service within Family law
- Achieved an average service line penetration of four services per priority client
- Assets under management increased to more than £1bn

Our strategic objectives

Being flexible, diverse and agile

Read more / pages 18 to 21

Developing valuable and enduring relationships

Read more / pages 18 to 21

How we will deliver our strategy

Our colleagues are our greatest asset. By continuing to listen to our colleagues through regular pulse and annual surveys, we have been able to implement several changes that have helped to empower our colleagues and promote a culture of openness, trust, wellbeing and collaboration.

Through our expert hand and human touch approach, we aim to build and nurture life time relationships and deliver positive outcomes for all our key stakeholders and our wider community, including investors, suppliers, regulators and the Government.

Performance in FY22

- Employee engagement up year-on-year
- Recognised as an employer of choice and member of the Great Place to Work for over six years
- UK's Best Workplaces for Women 2022 (ranked 10th) and increase in Female representation in leadership roles
- Signed up to the expanded Race at Work Charter
- Disability Confident Level 2 achieved
- Ranked 31st on the Stonewall UK Workplace Equality Index 2022

- Supported the launch of a new fund with the IMCF which will donate £500k to good causes over the next five years, adopted a national approach to strategic charity partnerships and in total, the value of charitable donations and fundraising undertaken by the Group and its colleagues was £289K.
- Head of Responsible Business appointed
- Group Sustainability Forum progressing key sustainability initiatives, including our transition to Net Zero by 2040
- Evolved our Supplier Relationship Management Framework

Stakeholder engagement

The Board continues to act in a way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of a number of stakeholders when making strategic decisions.

As a Board, we continue to uphold the highest standards of conduct and make decisions for the long-term success of the business. We are aware that our business can only grow and prosper in a sustainable and inclusive way if we understand and respect the views and needs of our stakeholders.

In acting in the interest of promoting the success of the Company, the directors take into account, among other factors:

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

The Group's purpose is 'Together we'll navigate life's ups and downs'. This guides our decision-making and approach to strategic initiatives, which we share with our colleagues annually.

Our strategy focuses on creating and embedding a sustainable and inclusive approach to our relationships with our key stakeholders: Clients, Colleagues and Communities.

The Board is developing an integrated approach to considering the interests of all relevant stakeholders as part of relevant Board discussions and when considering Board decisions. Our Balanced Scorecard approach, alongside consideration of our purpose and values, ensures that we focus activities and outcomes on the three key stakeholder groups, along with finance and compliance metrics. This provides the framework to set our Group targets and key performance indicators. Included in our community stakeholder group are our shareholders, LLP partners, regulators, suppliers, lending banks, our external auditors and the physical environment, including the local communities in which we operate.

Our operating model puts clients at the heart of everything we do.

Read more / page 42

Our colleagues are our most important asset which is why we continue to invest in nuturing a diverse and inclusive environment that enables them to thrive.

Read more / pages 43 to 46

As a leading responsible business we recognise that we have a responsibility to a diverse range of stakeholders who are all integral to our success.

Read more / pages 47 to 53

Our Responsible Business strategy sets out two overarching goals, being:

- Inclusion - meaning enabling everyone to thrive; and
- Sustainability - meaning making everything we do positively impact our future. This is directly aligned to our purpose and our **values**.

Our aim, put simply therefore, is to develop inclusive and sustainable relationships with our stakeholders, working together to navigate life's ups and downs.

Examples of how we engage with our three key stakeholders are set out below and on the following pages.

Clients

- Our Expert Hand Human Touch media campaign is a very visible example of our commitment to developing deep and long-standing, and sometimes life-long relationships with our clients. Page 42 of this report provides further narrative concerning our commitment to developing inclusive, sustainable and responsible relationships with our clients and working in partnership to identify opportunities for collaboration and solutions to environmental social and governance challenges.
- During the year, we implemented a new customer relationship management system. This is critical to understanding the relationships we hold with our clients and will help us drive greater, enduring and valuable relationships.
- We also launched an evolving, priority client programme, which helps us work more closely with key clients, providing them with a dedicated relationship manager.

During the year, the Group won various awards which recognise the excellent level of service to our clients.

These include:

- Gold Award in the Defence Employer Recognition Scheme (July 2021)
- Named Solicitor of the Year Award, the Law Society Awards (October 2021)
- Personal Injury Trust Provider of the Year Award, Outstanding Case of the Year Award, Outstanding Achievement of the Year, the Personal Injury Awards (November 2021)
- Named as one of the Best Workplaces for Wellbeing, by Great Place to Work (February 2022)

I honestly cannot thank Carol, her team, and Irwin Mitchell enough for what I consider to be a life changing result.

Daniel Atkins, 5* Trustpilot review for Armed Forces

I owe Edward Allan and Irwin Mitchell a lifetime of gratitude. I'll never ever forget what they did for me, and I wish Edward in particular a long and successful career. He shows care, compassion and understanding. I've not dealt with any solicitors before in my lifetime, but it's a trait I really appreciated due to the nature of the case and my mental health.

In short, I couldn't praise him and them high enough. I'd absolutely use them again without hesitation. They and he, are, without question, the best in the business.

Steven, 5* Trustpilot review for Family

For more information, visit our website / **www.irwinmitchell.com/personal/family-law**

Stakeholder engagement continued

Colleagues

- We recognise that our people are our most important asset and we take our responsibility to build an inclusive and supportive working environment seriously.
- Our Diversity and Inclusion strategy underpins our commitment to creating an inclusive workplace culture where all of our colleagues feel a sense of belonging and are enabled to thrive. The key areas of focus are around insight and impact, inclusive leadership and active allyship.
- Our work continues to be supported by six diversity and inclusion network groups focusing on ethnicity, faith, disability, gender, social mobility, sexual orientation and gender identity and age and generational issues.
- We have policies to ensure fair treatment, equal opportunities for all and to promote mutual respect and an open and honest culture. Please refer to page 43 of this report to read more about progress made in delivering our Diversity and Inclusion strategy, including our enhanced commitment to the Business in the Community Race at Work Charter, our rise up the rankings of the Stonewall Workplace Equality Index and our accreditation to Disability Confident Level 2. Our Gender and Ethnicity Pay Gap Report can be found at www.irwinmitchell.turtl.co/story/gender-pay-report-2021/page/1
- We place great importance on creating a work environment where all of our people are supported in realising their full potential. Our focus is on leadership behaviours at all levels, and an 'always-on' learning environment. This learning is now all virtual so can be accessed wherever we work.
- Agile mind-set is a key feature to the way we work, and in line with our Flexible by Choice (Flexible by Success for our Ascent colleagues) commitment, we continue to innovate and create smart working programmes which facilitate our colleagues being able to work effectively and flexibly from home and office using a hybrid approach.
- We continue to prioritise colleague and partner wellbeing, both mental and physical, with regular communications and initiatives highlighting the support available through our employee assistance programme, our network of Healthy Mind Advocates and other resources.

There's a real sense of pride from everyone across the firm. You feel the pride in our brand, what it stands for and how we demonstrate our values every day.

Angela Lindley, Marketing Executive

I've worked at Irwin Mitchell for over 21 years. There aren't a lot of roles that I haven't explored at some point. I was a paralegal, I became a trainee, I qualified as a solicitor and then I was able to become a partner. Throughout that time, it's always been a fantastic place to work. I've been able to be my genuine, authentic self at work and I've never had any obstacles put in my way.

I've always been accepted for who I am and what I have to bring, and my career has gone from strength to strength as a result.

Luke Daniels,
Medical Negligence Partner

For more information, visit our website / **www.irwinmitchell.com/recruitment**

Colleagues continued

- We consult with our colleagues and seek regular feedback about issues impacting their current or future interests. We do this through our annual Great Place to Work survey, our employee pulse surveys and our extensive internal communications channels where we talk about Group performance. The results of our Great Place to Work survey are reviewed by members of the Board and used to inform decision-making. Working groups are in place to look at how improvements can be made on an ongoing basis.
- We welcome and encourage applications from all diversity groups and backgrounds, proactively asking all candidates whether they require any adjustments to be at their best during the recruitment process. For our colleagues, we provide support and workplace adjustments, recognising that everyone works and processes information differently. Circumstances change and colleagues may need adjustments to the way they work or more support at some point in their working lives to be at their best.
- We're also ensuring that our people processes are inclusive of all colleagues, working with our diversity and inclusion networks to understand how we can improve and taking action where needed to become more diverse and inclusive.
- We are focused on capturing and analysing data to help identify areas of concern and opportunities to improve our culture and people processes. These insights then help us to drive our diversity and inclusion agenda and we're focused on sharing these insights across our workforce so that we can act on them and improve.

Communities

- As a purpose-led organisation, supporting our communities is part of our DNA. We support our local communities through our long-standing commitment to skills-based volunteering, fundraising and charitable giving. All of our colleagues have 14 hours per year (pro rata) where they are encouraged to volunteer in the community during their normal working hours.
- Access to justice is a focus area of our Responsible Business strategy and continues to be an important tool in how we support our communities.
- During the year, our colleagues and partners have provided over 2,400 hours of pro bono advice and representation to individuals and organisations who need it most, but who cannot easily afford legal expertise. The Group is a member of LawWorks, the leading pro bono charity for solicitors in England and Wales and a signatory to the Law Society Pro Bono Charter. For more information about our current commitment to pro bono support, please refer to page 41.
- The Group is a member of the collaborative legal initiative, PRIME. This programme, which focuses on improving social mobility, provides school-aged children with improved access to meaningful work experience with a law firm.
- The Group provides support to the Irwin Mitchell Charities Foundation (IMCF), which is established as an independent charity. Since the IMCF was set up in 1997 it has donated almost £2.9m to support charities and good causes. Employees are encouraged to take part in our Give as You Earn (GAYE) scheme supporting the IMCF. For more information about our fundraising and charitable donations please refer to page 52.
- Further details of our commitment to and impact on the environment can be found on page 48.

> Thank you for your patience and perseverance to ensure I was compensated correctly and fairly.
>
> **Mariya Javed, 5* Trustpilot review for Medical Negiligence**

For more information, visit our website /
www.irwinmitchell.com/personal/personal-injury-compensation

Non-financial and sustainability information statement

The following table sets out where stakeholders can find relevant non-financial information within this Annual Report and Accounts.

Reporting requirement	Policies and standards which govern our approach	Section reference and page number
Anti-Bribery and Anti-Corruption	Anti-Bribery and Corruption Policy, which includes the Gifts and Hospitality Policy Anti-Money Laundering Policy Conflicts of Interest Policy Sanctions Policy	Responsible business, pages 39 to 53 www.irwinmitchell.com/about-us/social-responsibility/anti-bribery-corruption-policy-statement
Description of Business model		Strategic report, Our business model, pages 24 to 26
Corporate Social Responsibility	Environmental and Energy Policy Statement Environmental strategy Irwin Mitchell Charities Foundation Mentoring Club Responsible Business strategy TCFD reporting	www.irwinmitchell.com/about-us/social-responsibility/environment Responsible business, pages 39 to 53 Stakeholder engagement, page 37 Irwin Mitchell Mentoring Club, pages 30 and 31 Responsible business, page 49
Employees	Approach to colleague engagement Bullying and Harassment Policy Diversity and Inclusion Policy Flexible by Choice approach Gender and Ethnicity Pay Gap report Whistleblowing Policy	Our strategy, pages 32 and 33 Stakeholder engagement, pages 36 and 37 Responsible business, pages 43 to 46 Flexible by Choice, pages 28 and 29 www.irwinmitchell.turtl.co/story/gender-pay-report-2021/page/1
Human Rights Issues	Modern Slavery Act Statement	www.irwinmitchell.com/about-us/social-responsibility/modern-slavery-act-statement
Non-Financial Key Performance Indicators		Key performance indicators, pages 14 and 15
Principal risks and uncertainties	Risk Appetite Policy Risk Management Policy	Principal risks and uncertainties, pages 57 to 59
Privacy	Customer Data Policy Customer Data Protect Policy Data Protection Policy	Responsible business, page 42

Becoming a leading Responsible Business

We are building on our strong heritage to develop innovative, long-term and impactful relationships with our communities, clients and colleagues. We are proud that our purpose of helping people navigate life's ups and downs is about working together to do the right thing, both now and for the future. And it's that ethos which underpins our entire approach to responsible business.

Our aspiration, in line with our purpose-led strategy and our core values, is to be recognised as a leading responsible business. To us, this means having a strong culture as well as a clear and ambitious strategy to address the environmental, social and governance (ESG) issues which are material to our business. It also means recognising the power of impactful collaboration and developing trusted partnerships with our stakeholders.

In the last two years, we have prioritised our efforts on responding to the impact of the pandemic: from our award-winning wellbeing strategy to the pro bono support we have provided for those who cannot easily access justice, our approach has reflected our solid foundations and heritage of supporting our communities.

As we evolve our approach to doing business responsibly, our aim is to create ever more value and greater potential for long-term sustainable growth for us and our stakeholders.

In the last 12 months, we've made significant progress to achieve our aspiration. This has included welcoming our new Head of Responsible Business, publishing our strategy to become a leading responsible business and establishing an enhanced governance structure, which feeds in insights from a variety of our stakeholders. We've supported the Irwin Mitchell Charities Foundation (IMCF) to establish a fund which will donate £500k to good causes, such as increasing access to employment in our communities over the next five years.

And I'm especially proud that we have this year set out our roadmap to transition to Net Zero.

These changes come at a time when environmental, social and governance issues have risen up the agenda and are of growing concern to our stakeholders: not least of all our clients, who increasingly look towards their legal and financial advisers to provide advice which embodies their own commitment to doing business responsibly. We are well equipped to continue meeting these challenges. Thanks to our curiosity, commitment to learning and our strong culture of collaboration to generate innovative solutions.

In the following pages, we've shared an insight into doing business responsibly at Irwin Mitchell. I feel privileged to be part of an organisation which balances its long-term commitment to doing the right thing and creating sustainable change with addressing the most urgent and immediate societal issues. We're proud of the progress we've made, but we understand there is much more to do and we are absolutely ready for the challenge.

Garry Dowdle
Group Chief Information Officer and Chair of Irwin Mitchell's Responsible Business Committee

Our aspiration, in line with our purpose-led strategy and our core values, is to be recognised as a leading responsible business.

Garry Dowdle,
Group Chief Information Officer and Chair of Irwin Mitchell's Responsible Business Committee

Becoming a leading Responsible Business continued

Our purpose and Responsible Business strategy

Our Responsible Business strategy is bold in its approach and ambition, setting out two overarching goals of (1) Inclusion, meaning enabling everyone to thrive and (2) Sustainability, meaning making everything we do positively impact our future. This is directly aligned to our purpose and our **values**.

Our aim is to develop inclusive and sustainable relationships with our stakeholders, from our colleagues and clients to our local communities, suppliers and the environment, working together to navigate life's ups and downs.

In FY19/20, we began a consultation process to identify the issues which are material to our colleagues and should form the key focus of our Responsible Business strategy. This resulted in us identifying six priority focus areas – diversity, wellbeing, fairness, resilience, access (to jobs and justice) and environment. All of our work across our Responsible Business commitments aligns to these strategic focus areas.

In FY22/23 our plan is to build on these solid foundations by reviewing and appraising our identified focus areas to ensure they continue to represent the issues which are most material to our business and our stakeholders. We will undertake a comprehensive materiality assessment, working with external experts to run a consultation exercise which engages many of our key stakeholders.

Together we'll navigate life's ups and downs

Doing business responsibly is a commitment to building:

Inclusive + Sustainable

relationships with **our key stakeholders**.

Our focus areas

Access	Fairness	Diversity	Wellbeing	Resilience	Environment

Our aim is to enable everyone to thrive, and to make everything we do **positively impact our future**.

Responsible Business: Governance

Governance

Our Responsible Business Committee (RBC) is chaired by our Group Chief Information Officer and is accountable to the most senior decision making level in the firm. The RBC consists of subject matter experts, sponsors and representatives for our key stakeholder relationships including colleague representatives who ensure that the colleague voice remains at the heart of our strategy. The RBC considers all aspects of our Responsible Business strategy and progress made in each of our six focus areas and ensures this is aligned with our purpose and values. Our Diversity and Inclusion Board, National Wellbeing Group, Group Environmental Sustainability Forum and Community Investment and Pro Bono teams have Executive sponsors and reporting lines in to the RBC.

Measuring our progress

We are committed to measuring the impact of our work to ensure we continue to use our skills, expertise and resources to make the greatest positive impact on our stakeholders.

We measure our progress through participation in Business in the Community's (BITC) Responsible Business Tracker and report our results in our Responsible Business Report.

We're signatories to:

The Law Society Pro Bono Charter

Mindful Business Charter

The Race at Work Charter

We're members or supporters of the following networks:

LSA Legal Sustainability Alliance

Lawworks

BSN Black Solicitors Network

Pathways to Law – The Sutton Trust

PRIME

aspiringsolicitors

We participate in a number of external benchmarks to assess progress against our Diversity and Inclusion strategy, including:

Disability Confident (we are currently Level 2 and aiming for Level 3 in FY23/24)

Stonewall Workplace Equality Index (ranked at 31st in 2022)

Great Place to Work has recognised us as one of the UK's Best Workplaces for Women 2022 (Super Large Employers) and one of the UK's Best Workplaces for Wellbeing 2022 (Super Large Employers).

Social Mobility Employer Index

We are participating in the Social Mobility Employer Index for the first time in 2022.

Becoming a leading Responsible Business continued

Clients: Working in partnership

We recognise that trust is the foundation which all our client relationships are built upon and which our commitment to doing business responsibly, inclusively and sustainably is inextricably linked.

The Ten Principles of the United Nations Global Compact

In July 2022, we became a signatory of the United Nations Global Compact, committing to its ten principles and to continuing to focus on our ambition to become a leading responsible business; centred on the framework provided by the Sustainable Development Goals (SDGs).

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

We are committed to working with our clients, not only to ensure that the advice we provide is informed by ESG considerations and how they impact their businesses and sectors, but to identify where we can collaborate to make a difference in our communities or to generate new ideas or solutions. In the last 12 months:

- We've launched our Human Touch campaign, providing our clients with a platform to share their personal stories. They've raised awareness of Action for Brain Injury Week, World Down Syndrome Day and many of their own fundraising and charity initiatives. This has all been focused around the emotional transitions our clients have gone through, how we've supported them and the impact it's had on their lives.
- We've continued to work in partnership with England Rugby to provide the Irwin Mitchell Mentoring Club, which aims to offer skills development and support for aspiring coaches and over 35,000 teenagers across the UK.
- We have been working with General Counsel and partner organisations to facilitate conversations and provide thought leadership on the unique role that legal advisers play in helping businesses to navigate ESG issues within their organisations and sectors.

Data Protection

Our data protection policies and processes help ensure that privacy and security are set to the highest standard throughout the organisation. They also help regulate the sharing of information both internally and externally. Our General Counsel Team help monitor UK General Data Protection Regulation (GDPR) compliance, raise awareness of the issues and provide in-depth training to ensure we're working to the latest advice, guidelines and legal and regulatory requirements.

Colleagues: Our aim is to create an inclusive workplace culture where our colleagues feel they belong and are enabled to thrive.

Our Diversity and Inclusion (D&I) strategy

Insight and Impact – to help us know whether we're improving and where else we need to **improve**

Inclusive Leadership – to help our leaders and colleagues **integrate inclusion** into what they do and how they do it

Active Allyship – to help empower all leaders and colleagues to truly value everyone and to **take action** when others don't

The strategy is implemented across all aspects of the employee lifecycle:

- We are committed to increasing access to the legal sector through apprenticeships and other routes. We have a dedicated apprenticeship manager and offer work experience placements through the PRIME legal sector initiative. Our Early Careers team has implemented a number of measures to create a more inclusive recruitment process, including 'blind' screening of applicants, working on careers events with our D&I network groups and engaging with a range of university societies focused on diversity. We have provided inclusive recruitment training for our recruitment team to support our hiring managers to reduce any bias in the recruitment process.
- Our commitment to inclusion and our zero tolerance approach to bullying and harassment is supported by our D&I and Bullying and Harassment policies and mandatory D&I training which is rolled out to all new starters during their induction.
- We offer a wide menu of learning opportunities to engage our people on D&I and support line managers to create inclusive teams. This includes Let's Talk about Race and Let's Talk about Disability workshops, Disability in Action and Unconscious Bias. In addition, we offer a range of different diversity-related mentoring opportunities.

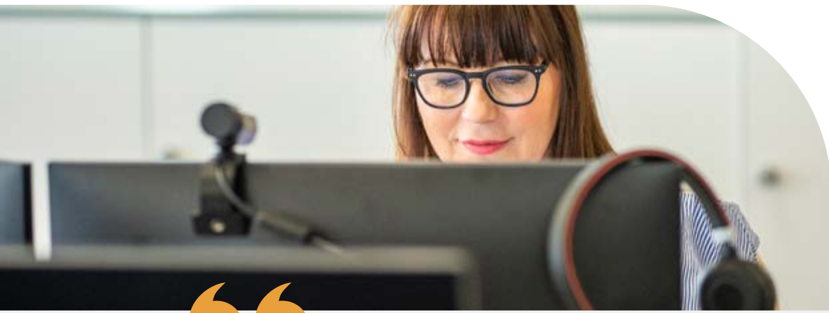
Becoming a leading Responsible Business continued

D&I Governance: Our D&I strategy and activity is overseen by our D&I Board, chaired by our Group Chief People Officer. Our Head of Responsible Business, D&I Manager and the chairs of each of our six colleague led D&I network groups are also members of the D&I Board. All colleagues are welcome to join our D&I networks and their events. It's a great way to increase understanding as active allies by promoting conversation and sharing ideas and resources, which helps embed inclusion into everything we do and helps guide our decisions about policy development. The Group People Committee oversees the execution of our Colleague Commitment (our people strategy) which is underpinned by four pillars – brilliant basics, great leadership, organisational agility and organisational health. Our D&I strategy is a component part of the organisational health pillar.

2022 D&I highlights

- Ranked 31st in Top 100 Employers for LGBT+ inclusion and Stonewall Workplace Equality Index Gold Award
- Ranked 10th in UK's Best Workplaces for Women 2022 - GPTW
- New Support and Workplace Adjustments guidance launched
- Disability Confident Level 2 achieved
- Halo Code adopted
- IM Respect Reciprocal Mentoring Scheme launched

Colleagues: Increasing the diversity of our workforce



We're proud of the achievements we've already made around improving gender diversity, exceeding our target with 39.3% of women in IM Asset Management roles at Associate and above.

As part of our commitment to the Women in Finance Charter and to gender diversity within our industry, we've taken actions on recruitment, progression and retention. This is helping us strengthen our talent pipeline to senior management.

This year, we will be reviewing our target and the actions needed to deliver on this, as we continue to develop an inclusive culture that enables everyone to thrive.

Richard Potts, Chief Executive Officer, IM Asset Management Limited

Our commitment to drive change

In May 2021, we published our target to increase the proportion of women in Asset Management roles at Associate and above. Our aim was to increase this to at least 30% by 1 May 2025.

As part of our commitment to improve the diversity of our workforce across the Group, this year we'll be looking at setting targets across other diversity characteristics. We are recognised externally by Law.com International as the leading UK Top 50 law firm for UK female partners (equity and non-equity), with 54.8% of female partners in our LLP[1].

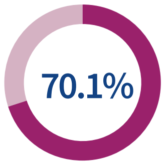
Our own analysis suggests that our gender pay gap figures are below market average for similarly sized law firms.

Our latest diversity data can be found on our website / **www.irwinmitchell.com/about-us/social-responsibility/diversity**

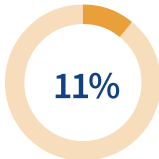
1. Source: Revealed: The U.K. Law Firm Female Equity Partnership Scorecard, Law.com International, May 27, 2022.

Gender Pay Gap Report

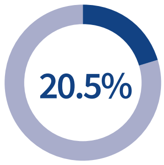
We're committed to improving gender balance, and creating a fair and inclusive workplace for all our colleagues[2].



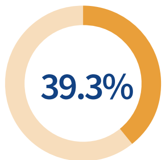
of our **colleagues** are women (Group)



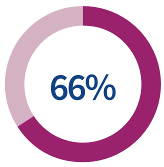
our **mean** gender pay gap for the LLP (FY21: 10.5%)



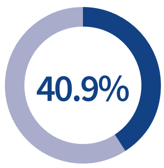
our **median** gender pay gap (for the LLP)



of **senior leaders** in IM Asset Management are now women (FY21: 16.7%)



of all **Group promotions** went to women



of **colleagues** promoted to partnership across the Group were women (FY21: 81.8%)

Our Diversity Statistics

Percentage of colleagues with one or more disability: **1.7%**

Percentage of colleagues from minority ethnic backgrounds (excluding White minority ethnic groups): **8.3%**

Percentage of colleagues who are LGB+ (lesbian, gay, bisexual or other sexual orientation): **4.1%**

Percentage of colleagues from a lower socio-economic background: **18.4%**

2. We've improved our reporting process and reviewed our 2020 figures, resulting in a slight amendment to those previously reported.

Becoming a leading Responsible Business continued

Colleagues: A focus on wellbeing

With the global pace of change increasing, the health and wellbeing of our people forms a vital element of our 'Colleague Commitment' and Responsible Business strategy.

The wellbeing of our colleagues is acknowledged as an enabler of performance, sustainability and engagement. Our goal is to improve organisational resilience by proactively promoting and supporting wellbeing at all levels of our business. We have based our approach on Great Place to Work's 'Excellence in Wellbeing' model (2018-

2021, pictured above) and have been recognised by them as a top UK employer for our efforts in this important space for the second consecutive year in 2022.

We have a number of mechanisms in place to regularly gather feedback and insight from colleagues. This allows us to tailor our approach and measure our effectiveness. In the past year we have taken steps to strengthen our governance, introducing a National Wellbeing Team to design and deliver our approach, supported by two executive sponsors. We have launched our Wellbeing Principles which set the foundations for how colleagues can best help themselves support others. As well as educating more of our leaders to support psychological health we've also enhanced our benefits that focus on flexibility and inclusion.

1. 2018-2021 model

FY22 highlights

Promoted our Flexible by Choice approach (Flexible by Success for Ascent colleagues)

GPTW Trust Index Score increased from 68% to 77% over the last five years

Signed up to the Menopause Workplace Pledge campaign

Suicide Protocol launched providing support to colleagues having thoughts about self harm

Monthly advice and guidance delivered to colleagues via our Wellbeing Hub and internal channels.

The purpose of our Wellbeing strategy is to: proactively promote and support wellbeing and **improve resilience** across our business. Colleague wellbeing and maintaining **good psychological health** is at the heart of our **colleague value proposition** (CVP) and is essential for our **sustainability** and positive **business performance**.

The Flexible by Choice way of working has provided me with the flexibility to be able to pick up and drop my daughter off at nursery. Seeing her little face light up when she spots me at pick-up time is absolutely priceless.

Michelle Morris, Finanical Planner, IM Asset Management Limited

Communities: Protecting our planet

Environmental sustainability is important to our colleagues, our clients and our communities. Our ambition is to be recognised as a leader within this field.

Our environmental achievements to date:

Founding members of the Legal Sustainability Alliance (LSA) since 2008

Certified annually to ISO 14001: Environmental Management and ISO 50001 Energy Management

Signatories to the LSA Legal Renewables Initiative

Silver EcoVadis Sustainability rating 2022

Environment & Sustainability Manager recruited in 2021

Achieved our environmental targets of keeping printing and travel well below our pre-pandemic levels in FY22

Donated £8k to three UK projects working to protect and develop vital woodlands in FY22 through our supplier, Red-Inc.

Leading the way requires us to set clear, near and long-term goals to minimise our impact on the environment and:

- Improve reporting and external transparency around our ambitions and achievement;
- Support and educate our colleagues;
- Work with our supply chain to reduce their environmental impact; and
- Seek opportunities to work with our clients on their Net Zero journeys.

Building on strong foundations

Managing our environmental impact is not a new priority, as evidenced by a number of key achievements and a culture across our organisation that recognises the importance of environmental stewardship.

However, we accelerated our position in 2021 as a response to the urgent requirement for all sectors of society to rapidly decarbonise to avoid the worst impacts of climate change.

Environment remains a key focus of our Responsible Business strategy and the strategic importance of this area to our business is demonstrated by the appointment in 2021 of our first Environmental and Sustainability Manager.

My aim is for every person in this organisation to know the part that they can play in tackling climate change, given it is one of the biggest challenges of our time.

Louise Needham, Environmental and Sustainability Manager, Irwin Mitchell

Becoming a leading Responsible Business continued

Communities: Protecting our planet continued

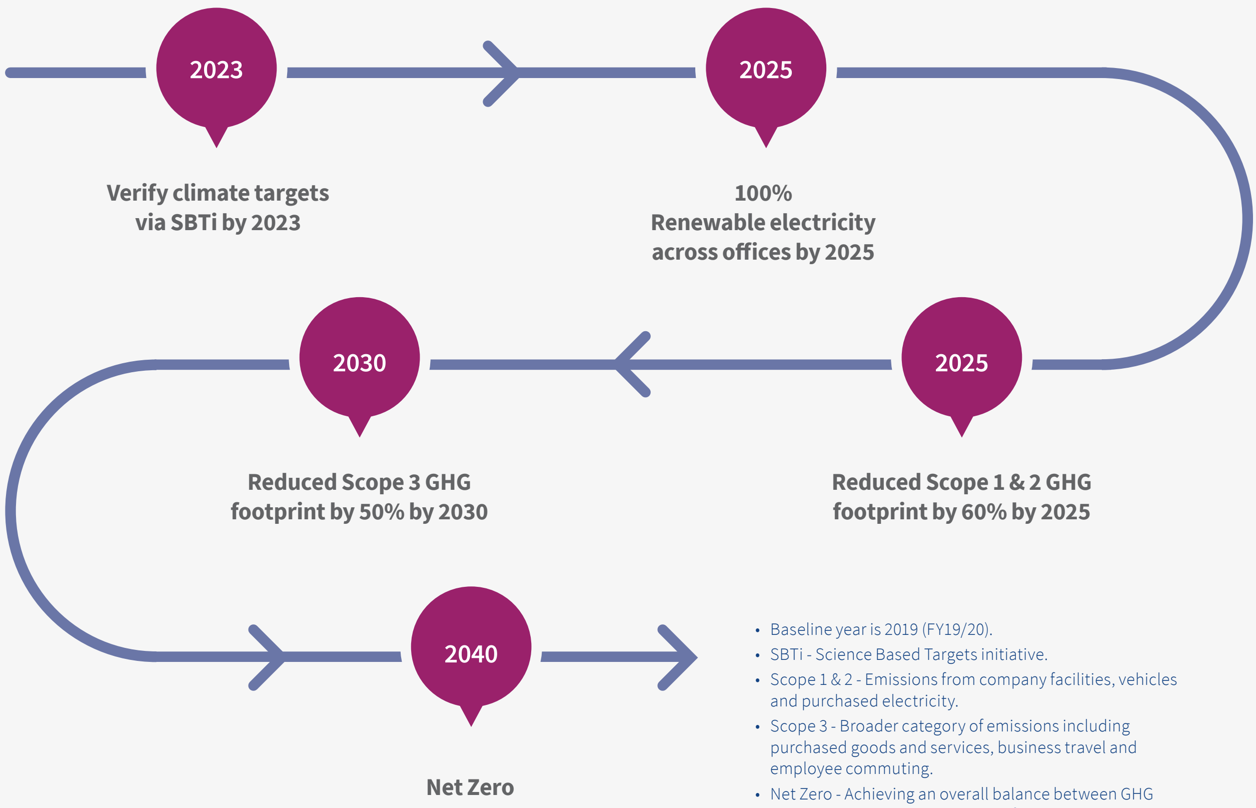
Our new strategy

In 2021, we worked with leading sustainability consultancy Carbon Intelligence to:

- Baseline our Scope 1 and 2 Greenhouse Gas (GHG) emissions (pre-COVID-19 FY19/20);
- Conduct a materiality and gap analysis for Scope 3 emissions; and
- Prepare a sustainability strategy diagnostic to evaluate our market position, our internal ambition, our engagement and the level of opportunity.

This project placed us in the best position to prepare and launch an ambitious new environmental strategy for 2022. We have committed to achieving Net Zero by 2040 and have outlined our transition plans, incorporating targets such as 100% renewable electricity across all our offices by 2025 and a 50% reduction in our total organisational footprint by 2030 (versus pre-COVID FY19/20 baseline). Our aim is for our climate targets to be verified by the Science Based Targets initiative (SBTi) in 2023.

Roadmap to Net Zero



- Baseline year is 2019 (FY19/20).
- SBTi - Science Based Targets initiative.
- Scope 1 & 2 - Emissions from company facilities, vehicles and purchased electricity.
- Scope 3 - Broader category of emissions including purchased goods and services, business travel and employee commuting.
- Net Zero - Achieving an overall balance between GHG emissions released and removed from the atmosphere.

Reporting against the Task Force on Climate-Related Financial Disclosures (TCFD) framework

Understanding our resilience to climate change

As part of our new strategy, we're continuing to integrate the identification of climate-related risks and opportunities into our work. This will form a fundamental part of our industry-leading approach to risk and resilience, leaving us better placed to adapt to the challenges that the climate emergency already poses and will continue to do in the coming years.

This year, we're voluntarily reporting our initial identification and disclosure of those risks and opportunities against the framework provided by the TCFD. We'll evolve this by conducting a climate scenario analysis upon a subset of our material risks in our next report.

Governance

In March 2022, we launched a new governance approach to ensure the effective assessment and management of climate-related risks and opportunities. Responsibility for the overall strategy has been delegated by the most senior decision making level in the firm to our Responsible Business Committee (RBC). Oversight of climate-related risks and opportunities is provided to the RBC on at least a quarterly basis.

Our newly formed Group Environmental Sustainability Forum (GESF) is made up of strategic leads accountable for the main elements of our environmental strategy, representatives of our colleague sustainability network IM Green, and our suppliers.

The Group Executive Committee (GEC), and the RBC have approved our Environmental strategy and therein, our commitments to environmental performance improvement and climate action targets, including achieving a status of Net Zero by 2040. The RBC oversees progress against our targets and alignment with our overall Responsible Business strategy.

Strategy

Our Group strategy is purpose-led and underpinned by our commitment to work together to navigate life's ups and downs. This is perfectly aligned with the theme of remaining adaptable to the challenges brought by climate change. We consider ourselves to be well structured to anticipate potential impacts on our business and to grasp the opportunities presented.

Becoming a leading responsible business is fundamental to our future success. Sustainability, and our goal, to make everything we do positively impact our future, is one of the two key principles of our Responsible Business strategy. Environment and Resilience have been identified as material issues for us and represent two relevant and interconnecting focus areas which help us achieve the aims of the strategy (see page 40 for an overview of our Responsible Business strategy.)

Our new Environmental strategy and the frameworks and structures described here enable the effective identification, assessment and overall management of material climate-related risks and opportunities.

Risk management

The Group employs a three lines model to delineate responsibilities and coordinate activity in the management of risk, ensuring adequate segregation in the oversight and assurance of risk.

As part of effective first line risk management, we will continue to work collaboratively with leaders across the Group to identify, assess, treat, monitor and report all climate-related hazard and opportunity risks. Key Risk & Control information is recorded within the Group's Risk Management System (Origami) which forms the basis of ongoing risk management reporting.

We have first line forums in place, including our GESF and RBC, which support the identification and management of risks and opportunities associated with our environmental performance via regular review of KPIs and periodic input from external stakeholders (e.g. third-party consultancy, supply chain partners).

In addition, there are first line risk forums/committees which provide oversight and assurance regarding the management of key risks, including a regular report on the Group's Principal Risks. An overarching risk of failing to realise the Group's Environmental strategy is set out on page 58 of this report.

Becoming a leading Responsible Business continued

Reporting against the Task Force on Climate-Related Financial Disclosures (TCFD) framework continued

Key climate-related risks and opportunities

Climate-related risks	**Financial risks**	**Investments** Growing risk of investments being impacted by stranded assets linked to fossil fuels. **Strategy and revenue** Potential financial loss from failure to adapt our core services to consider the impacts of climate change. **Energy** Higher energy costs due to transition to renewables, take-up of low carbon technologies, rising temperatures increasing energy and water consumption for cooling across operations (offices and data centres) could impact operational costs and supply chain.
	Regulatory risks	Changing regulations will increase compliance requirements.
	Market risks	Potential changes to markets as supply and demand shifts for certain commodities, products and services due to climate-related risks and opportunities being taken into account.
	Reputational risks	**Stakeholder perception** The ESG approach and in particular climate action strategy of an organisation is a potential source of reputational risk tied to changing stakeholder perceptions. **Attracting and retaining talent** Lack of new talent attracted to or retained by the Group due to poor perception / reputation based on environmental performance.
Physical risks	**Health, safety and wellbeing risks**	Posed to our colleagues, clients and communities as climate patterns change and extreme weather events become more commonplace.
	Disruption and physical damage	Service to clients, offices, operations, business travel and supply chain face disruption as they are impacted by acute physical events such as flooding.
Climate-related opportunities	**Litigation**	Rise in climate-related litigation claims by property owners, states, insurers, shareholders and public interest organisations. Reasons include failure of organisations to mitigate against or adapt to climate change and poor disclosure around material financial risks. Rise of accusations of 'greenwashing'. As the value of loss and damage arising from climate change grows, litigation risk is also likely to increase.
	Financial	**Resilience** Improved financial resilience and confidence in short, medium and longer-term business plan and investments by applying a 'climate lens' to the firm's business model and financing decisions. Collaborate with like-minded organisations supporting the transition (e.g. clean tech and infrastructure innovations) and phase-out inherent risk areas including fossil fuels. **New propositions** Respond to the growing market for ESG solutions by developing ways to support clients on their decarbonisation journeys. **Resource efficiency** Lower operating costs due to improved efficiency of buildings, equipment and transport e.g. energy, materials, water and waste management.
	Climate justice	Law firms are perfectly placed to use their influence and expertise within the community to combat social inequalities and represent those most affected by climate change. Strategies include directing pro bono hours to issues directly or indirectly linked to climate change.
	Supply chain	Tackle broader greenhouse gas (GHG) impacts and partner with like-minded organisations by collaborating with key suppliers to support their transition.

Metrics and targets

This year we've announced a set of challenging targets and objectives in line with our vision to lead the way in corporate sustainability and to be recognised as a leading responsible business. Our Roadmap to Net Zero (pictured on page 48) includes targets for Scope 1, 2 and 3 GHG emissions. We have committed to verifying these targets with the SBTi by 2023.

In support of our initial Roadmap to Net Zero, we will further develop our measurement, monitoring and reporting capabilities relating to the following KPIs:

- Scope 1 and 2 GHG emissions (tonnes CO_2e): Absolute and relative measures, market and location-based analysis.
- Scope 3 GHG emissions (tonnes CO_2e): Absolute and relative measures, developing further our understanding of our indirect GHG impact following a gap analysis conducted in 2021 working with Carbon Intelligence.
- Renewable energy: % contribution of purchased renewable and non-renewable electricity for our offices.

Our Balanced Scorecard (BSC) measures include the monitoring of printing volume and travel emissions with a target to maintain significantly below pre-pandemic levels.

Streamlined Energy and Carbon Reporting

GHG emissions and energy usage data for period 01 May 2019 to 30 April 2022		2021/22	2020/21	2019/20
Environment	Emissions from combustion of gas (Scope 1 - tonnes of CO_2e)	40	21	Not reported
	Emissions from combustion of fuel for transport purposes (Scope 1 - tonnes of CO_2e)	729	490	1,008
	Emissions from electricity purchased for own use including for the purpose of transport (Scope 2 - tonnes of CO_2e)	929	1,074	1,358
	Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO_2e)	110	16	217
	Total gross tonnes CO_2 based on above (tonnes of CO_2e)	1,808	1,601	2,583
	Office energy consumption to calculate emissions kWh	4,373,038	4,722,421	5,304,469
	Scope 1 tonnes CO_2 emissions per m² leasehold office space	0.020	0.013	0.026
	Scope 2 tonnes CO_2 emissions per m² leasehold office space	0.024	0.028	0.035
	CO_2 emissions per colleague - based on the number of employees and Partners at financial year end	0.62	0.52	0.84

Becoming a leading Responsible Business continued

Communities: Local Community Investment

We have a long-standing commitment to supporting our local communities via fundraising, volunteering and providing pro bono legal advice for those who cannot easily afford to access justice.

4,100+

hours of volunteering work provided to our communities[1]

464

interactions with pupils from less advantaged backgrounds to support their career aspirations

84.5%

is the average score colleagues gave us for social responsibility in our annual and pulse Great Place to Work surveys

Our colleagues raise funds in partnership with the Irwin Mitchell Charities Foundation (IMCF) which is an independent charitable foundation - set up by colleagues in 1997 to support those experiencing hardship and distress in our communities. In 2022, the IMCF celebrates its 25th anniversary and continues to be strongly supported by our colleagues and partners. In FY22, our 13 Charities of the Year received c.£152k thanks to the IMCF and our colleagues.

The value of charitable donations and fundraising undertaken by the Group and its colleagues was £289k. This included an £8k donation to three conservation charities, through our supplier, Red-Inc.

Supporting our communities through volunteering

We encourage all of our colleagues to maximise the opportunity of their 14 hour (pro rata) Community Allowance, by taking part in skills-based volunteering opportunities aligned to our Responsible Business strategy.

Improving access to jobs and justice is a strategic priority and has been a focus of our community investment volunteering programme for many years. We recognise the value that our people's legal skills and expertise can bring to some of the most vulnerable people and organisations in society. We are members of LawWorks and support a number of pro bono legal advice clinics across the UK on an ongoing basis. We work with school partners around the UK who are identified as being in most need of support to provide students with mentoring and skills-based activities focused on numeracy, literacy and careers and to run public speaking competitions.

We never envisaged that the IMCF would develop and grow as it has done. We have supported so many good causes over the years and the efforts of our colleagues have been truly outstanding.

Adrian Budgen, Partner and founding IMCF Trustee

1 Inclusive of some of our pro bono work.

Communities: Responsible supply chain management

Over the past year, we've continued to develop our Procurement and Supplier Management teams, evolving our Supplier Relationship Management Framework.

4,000

trees planted at home and abroad in a typical year, via projects with our stationery suppliers Red-Inc

3,000

acres of rainforest protected each year via our partnership with Red-Inc

We want to ensure that the suppliers we decide to work with, and those we currently engage, share our ambition for doing business responsibly and sustainably.

We have put checks in place to ensure that our suppliers have policies for key ESG issues and we are working to improve this process so that no matter what stage of maturity our suppliers are at, we can rest assured they are demonstrating progress. We also require our critical suppliers to demonstrate their Responsible Business credentials in greater detail. This is evaluated and scored, as part of our tender process or as part of our ongoing supplier management approach.

We recognise that the scale of problems facing people and the planet requires businesses to collaborate to find innovative solutions. Wherever possible, we aim to develop close working relationships with our suppliers so we can share best practice, learn from each other's experience and overcome challenges in partnership. Over the past year this has included working with suppliers to develop recycling schemes for stationery and IT products, changing the products we use to more sustainable options, and where reduction isn't an option, off-setting projects.

In a typical year we plant 4,000 trees at home and abroad, via projects with our stationery suppliers Red-Inc and thanks to our partnership we've protected 3,000 acres of rainforest. You can read more about our work with Red-Inc in our 2022 Responsible Business report.

Our shared values have allowed us to develop together. You've got to be receptive and open minded because it takes a depth of relationship to solve problems together. Having a shared ambition makes those difficult conversations easier because we have a common goal.

Adam Huttly, Founder and Managing Director of Red-Inc

Risk governance

Our governance structure, supported by our risk architecture, ensures that risk management receives the highest level of focus and attention throughout the organisation.

The Board is accountable for ensuring the effectiveness of our risk management activities. The Board is supported by the Boards of the Group companies and associated Risk and Audit Committees who evaluate both existing and emerging risks and provide assurances that these risks are being managed effectively.

A summary of our risk architecture is set out below:

Our risk management framework

Strategic risk management		Operational risk management
Review external environment. Robust assessment of principal and emerging risks. Set risk appetite and parameters.	**IMHL Board**	Assess effectiveness of risk management framework. Report on principal and emerging risks and uncertainties.
Identify principal and emerging risks. Direct delivery of strategic actions in line with risk appetite.	**Executive Committees**	Consider completeness of identified risks and adequacy of mitigating actions. Consider aggregation of risk exposure across the business.
Execute strategic actions. Report on adherence to risk framework / risk and control environment activity.	**Business Area**	Report current and emerging risks. Identify, evaluate and mitigate operational risks recorded in risk registers.

Risk appetite

The Group's Risk Appetite statement articulates our philosophy and approach to the management of the Group's principal risks, defines specific parameters, guides decision-making and ensures appropriate governance over risks taken. The Board is responsible for setting the Group's risk appetite which it reviews and approves at least annually. The Group's current overarching Risk Appetite Statement is set out below:

"Irwin Mitchell Holdings Limited and its Group companies will only take risks to achieve their objectives and goals if this is done on an informed and compliant basis, without sacrificing the long term sustainability and profitability of the Group and/or the business area taking the risk."

To support the Group in continually operating within its stated risk appetite, the Board has developed a principal risk category taxonomy to ensure it continually considers the full range of risks the Group needs to manage effectively. The seven principal risk categories are Compliance - Legal & Regulatory, Operational, Financial, Strategic, Technology, People, Client & Customer Outcomes. These seven principal risk categories all have risk appetite statements, which set out the Group's attitude in relation to those risks. They facilitate effective (risk based) decision making which enables the Group to make better tactical, operational and strategic decisions.

The Group acknowledges risk appetite is critical to the effective implementation of the Risk Management Framework. (RMF). The ongoing evolution of risk appetite and the Group's principal risk category appetites is a priority activity to support RMF maturity. Work has taken place in the year and continues to be undertaken to ensure that:

- all principal risk categories have strategically aligned qualitative appetites.
- there are appropriate quantitative measures which are monitored on an ongoing basis and which feed into regular risk appetite reporting.
- risk appetite reporting is aligned to the delivery of the Group's strategic objectives and drives timely management action where necessary.

Risk management framework (RMF)

The Board is ultimately accountable for maintaining and reviewing the effectiveness of the Group's risk management activities. The Board has delegated responsibility to the IMHL Risk Committee for overseeing the development, implementation and maintenance of the Group's overall risk management framework and risk appetite.

The Group's RMF and the associated governance arrangements are designed to provide a structured and consistent approach to risk management within agreed appetites, thereby supporting the Group's execution of its strategic objectives. The key objectives of the RMF are to:

- determine a defined strategy for the Group's attitude to risk, including its appetite for risk;
- establish a consistent risk taxonomy, describing the principal risk categories;
- establish standards for the consistent identification, measurement, monitoring, management and reporting of granular risks which are associated to the principal risk categories;
- promote an appropriate risk culture across the Group, ensuring that risk is considered as part of all key strategic and business decision making;
- provide senior management and relevant committees with risk reporting that is relevant and appropriate, enabling focus on the risks most significant to its objectives and to provide an early warning of events that put those objectives at risk;
- support the management of all risk types; and
- ensure there is clear accountability with distinct, transparent and consistent lines of responsibility in the facilitation of risk management.

The Group acknowledges the RMF needs to continually evolve to reflect changing internal factors, and external regulatory and economic landscapes. The Group is, therefore, committed to ongoing investment and enhancement of its enterprise-wide risk management framework. Core to this approach is ensuring that there are tools in place that facilitate effective risk identification, assessment, treatment and monitoring and that these are embedded across the Group.

During FY21/22 significant progress has been made to further develop the RMF to better support the delivery of the Group's strategic targets. Central to this has been the annual review of the Group's risk appetite and the continual review and refinement of the Group's principal risks. These items, in particular, obtain ongoing scrutiny from the Board to ensure they remain meaningful and relevant to the Group as mechanisms through which the Group can measure itself and hold itself to account. In addition, this year has seen a substantive review undertaken by all Group companies, IMAML, Ascent and the LLP to ensure the Group's risk management system is an accurate reflection of the Group's key risk and control environment. This has resulted in enhanced reporting and insight to the IMHL Risk Committee and relevant Boards.

Priority activities for FY23 include enhancement of risk appetite reporting across all principal risk categories and the development of additional risk management procedures, processes and training /guidance material which support with risk management framework adherence and the further embedding of a risk management culture across the Group.

Risk governance continued

Risk management culture

The Board has established a strong risk culture as a fundamental element of the Group's corporate culture. This risk culture promotes effective risk management that is proportionate to the Group's risk profile.

The importance of risk management is understood at all levels of the business and all colleagues are expected to understand their role in managing risk effectively.

The Group's strong risk culture is embedded through various practices. In particular:

- Risk management is central to decision-making throughout the Group.
- The RMF ensures risks are owned and managed in a consistent way.
- There are risk management focused forums across the 'first line' business areas, with oversight being obtained via 'second line' committees.
- Areas of risk management concern are escalated to senior leadership through appropriate governance and reporting mechanisms.

Three lines model

The Group employs a three lines model to delineate responsibilities and coordinate activity in the management of risk ensuring adequate segregation in the oversight and assurance of risk as follows:

The three lines:

Line 1
Risk management processes within operational areas.

Line 2
Risk and Compliance functions overseeing the RMF and providing support and challenge.

Line 3
Internal Audit function undertaking independent and objective assurance on the adequacy and effectiveness of governance and risk management activities.

The first line ('Line 1'), comprising executive directors, together with managers and employees in operational and support areas. Line 1 has day–to-day responsibility for:

- risk identification, assessment, treatment, monitoring and reporting;
- control and ongoing monitoring of operations; and
- escalation and reporting of risk issues.

The second line ('Line 2') is provided by Risk Management and Compliance functions. Line 2 provides support and independent challenge on all risk related issues specifically:

- developing and maintaining the RMF across the Group;
- developing and maintaining supporting risk processes within that framework, ensuring these are consistent with the Board's risk appetite;
- ensuring that risks identified by Line 1 are measured, monitored, controlled and reported on a timely basis; and
- maintaining open and constructive engagement with the regulation authorities.

The third line ('Line 3') is provided by the Internal Audit function which undertakes independent and objective assurance to assess the adequacy and effectiveness of governance and risk management activities across the first and second lines. Internal Audit provides independent and objective assurance on:

- Line 1 and Line 2 governance and risk management activities;
- the adequacy of the control environment and the design and operational effectiveness of internal controls to appropriately manage key risks; and
- adequacy and effectiveness of governance structures.

Principal risks and mitigations

Risk Increase Risk Decrease Risk Stable

The Group is exposed to a number of principal risks and uncertainties that arise from the operation of its business model and strategy (see pages 24 to 33 for further details). A summary of those risks and uncertainties which could prevent the achievement of the Group's strategic objectives, how the Group seeks to mitigate those risks and the change in the perceived level of each risk in the last financial year are described below.

The risks are set out in accordance with the Group's amended classification of its principal risk categories set out above.

Financial - Failure to meet profit expectations and protect cash.

Description	Key mitigations	Year-on-year change
• Irwin Mitchell proactively manages its balance sheet and liquidity levels to meet or exceed its regulatory, operational and financial objectives. The Group will only accept any risk which has the potential to have a 'low' impact on cash flow or profit. • The recent war in Ukraine has triggered a costly humanitarian crisis which is in turn resulting in economic damage; impacts are being felt across the world, not just in the UK economy. • This is contributing to a slowdown of macroeconomic growth, and increase in inflation. Fuel, energy and food costs have increased rapidly resulting in vulnerable populations now coping with a cost of living crisis, compounding existing pressures off the back of the still-ongoing pandemic, and with the UK continuing to navigate the difficulties of no longer being a member of the EU the impact on the UK economy is likely to be negative. • This in turn may impact the Group, its suppliers and its clients and can be felt through the slowing of sectors, supply chain concerns and the level of indebtedness/pricing volatility. • These factors are in addition to the key financial risks which the Group absorbs and is exposed to as part of its everyday business activities; cash flow risk, liquidity risk and credit risk, largely attributable to its trade receivables. These financial risks, amongst others are not considered to be a significant exposure as they are spread across the Group and over a significant client and counterparties base.	The Group benefits from being a full service law firm working across a number of sectors, where these sectors will react at different times to market conditions, some of which are counter-cyclical. Broad market access limits and manages any market damage to the Group's performance. The Group also has in place robust and consistent financial management processes including a Financial Continuity Committee and effective budgeting and forecasting processes.	

Compliance/Legal - Failure to comply with laws and regulations.

Description	Key mitigations	Year-on-year change
• The Group is subject to multiple legal and regulatory regimes due to its range of service provision, operating model and operating locations, including those governed by the Solicitors Regulation Authority and Financial Conduct Authority. It operates across a number of complex sectors and is subject to a wide range of legal, contractual and regulatory requirements ('laws') (including in relation to training and supervision of staff) which are continuously evolving. • Failure to comply with these regulations could have significant implications, ranging from reputational damage to criminal prosecution and sentencing as well as further additional cost. At the extreme, licences from our regulators (personal and corporate) could be withdrawn or suspended, thereby preventing us or individuals working for us from operating. Turnover related fines could have a material impact on the profitability of the Group. • Non-compliance may also result in the revocation by customers and/or suppliers of contractual relationships with the Group under the terms of those contracts. • The Group also handles client monies in the normal course of business. Client monies are not recognised in the Group financial statements because the Group does not have exposure to the risks or rewards of ownership and at all times legal ownership of client monies remains with clients. Monies relate to the ongoing management of legal services being performed for the client (governed by the Solicitor's Regulation Authority Solicitors Accounts Rules), as part of investment portfolios managed on behalf of clients (the Financial Conduct Authority's client money rules) and funds managed on behalf of vulnerable clients (governed by the Office of the Public Guardian).	The effective management of the Group's legal obligations is a top priority for the business, with adherence to these being monitored and reported to relevant business owners, the Group's risk committees and ultimately to the Board to drive improvements. The firm has an experienced General Counsel team who have implemented the necessary processes and procedures to ensure that the Group is able to comply with the regulated environment in which it operates. Working closely with our regulators, alongside advising and training our people, as part of the enduring Culture of Compliance, the GCT embed best practice with a focus on continuous improvement. The Group has rigorous processes and controls in place in order to avoid the risk of non-compliance with the regulations that govern client monies, protect those monies, ensure their appropriate use and segregate from the Group's own funds. The oversight of these processes and controls is managed by individuals nominated to hold the relevant regulated roles. Client monies are deposited with banks in accordance with the Group's Treasury policy, subject to monthly reporting, regular internal reviews and annual external audits, the output of which are reported to the relevant regulatory body.	

Principal risks and mitigations continued

Strategic - Failure to realise our Environmental strategy.

Description	Key mitigations	Year-on-year change
The Group has in place a strategy to become a leading responsible business, with goals around community investment, inclusivity and sustainability. Following the appointment of our first Environment and Sustainability Manager in 2021 and extensive consultation and baseline analysis we have, in 2022, launched an ambitious new environmental strategy which accelerates our plans for a 2040 Net Zero transition and includes targets such as achieving 100% renewable electricity across our offices by 2025 and halving our total organisational carbon impact by 2030. • The Group recognises the need to ensure it is transparent and holds itself to account in terms of its ongoing assessment, oversight and management of climate related risks and any failure to achieve set targets. • Inadequate attention to our Environmental and Responsible Business strategies will undermine our integrity and result in poor outcomes for our clients, colleagues and communities in an area which is recognised as having global significance and where reporting requirements will soon become mandatory.	The Group is clear sighted in what it wishes to achieve in this area and is utilising its revised strategy to strengthen its goals, with priority focus areas which will evidence our key metrics and demonstrate our growing understanding of our climate related risk environment. The refined governance structure for Environment enables regular review and coordinated management of the Group's material environmental issues. The Responsible Business Management Committee oversees progress against our targets and alignment with our overall Responsible Business strategy. In 2022 we are reporting our initial identification and disclosure of climate-related risks and opportunities against the Task Force on Climate-Related Financial Disclosures (TCFD) framework (see page 49 for further details).	Whilst this risk has increased, largely due to external factors such as greater frequency of extreme weather events and the need to respond to policy and regulatory changes, the Group considers the work it is undertaking in this space to be effective in ensuring that there will be no adverse impact to the operational or financial performance of the Group.

Technology - Failure of core IT systems.

Description	Key mitigations	Year-on-year change
• The Group places significant reliance on its IT systems. Any significant impact to the confidentiality, integrity or availability of systems and information, whether caused by internal or external factors (such as a cyber-attack or non-compliant hardware or software) would have a serious impact on the Group's operations, its financial position, and would result in significant reputational damage, impacting clients and their perception of the Group.	The Group continues to improve its IT Disaster Recovery controls to ensure that any disruptions do not cause prolonged outage of systems. This is supplemented with a dedicated Business Continuity team which maintains the Group's Business Continuity and Crisis Management Plans.	

People - Failure to recruit and retain key people.

Description	Key mitigations	Year-on-year change
• The Group is reliant on all of its colleagues to work together to attract new clients and also maintain relationships with existing clients and external bodies. • These individuals are considered to be principal assets and key contributors to revenue. If the Group were to lose the services of key colleagues with high client retention rates, or cease to be able to attract new colleagues, this could significantly impair the strategy, and the success of the Group from both a financial and reputational perspective. • External factors following the pandemic - 'the great resignation' alongside economic factors around inflation related wage increases are driving an increase in this risk.	The Group has a well articulated Colleague Value Proposition (CVP) programme in place which helps to manage risks around attraction, recruitment and retention. This programme is in addition to significant investment in our colleague wellbeing programmes and the continuing success of our Flexible by Choice (Flexible by Success for our colleauges in Ascent) framework.	This risk has increased as a result of heightened market conditions following the pandemic, and is a globally recognised increasing risk. The Group has robust strategies in place to manage this risk and is monitoring it closely to ensure there are no adverse operational or financial impacts on the organisation.

Risk Increase Risk Decrease Risk Stable

Client Customer Outcomes - Failure to meet client expectations.

Description	Key mitigations	Year-on-year change
• The Group operates in a highly competitive environment and faces competition from a broad range of organisations. Technological developments also have the ability to create new forms of quickly evolving competition. • A failure to develop and innovate effectively in respect of the Group's service and pricing propositions in line with changing market dynamics and expectations could erode the Group's competitive position. • This also includes a failure to meet the expectations of our current clients if we promise to deliver on particular services and fail to do so, or do not deliver to the quality expected or as paid for.	To meet our goal of client excellence the Group continues to offer both a unique and diverse service offering, with significant investment in innovation. Focus on ensuring the quality of our service provision is matched by highly trained, well supervised professionals who embody our values and act with integrity and skill.	

Technology - Information & cyber security.

Description	Key mitigations	Year-on-year change
• The Group is heavily reliant on its information and technology systems for all day to day processes. The Group also handles large sums of client money, possesses a large aggregation of sensitive client data, and could serve as a proxy into client networks. A lack of Information & Cyber Security in accordance with the relevant business requirements, laws and regulations, could lead to a compromise of confidentiality, integrity or availability, and result in a material financial, operational, reputational or regulatory impact to the business.	The Group has in place an expert and dedicated Information Security team, led by an experienced Chief Information Security Officer. In addition the Group has in place an expert and skilled Data Protection team. Both teams work in tandem to deliver formalised strategies; these, alongside the Group's state of the art technologies, assist with the ongoing management of this risk.	The increase in cyber risk is not exclusive to Irwin Mitchell and is a reflection of the increasing sophistication of cybercriminals and complexity of cyber crimes. Irwin Mitchell monitors this inherent risk closely, utilising dedicated expertise and technologies to ensure, in so far as possible, that there is no detriment to the operational or financial performance of the Group.

Financial review

FY22 was a transformational year at Irwin Mitchell as we continued to invest and implement changes in our organisation to position the business for sustainable and profitable growth.

We head into FY23 from a position of strength, with renewed focus and sense of purpose to make the investments needed to support our plans for growth, while continuing to maintain strict financial discipline.

Richard Allen
Group Chief Financial Officer

£276m

Group revenue

(FY21: £283m)

£23.5m

Group operating profit

(FY21: £45.4m)

In parallel with the changes that were implemented to our operating model this year, we redefined our operating segments around which we report our financial performance both internally and externally. We have three core segments being Complex Personal Injury (CPI), Life Cycle Legal Services (LCLS) and Financial Asset Services (FAS), all three of which are closely aligned to our key audience groups. Our fourth non-core “Other Businesses” segment largely comprises our Volume Personal Injury (‘VPI’) business which is in run-off following our announcement in September 2021 that we are exiting this segment of the market.

FY22 also marks the first year in which we present our results under International Financial Reporting Standards (IFRS) instead of FRS 102. This decision reflects our desire to move towards best practice reporting and provide increased levels of disclosure. As such, all numbers stated in this Financial Review are stated on an IFRS basis. The most significant changes for us are the application of IFRS 15 which changes the timing of revenue recognition particularly in CPI, and the application of IFRS 16 which brings most of the Group’s property and vehicle leases onto the balance sheet.

It is a great testament to the commitment of our colleagues that we have emerged from the pandemic as a much more agile organisation capable of adapting to change including new ways of working while ensuring we continue to maintain the high levels of service which our clients expect from us.

Our results in FY22, while robust, are set against an exceptional performance in FY21 which favourably benefited from the wide range of one-off cost saving measures that helped to protect Group profitability and preserve cash during the pandemic. During FY22 the core Group (excluding the non-core VPI business) has delivered strong revenue and profit growth when compared to pre-pandemic levels.

We head into FY23 from a position of strength, with renewed focus and sense of purpose to make the investments needed to support our plans for growth, while continuing to maintain strict financial discipline.

Revenue

Core Group revenue performed robustly in the year, with growth of 1.4% or £3.8m to £266.1m (FY21: £262.3m), resulting in a two year cumulative average growth rate since FY20 of 4.8%. This growth, which was entirely organic, was driven by growth in our Complex Personal Injury segment which grew by £5.1m to £146.7m (FY21: £141.6m). This more than offset the small reduction in revenue in Life Cycle Legal Services of £1.1m to £83.7m (FY21: £84.8m) and in Financial Asset Services, from £36.3m to £35.8m.

Group revenue as a whole reduced by £7.6m to £275.7m (FY21: £283.3m) as a result of a planned reduction in revenue from our non-core Other Businesses segment of £11.4m to £9.7m (FY21: £21.0m) due to the Group’s decision to exit the VPI market. This decision allows us to prioritise the investment needed to support growth in the Core business.

Gross profit

The Group delivered gross profit of £144.1m (FY21: £157.0m) and realised a gross margin of 52.3% (FY21: 55.4%). The reduction to the gross profit and gross profit margin in FY22 was as a result of the benefit of several non-recurring proactive cost saving measures that were implemented in FY21 in response to the pandemic as well as the lower contribution from VPI. Excluding the impact of VPI, core gross profit was £142.4m (FY21: £144.8m). This demonstrates a strong cumulative average growth rate in the underlying business since FY20 of 10.3% (FY20: £117.2m).

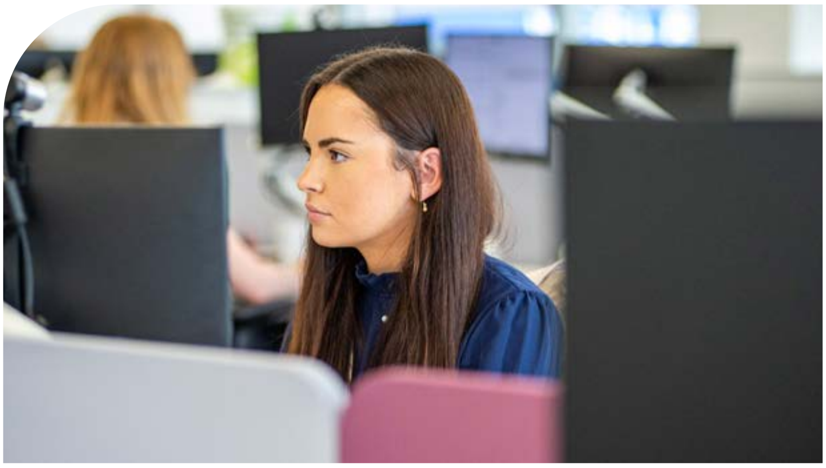
Operating profit

Group operating profit reduced by £22.0m to £23.5m (FY21: £45.4m) due to the benefit of several one-off cost saving measures that were implemented last year to preserve profitability, not recurring in FY22. It also reflects an investment in marketing activity in order to help execute the growth strategy, and a one-off cost of living payment of £2.4m which was paid to our colleagues in FY22 in light of the challenging external conditions affecting the current cost of living.

After normalising for non-underlying items and excluding the results of non-core operations (see note 4 to the financial statements on page 109), core underlying operating profit improved from £23.7m in FY20 (pre-pandemic) to £29.8m in FY22 at a cumulative average growth rate of 12.0%.

Financial review continued

We continue to influence and respond to market change and legal reforms, seeking to protect claimant rights and adapt our CPI business to maintain profit margins.



Total staff costs represented 64.1% of revenue during the year compared with 60.2% in FY21, a reflection of the cost-saving measures (including part-time working) which were implemented in FY21 along with a planned investment in high quality senior recruits both in Client Services and Group Services, to help us deliver our growth plans.

Net finance costs

Net finance costs remained consistent at £2.3m (FY21: £2.3m). Finance costs in the year principally represent interest on lease liabilities and members' capital balances, in addition to charges in relation to the Group's bank facilities.

Profit before tax

Due to the factors detailed above and in line with expectations, the Group reported a profit before tax of £21.2m (FY21: £43.1m). Profit before tax compares favourably to pre-pandemic levels (FY20: £15.4m), with the 2020 comparative including a £12.4m impairment of a legacy goodwill balance relating to the Life Cycle Legal Services cash generating unit.

As detailed above Core profitability has improved since pre-pandemic, which considering the one-off cost of living payment made to employees in the year and significant investment in our IT infrastructure to facilitate future growth, helps demonstrate a strong underlying performance .

Tax

The reported Group tax charge for the year was £5.2m compared to £7.6m in FY21. This represents a current tax charge of £0.4m (FY21: £7.1m), which fell by £6.7m during the year due largely to the transfer of amounts previously held as a deferred tax created by the transition to IFRS to current tax. This was accompanied by a deferred tax charge of £4.8m (FY21: £0.5m charge) due to an unwind of the deferred tax asset created on adoption of IFRS in addition to an increase to the rate at which the remaining deferred tax asset is valued.

The total effective tax rate based on reported profit before tax was 24.6% compared to 17.7% in the prior year.

Dividends

Following the decision to resume the Group's progressive dividend policy in FY22, the Board announced in March 2022 a 20% increase in the interim dividend to 1.5p per share (FY21: 1.25p per share). In light of the Group's continued performance and the outlook for the business, the Board reiterates its commitment to a progressive dividend policy and an announcement detailing the final proposed dividend for FY22 will be made prior to the Annual General Meeting.

Segmental performance

Complex Personal Injury (53% of Group revenue)

The Complex Personal Injury (CPI) segment provides a range of legal services to individuals in relation to CPI claims, covering Medical Negligence, Serious Injury and Workplace illness. The complex nature of the cases means that the average case duration is around four years, with the more complex cases (which generate the highest revenues) taking longer to achieve a successful outcome for our clients.

Our CPI segment performed well in the year, delivering revenue growth of 3.6% or £5.1m to £146.7m (FY21: £141.6m).

Gross profit is up 2.0% to £92.6m (FY21: £90.8m), which represents a strong performance against an FY21 comparator that included significant cost saving measures which were proactively implemented early in the COVID-19 pandemic. As a result, we saw a year-on-year gross margin reduction for the CPI segment of 1.0%, to 63.1% (FY21: 64.1%).

3.6%
Complex PI revenue growth

>£1bn
Financial Asset Services: assets under management

As a result of COVID-19 and the implications of the various lockdown measures, we have seen a temporary reduction in new business volumes across our CPI business, a key driver being reduced road traffic accidents. We have also seen a smaller reduction in new medical negligence cases as a result of medical procedures being cancelled or postponed. Following the lifting of final COVID-19 restrictions in Q4 FY22, we have seen new client enquiries improve and anticipate continued growth in FY23.

The temporary drop in case intake throughout lockdown, which would most likely impact revenue in future years due to the prolonged nature of CPI cases, is expected to be more than offset by underlying growth. Our revenue pipeline, which is an indicator of the visibility of our future revenue from ongoing cases, demonstrates this with a £7m or 3% increase since pre-pandemic of £249m (FY20: £242m) in spite of the reduced new case intake, leaving the segment with a robust foundation from which to drive future growth.

We continue to influence and respond to market change and legal reforms, seeking to protect claimant rights and adapt our CPI business to maintain profit margins.

Life Cycle Legal Services (30% of Group revenue)

Our Life Cycle Legal Services (LCLS) segment provides integrated legal services for individuals and businesses to meet a range of life time client needs. Our broad range of services and sector experience result in revenue diversification, ensuring we are well positioned throughout the macroeconomic cycle. This has been particularly evident in the past three years. Our largest practice areas within LCLS include Commercial Advisory and Disputes, Corporate and Finance, Family, Property, Private Client, and Public Law.

The LCLS segment delivered revenue of £83.7m (FY21: £84.8m), having faced headwinds including COVID-19 related delays to court hearings particularly impacting our Employment, Family and Public Law service lines. Our Property service line performed well in a buoyant market to deliver growth year on year.

Gross profit in LCLS was down £5.4m to £32.2m (FY21: £37.7m) but up on FY20 (by £2.1m compared to £30.1m). The reduction since FY21 comes as a consequence of the prior year comparator including significant cost savings resulting from proactive measures implemented early in the COVID-19 pandemic to safeguard the business. As expected, the gross profit therefore reduced by 5.9% to 38.5% (FY21: 44.4%), however this still represents a significant improvement on pre-pandemic levels (FY20: 35.7%) and includes lower bad debt charges following increased focus on client collections.

Financial Asset Services (13% of Group revenue)

Our Financial Asset Services (FAS) segment provides complementary and differentiated services to help individuals and businesses to manage their financial assets, some of those assets being the result of successful outcomes for our clients elsewhere in the Group.

Our FAS segment consists of three practice areas (i) IM Asset Management (IMAML), an investment management and financial planning firm, (ii) Court of Protection, a specialist practice for vulnerable clients and families and (iii) Ascent, an arrears management outsourcing business primarily servicing UK lenders.

During the year, the FAS segment realised £35.8m (FY21: £36.3m) of revenue, a decrease of 1.6% or £0.5m from the prior year, driven by the conclusion of an arrears management contract with a major bank in the Ascent business. Gross profit reduced accordingly by £1.6m to £17.0m (FY21: £18.6m), but remained ahead of the FY20 figure of £16.5m.

The loss of this contract was partly offset by strong growth in IMAML, which surpassed £1bn of assets under management during the year and achieved revenue growth of 13.7% to £10.0m (FY21: £8.8m). As at 30 April 2022, assets under management by IMAML were £1,002m, an increase of 5.8% from the prior year driven by a combination of new clients and strong client retention, which has averaged c.99% over the last three years.

Post year end, in May 2022, IMAML signed an agreement to acquire TWP Wealth Limited, a wealth management business providing investment and financial planning advice to private and corporate clients with total assets under management of c.£110m. The acquisition will enable IMAML to scale up and expand its wealth management offering, in addition to enabling the Group to cross-sell legal services to TWP’s clients as well as financial planning advice to the Group’s existing private clients. Total consideration for the acquisition will be c.£4m. The transaction is subject to FCA approval.

The Ascent business is seeing emerging signs of recovery in the arrears market and are actively working with several UK prime mainstream lenders on a range of debt recovery solutions. In addition, with most of the Government related restrictions being removed and court back logs starting to ease, we are starting to see higher utilisation and recovery rates in our Court of Protection business.

Financial review continued

The Group balance sheet continues to show an increasingly robust financial position, with an increase in net assets in each of the last three years, an increase in cash and no bank debt.

Other Businesses (4% of Group revenue)

Our non-core Other Businesses segment largely comprises the Group's VPI service line, which is in run-off as detailed below. In line with our expectations, the Other Businesses segment contracted in the year generating £9.7m (FY21: £21.0m) and £1.7m (FY21: £12.2m) of revenue and gross profit respectively.

During the year, the Board completed a strategic review of the VPI business and made the decision to withdraw from this sector to focus on the higher value CPI market. In September 2021, the Group announced that it had entered into a run-off agreement with Minster Law and Gildeas Solicitors to dispose of the Group's VPI operations. The majority of the Group's VPI fee earners have TUPEd across to Minster Law in the year, with a number being seconded back as required to work on the Group's run-off case book until such a point that any remaining cases transfer to the acquirers.

Balance sheet

The Group balance sheet continues to show an increasingly robust financial position, with an increase in net assets in each of the last four years, accompanied by an increase in cash and no bank debt at April 2022.

The Group's net assets increased during FY22 by £10.7m to £110.7m (FY21: £100.0m) as a result of the robust trading performance in the year, offset in part by dividends paid in the year of £4.1m and £4.2m resulting from a buyback of the non-controlling interest's share of IM Asset Management Limited.

During the year, the Group acquired or signed binding contracts to acquire the non-controlling interests' share of IMAML, for consideration with a total fair value of £4.1m. We therefore derecognised the corresponding non-controlling interest, resulting in a reduction to Group net assets of £(4.2)m.

Total non-current assets (excluding deferred tax) reduced by £4.1m to £74.3m (FY21: £78.4m), primarily as a result of a £5.4m reduction in Lease Right of Use assets due to depreciation.

Current assets increased by £19.9m to £357.9m (FY21: £337.9m), partly due to an increase in trade debt of £4.7m to £23.9m as a result of a strong billing performance in quarter four. As a result of a strong pre-year end conversion of contract assets to bills, contract assets reduced by £0.4m to £72.9m (FY21: £73.2m).

Cash and current asset investments grew by £4.7m to £52.8m (FY21: £48.2m). In line with the prior year, the Group's bank facilities continue to remain undrawn.

Net current assets grew by £15.6m to £132.2m (FY21: £116.6m) driven by the £19.9m increase in current assets combined with an ongoing focus on cost control resulting in a reduction in short term creditors.

Total members' capital grew by £4.3m to £50.6m (FY21: £46.3m) as a result of additional contributions from new partners and promotions from salaried to equity partner, reflecting a net increase in partner full time equivalents (FTE) from 223.5 to 230.7 representing an increase of 3.2%.

Total lease liabilities fell by £6.5m to £50.8m (FY21: £57.3m) as a result of the ongoing repayment of our fixed term property leases without significant addition to the fixed term property portfolio.

£10.3m
Free cashflow[1]
(FY21: £27.3m)

£103m
Available liquidity[2]
(FY21: £98m)

£110.7m
Group net assets
(FY21: £100.0m)

Cash flow and working capital

Cash generation was supported by the continued focus on working capital efficiency and operational cost management.

We generated positive free cash flow of £10.3m (FY21: £27.3m) in the year, stated after a significant investment in marketing, and before dividend payments of £4.1m (FY21: £3.6m). Capital expenditure increased to £1.3m (FY21: £0.9m) during the year reflecting the impact of additional IT spend which had been partly deferred as a consequence of COVID-19. This spend will strengthen our IT infrastructure, increase resilience and provide technology which enables growth and greater operational efficiency.

The Group measures working capital efficiency principally through the lock up days. Group lock up days as at April 2022 were 206 days (FY21: 197 days), an increase of 5% as a result of an increase in gross trade debt of £4.1m, the product of a very strong pre-year end billing performance. Contract assets reduced by £0.4m to £72.9m and paid disbursements increased by £0.9m to £56.5m (FY21: £57.5m) which helped the lock up position. Lock up days are longer in CPI (FY22: 248 days) than the other core segments (LCLS: 152 days, FAS: 113 days) as a result of the typical case duration lasting many years, during which time the Group funds various disbursement arrangements.

The Group remains committed to the proactive management of its capital structure and benefits from access to a revolving credit facility (‘RCF’). In recognition of the strong cash position of the Group, which has enabled it to not draw down on its RCF for over two years, the Board decided in September 2021 to amend and restate the RCF from £75m to £50m, with a related accordion of £25m for M&A activity. The amendment and restatement of the facility was completed in November 2021, and was subsequently renewed in August 2022 to reflect the Group’s conversion to IFRS and its strong balance sheet, with a 3 year committed term. The Group continues to have significant headroom in relation to its available liquidity and financial covenants.

Outlook

The Board is satisfied with the performance of the Group in the year which has seen the Group emerge from the pandemic in a robust financial position, having generated profit and cash flow levels in line with the Board’s expectations, without compromising on our ongoing commitment to continue investing in people and technology, leaving the Group well positioned to execute its growth plans.

The Board is mindful of the current macroeconomic and geopolitical volatility caused by events in Ukraine and the rapid rise of global inflation and will keep the implications of these events under review, whilst responding to any changes to UK Government or regulatory policy.

Despite the clear macroeconomic risks, our intention remains to deliver sustainable long-term growth to benefit all stakeholders.

Richard Allen
Group Chief Financial Officer

Approval of Strategic Report

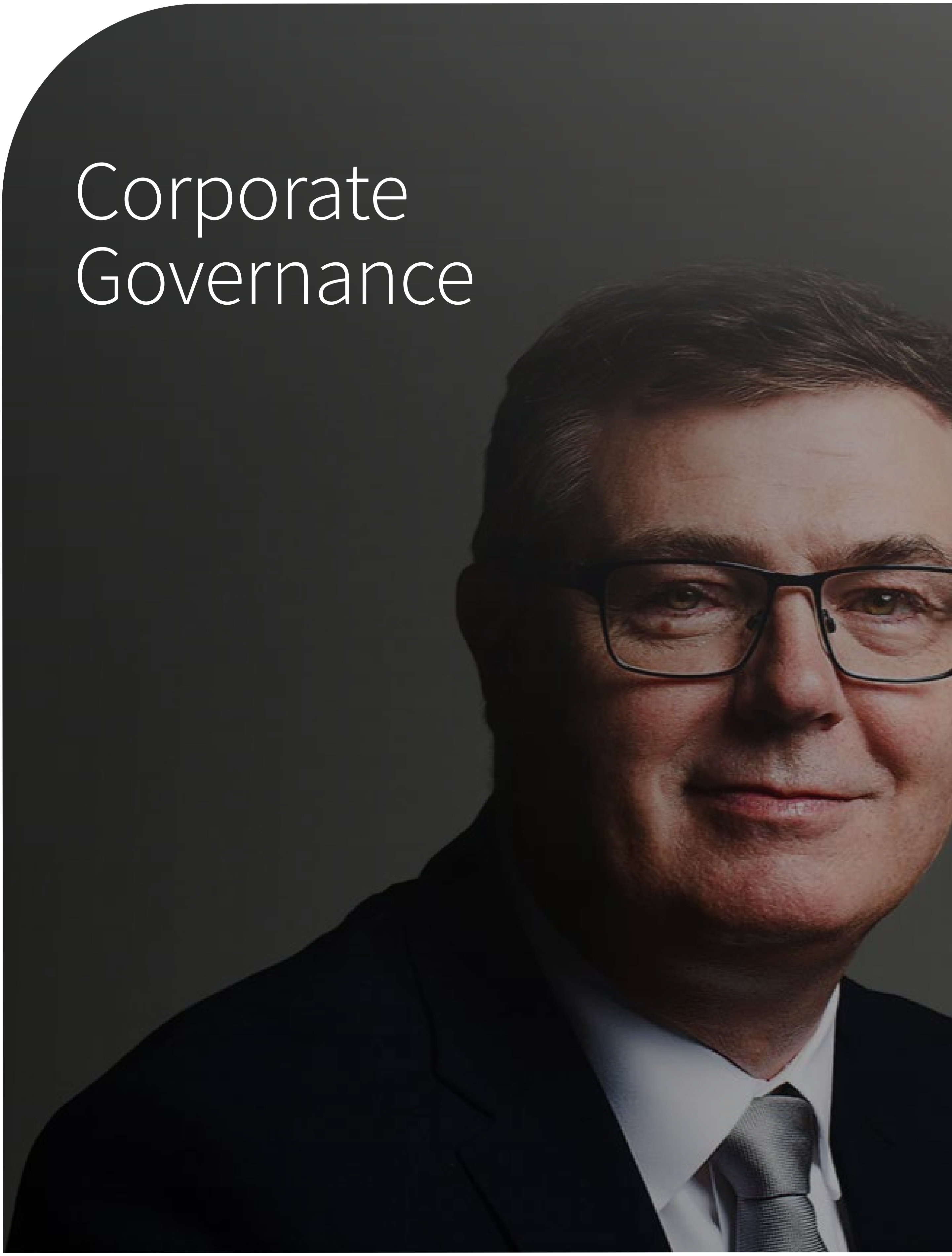
By order of the Board

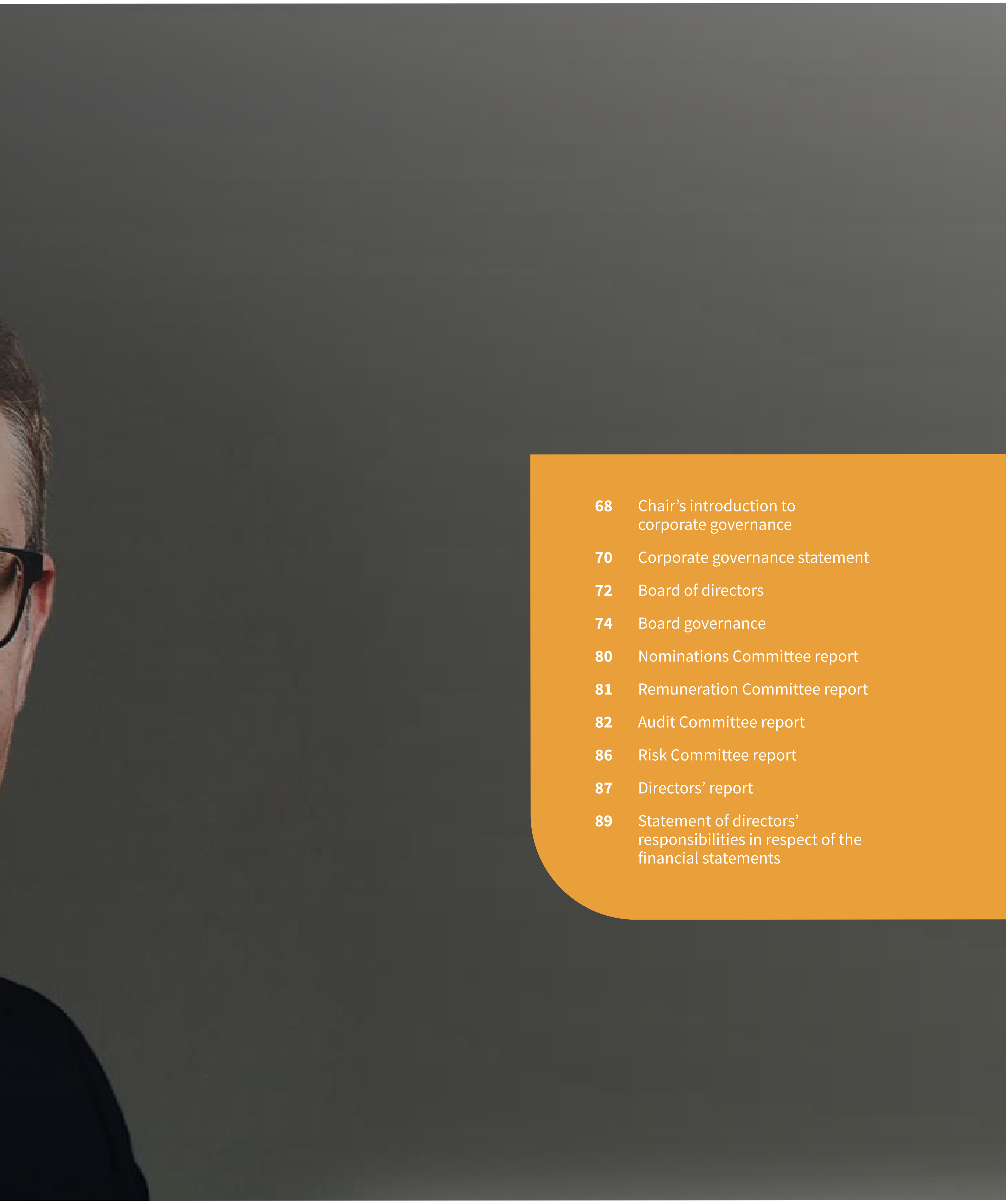
Andrew Tucker
Group Chief Executive Officer

31 August 2022

1. Free cash flow: Net increase in cash, before deducting M&A activity, cash impact of non-recurring expenses and dividends paid (see note 4).
2. Available liquidity: Cash & cash equivalents and current asset investments balances plus £50m undrawn RCF.

Corporate Governance





Chair's introduction to corporate governance

> As your Chair, I am pleased to report that we have taken great strides to develop and now embed governance around our new organisational structure introduced at the beginning of the financial year.

Glyn Barker
Chair

2022	£266.1m
2021	£262.3m

Core Revenue

£266.1m
+1.4%

2022	77%
2021	76%

Employee engagement

77%
+1.3%

2022	52.3%
2021	48.1%

% Female representation in leadership roles

52.3%
+8.7%

Read more about our KPIs / pages 12 to 15

There has been a step change in the way in which we now link personal accountabilities and responsibilities to our new management committee structures, which are designed to inform the decision making and reporting responsibilties of our most senior leaders.

Our Group Chief Executive Officer, Andrew Tucker, is now supported by a Group Executive Committee, the most senior leadership management committee in the Group, whose responsibility it is to support Andrew in the proper performance of his duties. All executive directors of the Company sit on the Group Executive Committee, which is also staffed by our Group Chief People Officer, Group Chief Information Officer and Group General Counsel and is supported by our able Company Secretariat and Governance team.

We have had a stable Board for some time now and I would like to thank my Board colleagues and the executive, led so ably by Andrew, for their continuing insights and contributions to Board meetings.

As stated in my Chair's statement, our financial performance in 2021/22 was strong and in line with expectations despite the uncertainty cause by a huge range of global issues affecting the economy.

The Board and the business as a whole are determined to come out the other side stronger in the face of a range of macro-economic and other global factors.

I have asked our Company Secretariat to undertake an exercise to develop our Board and Board committee corporate governance structures to ensure we move increasingly towards a best-in-class approach, designed to continue to improve board and committee structures, the timeliness and quality of information that comes to Board and therefore the quality of debate and decision making at board level.

At the same time, we will develop a system of governance that is right for the Group and that reflects our culture, aims and values while also looking towards a corporate governance structure that meets our changing needs and helps to support and drive our strategic growth agenda.

Since beginning on the this journey, the Board has developed a clear trajectory to continue to improve its corporate governance starting with a more systematic approach to the development, review and approval of our strategy, the development of a comprehensive Board and Financial Reporting Calendar and a Schedule of Matters Reserved to the Board for Decision which has been cascaded down through our principal subsidiaries.

Glyn Barker
Chair

Corporate governance statement

Corporate governance best practice

The 2018 UK Corporate Governance Code (the Code), sets out the standards of good practice in relation to how a company should be directed and governed. The Code applies to those companies with a Premium Listing on the London Stock Exchange.

In addition, the Wates Corporate Governance Principles for Large Private Companies (the Wates Principles) apply corporate governance best practice for large private companies and groups.

The Company and other legal entities within the wider Group are not required to comply with any corporate governance code and as such, the Board does not state compliance with any code as it is not required. The Board is however committed to moving towards corporate governance practice that meets the needs of the Group as we grow, and to this end, this year, has further enhanced this corporate governance report, which is designed to show the progress made in furtherance of that commitment.

Overview of corporate governance framework

The Group has previously been managed and controlled as a partnership through Irwin Mitchell LLP (LLP) and its Membership Agreement (MA). While the MA still provides for rules around certain function holders, the business has for some time now operated an Alternative Business Structure, with the Company acting as an investment holding company, with partner shareholders (including former partners who currently own c.70% of the issued share capital).

The LLP is regulated by the Solicitors Regulation Authority (SRA). Ascent Performance Group Limited (Ascent) is regulated by the SRA and the Financial Conduct Authority (FCA) and IM Asset Management Limited (IMAML) is regulated by the FCA. The LLP provides outsourced group services to other trading companies in the Group, including Ascent and IMAML. The MA currently provides for a bonus distribution of no less than 28% of Group profits, adjusted for any necessary one-off items, to the partners (who are self-employed).

The Company, LLP, Ascent and IMAML senior officers have their own regulatory responsibilities, with Ascent and IMAML being core firms under the FCA Senior Managers Regime. The Company is the corporate partner in the LLP and holds in excess of 75% of the issued share capital of Ascent and IMAML.

The Board appoints directors to the Board, considers the appointment and re-appointment of the external auditors, approves and recommends dividends and delegates authority as it see fit. The Board agrees the Group strategy and monitors its execution against agreed targets in accordance with the Articles of Association and its duties under Jersey Law. In doing so, the Board considers the interests of and actively engages with all of its key stakeholders, providing leadership and direction, including in relation to culture, purpose, values and business ethics.

Certain governance responsibilities have been delegated by the Board to committees of the Board to ensure oversight of financial reporting, internal controls, risk management, remuneration and reward and generally to assist the Board in carrying out its responsibilities.

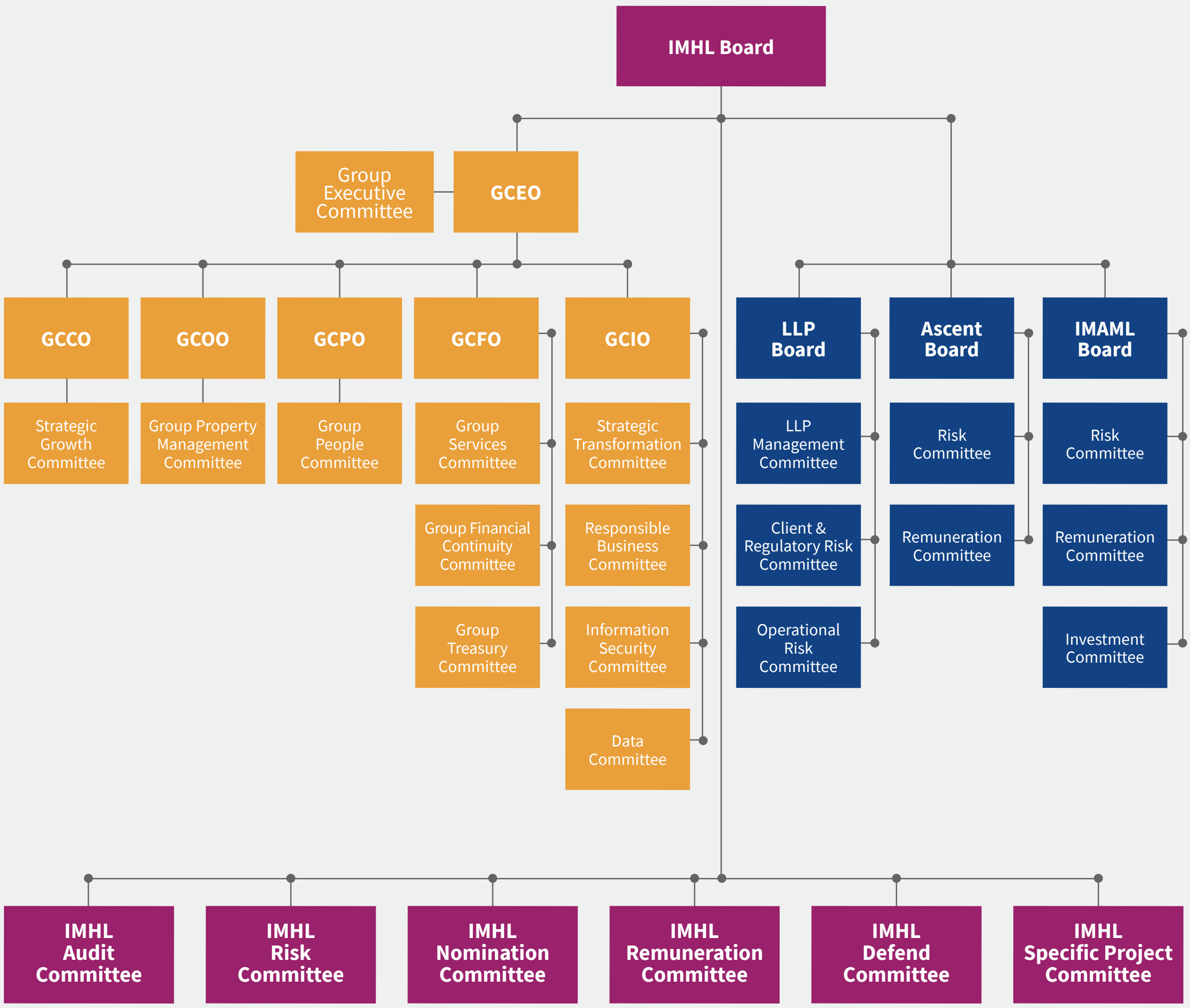
Further details of the responsibilities of the Remuneration Committee, Audit Committee, Risk Committee and the Nomination Committee can be found on pages 76 and 77.

Oversight of the day-to-day management of the affairs of the Group is the responsibility of the Board, which delegates authority to the Group Chief Executive Officer (GCEO), supported by the Group Chief Financial Officer (GCFO) and the GCEO's executive management team made up of the GCEO, GCFO, the Group Chief Commercial Officer (GCCO), Group Chief Operating Officer (GCOO), Group Chief People Officer (GCPO), Group Chief Information Officer (GCIO) and the Group General Counsel (GGC) (the Chief Officers).

The Chief Officers have established a management committee structure and reporting framework to help provide assistance to them in the proper performance of their roles and responsibilities. This sits outside of the formal Company, LLP, Ascent and IMAML Board and Board committee structures but responds to the duties and responsibilities of the Chief Officers.

The Group Executive Committee (GEC) has been established as a management committee to assist the GCEO in the proper performance of his duties. The GCEO has responsibility for the day-to-day management of the affairs of the Group, for delivering financial performance in line with the Group's budget agreed by the Board and for operating model and organisational design of the Group's operations. The GCEO is also responsible for development and execution of the Group's overall strategy and commercial objectives for approval by the Board. The GCEO is responsible for promoting and conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance. The GEC assists the GCEO in carrying out the duties and responsibilities set out above, relating to the management of the affairs of the Group as delegated by the Board and pursuant to the MA. Further details of the legal and management committee structures can be found in the chart set out opposite:

Governance structure



Executive delegation via job description and subsequent management committees

Principal legal entities and their committees

Group Board and its committees

Board of directors

The Board is responsible for determining the Group's strategy and for promoting our long-term success, through creating and delivering sustainable long-term value for all our stakeholders.

Glyn Barker
Chair

Age: 68

Time on Board: Nine years

Committee Membership:

C

Glyn has been a trusted adviser to FTSE 100 and other public and private company boards for over 25 years. He also has a track record of working with entrepreneurial, fast growth businesses.

Glyn was the first non-executive appointment to the Board in 2012, becoming Chair in the same year. Glyn is also Chair of our Nomination Committee.

Prior to this, Glyn was Vice Chair of PWC UK having also been a Managing Partner at the firm. He was also a non-executive director at Aviva plc for eight years, including three as senior independent director.

For seven years Glyn was also the Deputy Chair and Trustee of English National Opera.

He is the current Chair of FTSE 100 constituent Berkeley Group Holdings plc as well as a director at Transocean, Tappit and Various Eateries Ltd.

Glyn is also a Partner at Song Capital Partners, a UK and European investment firm.

Glyn studied Economics and Accounting at Bristol University.

Mel Egglenton
Non-Executive Director

Age: 65

Time on Board: Nine years

Committee Membership:

C C C

Mel is a trusted adviser to the Board on which he has served since 2012 and chairs our Audit, Risk and Remuneration Committees. He also serves as a non-executive director on the Board of our subsidiary undertaking Ascent Performance Group Limited.

Mel also supports a number of private businesses and serves as a director of Soho Estates Limited, a property investment company.

In addition, Mel has served on the Board of UK listed entities including Pendragon PLC and Hansteen Holdings PLC where in both cases he rose to chair their boards.

He spent his earlier career with KPMG, becoming their Midlands regional Chair and UK senior independent partner and a member of their UK board.

Andrew Tucker
Group Chief Executive Officer

Age: 61

Time on Board: Nine years

Committee Membership:

Andrew is the Group Chief Executive Officer of Irwin Mitchell, having been appointed to that role in April 2014.

He joined Irwin Mitchell in 1985 and became a Partner in 1988.

Irwin Mitchell's turnover has grown in each of Andrew's years at the helm and the brand was recognised as a Superbrand for the first time in 2019.

Andrew brings strong strategic vision to the chief executive role and a commitment to doing everything in the best interests of our clients, colleagues and the communities we work with.

Prior to his appointment as Group Chief Executive Officer, Andrew was the Chief Executive of the firm's Personal Legal Services division, with responsibility for the delivery of a range of legal services.

Andrew also headed up Irwin Mitchell's industry-leading personal injury department and has worked on many high-profile and ground-breaking cases, including the Kegworth air crash, CJD and the coal miners' vibration white finger and chest illness cases.

Outside Irwin Mitchell, Andrew spent nine years as a Law Society Council Member for Yorkshire.

He studied Law at University of Liverpool and Chester College of Law.

Committee membership key

Nomination Committee | Remuneration Committee | Audit Committee | Risk Committee | C Committee Chair

Richard Allen
Group Chief Financial Officer

Age: 51

Time on Board: Three years

Committee Membership:

Richard joined Irwin Mitchell as Group Chief Financial Officer in 2019. He is an accountant with 25 years' post qualification experience.

He has extensive experience working in large corporate and listed businesses, as well as regulated industries, having previously been Group Financial Controller at the energy business Drax Group Plc for almost five years. He was responsible for the group's financial processes and controls, planning and forecasting, internal and external reporting, procurement and pensions.

Prior to Drax, Richard was Group Finance Director and Interim Chief Executive Officer at Augean Plc, Head of Finance at Kelda Group Ltd and a Finance Director at Nestle SA.

He originally studied Geography at the University of Durham before joining the graduate scheme at PowerGen Plc and training as a management accountant.

Craig Marshall
Group Chief Operating Officer

Age: 55

Time on Board: Eight years

Committee Membership:

Craig became Group Chief Operating Officer in 2021 leading the delivery of both our award-winning client services (comprising all of our legal teams nationally) and our client and business operations.

He joined Irwin Mitchell in 2007 when the firm merged with large Scottish law firm Golds and was latterly Chief Executive Officer of Irwin Mitchell's Personal Legal Services Division from 2014 to April 2021 before taking on his current role. Prior to the merger with Irwin Mitchell, Craig was Managing Partner at Golds .

He was also managing partner of Irwin Mitchell Scotland LLP for nine years from 2011 to 2020.

Craig studied law at the University of Aberdeen.

Victoria Brackett
Group Chief Commercial Officer

Age: 51

Time on Board: Five years

Committee Membership:

Vicky became Irwin Mitchell's first Group Chief Commercial Officer in 2021, responsible for the planning and execution of the growth plans for the Group. She leads the strategy on organic growth, mergers and acquisitions and strategic lateral hires. Vicky previously led Irwin Mitchell's Business Legal Services Division.

Prior to joining Irwin Mitchell, Vicky was Managing Partner of Thomas Eggar LLP, a firm providing support to businesses and private clients, which was acquired by Irwin Mitchell in 2015. During her time as Managing Partner, she led the acquisition of a boutique corporate firm in London, Pritchard Englefield and then led the partnership into the merger with Irwin Mitchell.

Vicky trained as a commercial disputes lawyer with Freshfields specialising in banking and insurance disputes. Vicky spent 10 years at Freshfields, which included two six months overseas secondments. After her 10 years at Freshfields, she moved to Thomas Eggar where she led the growth of the Commercial Litigation Department and subsequently became Department Head.

She is also the Chair of trustees for a local charity, PSDS, which supports children and young adults with Down syndrome.

Vicky studied European law at University of Warwick and Justus Liebig Universitat, Giessen, Germany.

Board governance

Leadership

The role of the Board

The Board provides leadership by setting the Group's strategic direction and overseeing the execution of the strategy by the executive directors and senior management.

The Board is responsible for determining the Group's strategy and for promoting our long-term success, through creating and delivering sustainable long-term value for all our stakeholders. The Board is provided with timely, comprehensive and clear information to enable it to undertake its role and to encourage fully informed debate and decision making. It is collectively responsible for the long term sustainable success of the Group, taking into account the needs of all stakeholder groups forming part of its Clients, Colleagues and Communities axis.

The Board is responsible for ensuring it has the appropriate skills, knowledge, diversity and experience to perform its role effectively and to this end, has developed a schedule of matters reserved to it for decision making. Matters reserved include, amongst other things, the approval of the Group's strategy, approval of major transactions, annual budgets and changes to our capital and governance structures. The matters reserved to the Board are supplemented by an annual approved board calendar, aligned to the financial reporting calendar that provides for regular reviews of financial performance, business performance and setting the Group's risk appetite.

Specific matters for approval and recommendation to the Board have been formally delegated to certain Board committees, details of which are set out later in this report.

Board composition

As at the year-end the Board comprised six directors, four of whom are executive directors, a non-executive chair who was independent on appointment, and one non-executive director, supported by the Company Secretary and senior management.

Board responsibilities

The Board operates a clear division of responsibilities between the Chair and the Group Chief Executive Officer (GCEO).

Chair

The Chair, Glyn Barker, was appointed to the Board in 2012. He is responsible for leading the Board, creating the right conditions to ensure its effectiveness in all aspects of its role and for ensuring that the Board takes a constructive role in supporting and challenging management in and outside of Board meetings, including in relation to the development of our strategy.

This also includes promoting the highest standards of integrity, probity and corporate governance at and below Board level.

The Chair is responsible for agreeing the Board's agenda, in consultation with the GCEO and Company Secretary, taking full account of the need to allow time for robust and constructive discussion and challenge on all relevant matters. He is also responsible for promoting effective communication between the Board and its directors.

The Chair has a close working relationship with the GCEO and the Company Secretary, who work together to monitor the effective implementation of the strategies and actions agreed by the Board.

Group Chief Executive Officer (GCEO)

The GCEO, Andrew Tucker, has responsibility for the day-to-day management of the affairs of the Group, for delivering financial performance in line with the Group's budget agreed by the Board and for designing the operating model and organisational design of the Group's operations. The GCEO is also responsible for development and execution of the Group's overall strategy and commercial objectives for approval by the Board. The GCEO is responsible for promoting and conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance.

The GCEO is also responsible for recruitment, leadership and development of our executive management team and for proposing to the Board our approach to vision, values, culture, diversity and inclusion.

Group Chief Financial Officer (GCFO)

The GCFO, Richard Allen, is responsible for the financial management of the Group and its financial reporting, for monitoring our operating and financial results and for management of our internal financial control systems.

The GCFO also has responsibility for oversight of capital and liquidity management, for risk management, procurement, merger and acquisition execution and investor relations. He supports the GCEO in implementing our strategy and in relation to the financial, risk management and operational performance of the Group.

Other executive directors

Victoria Brackett is our Group Chief Commercial Officer (GCCO) with responsibility for planning, developing and helping to implement commercial strategies to support and accelerate the Group's growth ambition and Strategic Growth Plan, with a client centric focus.

Craig Marshall, our Group Chief Operating Officer (GCOO) has responsibility for delivery of best in class legal solutions for our legal services clients and a streamlined legal services client and business operationalised services and overseeing of property and facilities.

Non-executive directors

The non-executive directors, including the Chair, are considered to be independent of management and are considered by the Board to be free from any business or other relationships that could compromise their independence.

Their role is to effectively advise and constructively challenge management, along with monitoring management's success in delivering the agreed strategy within the risk appetite and control framework agreed by the Board.

They are also responsible, through the Remuneration Committee, for determining appropriate levels of remuneration and reward for the executive directors. In addition, the Chair of the Audit Committee has responsibility for ensuring the independence of the Internal Audit function.

Company Secretary

The Company Secretary, Emma Garth, supports and works closely with the Chair, the GCEO, the GCFO and the Board Committee Chairs in setting agendas for meetings of the Board and its Committees and in supporting accurate timely and clear information flow to and from the Board and the Board committees, and between directors and senior management.

The Company Secretary also advises the Board on corporate governance matters and Board procedures, and is responsible for administering annual general meetings.

How the Board operates

The Board meets regularly. Senior executives below Board level are invited to attend meetings as required to present and discuss matters relating to their business areas and functions.

The full Board may also meet when necessary to discuss important ad hoc emerging issues that require consideration between scheduled Board meetings.

Each director commits an appropriate amount of time to their duties during the financial year. The Chair and non-executive director meet the time commitments reasonably expected of them.

Where directors are unable to attend meetings, they are encouraged to give the Chair their views in advance on the matters to be discussed.

The Chair and non-executive director meet in the absence of the executive directors as required and also from time to time meet with the GCEO.

Attendance at Board meetings

The number of full scheduled Board meetings attended by each director during the year is set out below.

Board member	Scheduled meetings eligible to attend	Scheduled meetings attended
Glyn Barker – Chair	10	10
Mel Egglenton – Non-Executive Director	10	10
Andrew Tucker – Group Chief Executive Officer	10	10
Richard Allen – Group Chief Financial Officer	10	10
Craig Marshall - Group Chief Operating Officer	10	10
Victoria Brackett - Group Chief Commercial Officer	10	10

In addition, the full Board met twice to consider aspects of the Group's forward-looking strategy.

Board activities during the year

The Board meeting agendas during the year included consideration across the key areas of strategy, governance, risk and financial performance.

Strategy and operational highlights

During the year, the Board held periodic strategy sessions focusing on evolution of the three strategic pillars: Clients, Colleagues and Communities, focusing on client experience and growth. The Board also considered and oversaw Group merger and acquisition opportunities as part of the continued focus on growth.

Board governance continued

Business and current trading

The Board received business performance updates on progress and challenges faced throughout the year as part of the formal finance reports from the GCFO as well as updates from the relevant business leaders on each of the trading subsidiaries regarding operational, client and colleague matters.

Operationally, the Board continued to receive regular updates from the GCEO and GCOO on the progress of changes to the operating model in the LLP and other significant projects including the transition of the LLP business out of the Volume Personal Injury business.

Forecasting and budget

Reports have been provided on the Group's performance against budget and prior year budget. Consideration given to the impact of COVID-19 has continued in respect of the strategic growth plan and the Financial Continuity Committee continues to oversee the Group's finances. As part of the consideration of the financial reports, the Board considered the risks and opportunities for the 2022 financial year budget and impact on the Group's strategic growth plan.

The Board received, considered and approved the strategic growth plan at the beginning of the calendar year and the subsequent FY22 budget.

Culture, people, governance, risk and regulation

Updates and proposals on colleague initiatives have been provided throughout the year looking at new ways of working and wellbeing initiatives to support colleagues as they returned to office working in a flexible way. This gives colleagues the opportunity to benefit from the acceleration of the Group's plans for new ways of working driven by businesses' response to the pandemic.

The Board received a report on the Group's principal risks and proposals around the Group's risk appetite for approval, updates on the Group's approach to information and cyber security, initiatives around diversity and inclusion, discussions relating to the size and composition of the Board and for the replacement of the Group pension provider.

Board committees

Certain governance responsibilities have been delegated by the Board to Board committees to ensure there is oversight of internal control and risk management. These Board committees currently comprise Board and non-Board members, non-executive directors and, in some cases, the Chair. A brief description of the roles of each committee is set out below. The Chair of each Board committee reports to the Board on the matters discussed at committee meetings on a regular basis and as required. Reports from the Chair of each of the principal Board committees, including information on the committee's composition and activities in the year, can be found in the sections relating to each committee within this report.

Effectiveness

Audit Committee

The prime functions of the Audit Committee are to:

- review the firm's internal controls, accounting policies, financial statement content, and adequacy of internal and external audit;
- monitor and oversee the firm's relationship with its external auditors and provide assurance to the Board that the executive management's control assurance processes are complete and effective; and
- ensure the Board Risk Committee operates a system of review and controls to ensure that regulatory and legislative risk is monitored and action taken and has processes in place for assessing and mitigating operational and reputational risks.

Risk Committee

The prime functions of the Risk Committee are to:

- ensure that appropriate systems are in place to identify and record enterprise wide risks;
- review the Group's risk register in order to ensure appropriate mitigation strategies are in place for the major risks facing the organisation;
- review the work of Internal Audit to ensure appropriate action is being taken to resolve identified issues; and
- consider the risk implications to the Group for major business and product development and operational projects.

Remuneration Committee

The prime functions of the Remuneration Committee are to:

- establish the over-arching principles of remuneration policy for the Group;
- exercise due governance and oversight of annual LLP member reward review processes;
- approve the development of share based or other long term incentive programmes across the Group;
- receive reports, exercise oversight and provide guidance regarding reward arrangements and reviews for Salaried Partners, Associate Directors and wider employee groups;
- exercise due governance and oversight regarding the operation of Irwin Mitchell share schemes and the activities of the independent share schemes trustees; and
- seek independent remuneration advice where it views this to be appropriate and necessary to discharge its duties.

Nomination Committee

The prime functions of the Nomination Committee are to:

- oversee appointments to the Board and Board committees;
- review the Group's approach to Board, executive positions and equity member succession planning; and
- approve hiring plans and candidates for LLP member roles, director level roles and senior level consultants.

Board composition

The Board's size and the skills and experience of its members have a significant impact on its effectiveness. The Board maintains a balance in terms of experience and skills of individual Board members. These factors are regularly reviewed to ensure that the Board has the right mix of skills and experience for constructive discussion and, ultimately, effective Board decision making.

The breadth of skills and experience currently on the Board includes experience in a number of areas, including business, control, governance and external relations. In particular the Board is particularly strong in areas such as legal services, client services, strategy development, finance and financial analysis, operations, risk and compliance, business transformation and change and stakeholder management. There is an appropriate combination of executive directors and non-executive directors, such that no individual or small group of individuals can or do dominate the Board's decision making.

Director independence

The independence of the non-executive directors is considered by the Board. The Board considers factors such as length of tenure, independence of mind and thought, demonstration of holding the executives to account and constructively challenging, and relationships or circumstances that are likely to affect or appear to affect the directors' judgement in determining whether they remain independent.

Following discussion at Board, the Board concluded that the non-executive directors continue to remain independent in character and judgment and are free from any business or other relationships that could materially affect the exercise of their judgement.

The Board is eager to maintain a stable Board during its current phase of development, and is committed to the current and new non-executive directors working closely together.

Conflicts of interest

Directors have a duty to avoid situations in which they may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. Directors should disclose both the nature and extent of any potential or actual conflicts with the interests of the Company.

Succession planning and appointments to the Board

The Board uses succession planning to ensure that executive directors with the necessary skills, knowledge and expertise are in place to develop and deliver our strategy, and that it has the right balance of individuals to be able to discharge its responsibilities.

The Board regularly reviews its composition to keep it constantly refreshed. Any searches for board candidates and appointments made, are based on merit against objective criteria, including the use of a board skills matrix which was last updated during the financial year.

The Nomination Committee, acting through a Board Composition and Remuneration sub-committee has specific responsibility for considering the appointment of non-executive and executive directors and recommending new appointments to the Board.

It reviews the structure, size and composition required of the Board and makes recommendations to the Board as appropriate. More information on the work of the Nomination Committee can be found in the Nomination Committee report on page 80.

Board tenure (as at the date of signing the Annual Report)

Tenure	Executive directors	Non-executive directors (inc. Chair)
0 to 3 years	1	–
3 to 6 years	1	–
Over 6 years	2	2

Induction

The Board, through the Company Secretariat, has developed a formal Board induction process. Following appointment, each director will receive a comprehensive and formal induction, linked to their individual experiences, to familiarise them with their duties and our business operations, risk and governance arrangements.

The induction programme, which will be coordinated with the help of the Company Secretary, may include briefings on industry and regulatory matters relating to the business, strategy and business model, our history, risk management and risk appetite, as well as meetings with senior management in key areas of the business.

These will be supplemented by induction materials such as recent Board papers and minutes, organisation structure charts, governance matters and relevant policies. Newly appointed directors may also meet the Company's external auditor and advisers, and attend a presentation on the roles and responsibilities of a director in the context of the Group.

Ongoing professional development

In order to facilitate greater awareness and understanding of our business and operating environment, all directors are given the opportunity to meet with members of management to receive updates on changes and developments in the business, through internal meetings and briefings by internal advisers and business heads, as well as external advisers where required.

Board governance continued

Information provided to the Board

The Chair, with support from the GCEO and Company Secretariat, is responsible for ensuring that the Board is in receipt of accurate and clear information, in a timely manner, to enable and encourage appropriate challenge and debate and to ensure decisions are fully informed.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and compliance with applicable laws and regulations is observed.

The Company Secretary supports the Chair and the GCEO in setting the Board agenda. Board papers are distributed to all directors in advance of Board meetings via a secure electronic system.

The Company Secretary is also responsible for advising the Board, through the Chair, on corporate governance matters. Directors receive briefings from the GCEO and other executive officers in the periods between meetings.

During the year, the Board received a comprehensive update and training on their legal and regulatory responsibilities.

Election and re-election of directors

The Board is currently not subject to the requirement to seek election and re-election at the AGM, although this remains under review.

Board evaluation

The Board is not currently subject to formal evaluation of its effectiveness, although the Board and its directors are informally evaluated by the Chair.

In due course the Board will consider adopting a more formal approach to Board evaluation and is in discussions with external professional board evaluation specialists as to how we may pursue this.

Time commitment

Following the informal review referred to above, the Board is satisfied that each of the directors continues to be able to allocate sufficient time to the Company to discharge their responsibilities effectively.

Accountability

Financial and business reporting

The Strategic report on pages 2 to 65 describes our purpose, business model and strategy, whereby we generate and preserve value over the long term and deliver the objectives of Irwin Mitchell.

A statement of the directors' responsibilities in respect of the financial statements is set out on page 89 and a statement regarding the use of the going concern basis in preparing the financial statements is provided in the going concern statement in note 2 of the financial statements on page 99.

Risk management and internal control

We are exposed to a number of business risks in providing services to our clients. The Board is responsible for establishing the overall appetite for these risks, which is detailed and approved in the risk appetite statement on page 55.

The Board has responsibility for ensuring the maintenance of our risk management and internal control systems, and for annually reviewing them.

The framework under which risk is managed in the business is supported by a system of internal controls, designed to embed within the business the effective management of our key business risks.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Through verbal reports from the Risk Committee and the Audit Committee, the Board reviews and monitors our risk management and internal control systems and the effectiveness with which we manage the principal risks we face.

The directors confirm that the Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten our business model, future performance, solvency and liquidity. We outline the risks to which we're exposed and the framework under which risk is managed, including a description of the system of internal controls, on pages 54 to 59 and in the going concern statement on page 99.

Throughout the year and up to the date of this report, the Group has operated a system of internal controls that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

Internal controls over financial reporting

Our financial reporting process has been designed to provide reasonable assurance regarding the reliability of the financial reporting and preparation of financial statements, including consolidated financial statements, for external purposes in accordance with International Financial Reporting Standards (IFRS).

Internal controls over financial reporting include procedures and policies that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposals of our assets and liabilities;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements, and that receipts and expenditures are being made only in accordance with authorisations of management and respective directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of Group assets that could have a material effect on our financial statements.

Remuneration

The responsibility for determining remuneration arrangements for the executive directors has been delegated to the Remuneration Committee. The remuneration of the non-executive director is set by the Board without the non-executive director present, and the remuneration of the Chair is set by the Board without the Chair being present. Information on the Remuneration Committee can be found on page 81.

Engagement with shareholders and other stakeholders

The Board recognises the importance of maintaining good and constructive communication with our stakeholders. Our Annual Report is an important medium for communicating with shareholders and other stakeholders, setting out detailed reviews of the business and its future developments in the Chair's statement on page 16, the GCEO's statement on page 18 and the Strategic report, pages 2 to 65.

To ensure that members of the Board develop an understanding of the views of major shareholders, the GCEO makes himself available for discussions with shareholders upon request.

The Board recognises that the Group can only meet its strategic aims and grow and prosper in a sustainable and inclusive way, if we understand and respect the views and needs of our stakeholders. The annual plan, shared with all colleagues, sets out our strategy which is to focus on creating and embedding a sustainable and inclusive approach to our relationships with our key stakeholders: Clients, Colleagues and Communities. This includes the interests of our employees and wider workforce, the need to foster business relationships with suppliers, clients and others, consideration of the impact of our operations on the communities we serve and the wider environment.

Our shareholders include retired and current partners of the LLP, the largest legal entity within the Group. To ensure we engage fully we provide a quarterly report and other ad hoc updates through the year to our partner shareholders and also maintain access to the Board throughout the year and at the Annual General Meeting.

Shareholders are free to contact senior management as required and retain a financial interest in the Group through payment of dividends and for some shareholders the repayment of outstanding capital balances. The Board believes the interests of all shareholders are aligned to the sustainable long-term growth of the Group

The Company's approach to stakeholder management is set out in further detail in the stakeholder engagement section on pages 34 to 37.

The Annual General Meeting

The Annual General Meeting (the AGM) provides the Board with the opportunity to communicate with our beneficial owners of our shares, and we welcome and encourage their participation at the meeting.

The Chair aims to ensure that all the directors, including the Chairs of the Board committees, are available at the AGM to answer questions.

The Notice of AGM sets out the resolutions to be proposed at the meeting and sets out a clear explanation of each resolution to be proposed. Our Annual Report and Accounts this year will be made available to our shareholders and beneficial owners via our secure site, at least 14 days before the date of the meeting.

Beneficial owners of our shares have the opportunity to ask questions and, if they are unable to attend, can submit written queries in advance of the meeting.

Nomination Committee report

Glyn Barker
Chair
Nomination Committee

The Committee has an important role in the process for appointments to the Board and for appointments at full equity member level of Irwin Mitchell LLP.

Chair's overview

The Committee has an important role in the process for appointments to the Board and for appointments at full equity member level of the LLP. It is responsible for considering plans for the orderly succession to the Board and for overseeing the development of a diverse pipeline for Board succession.

The Committee is also responsible for ensuring the Board has the combination of skills, experience and knowledge needed to lead the Group at Board level, and in supporting the development and delivery of our strategy.

It is responsible for identifying, and recommending, to the Board, suitable candidates for appointment to the Board and ensures the Board's composition meets the Company's needs, using external search consultancies to help source suitable candidates based on objective criteria.

Committee membership and attendance

Board member	Scheduled meetings eligible to attend	Scheduled meetings attended
Glyn Barker - Chair	1	1
Mel Egglenton - Non-executive director	1	1
Victoria Brackett - Executive director	1	1
Craig Marshall - Executive director	1	1
Andrew Tucker - Executive director	1	1

The GCPO and appropriate representatives from the People team support the Committee, no one present or in attendance takes part in the matters relating to their own role.

In addition to the meeting this year,the Committee also received out-of-cycle approvals for appointments to full equity membership of the LLP periodically throughout the year in support of the strategy.

Role of the Committee

The principal roles and responsibilities of the Committee are set out above on page 77.

Activities during the financial year

There have been no changes to the Board during the year. The Committee oversaw the annual round of promotion to full equity membership of the LLP culminating in recommendations from the LLP Board to the Committee in April for promotion from 1 May 2022.

Diversity

In considering the need to promote diversity in all its forms, when conducting searches as part of its Board appointments processes, the Board has regard to the Hampton Alexander review, the Parker review and recent guidance from the FCA focused on board and management diversity. We have a well defined process which ensures a transparent and independent, evidenceable system through our Board skills matrix and seach firm appointment processes.

Glyn Barker
Chair

Remuneration Committee report

Mel Egglenton
Chair
Remuneration Committee

The Remuneration Committee is integral to the appointment of our senior people and ensures that remuneration and reward packages are aligned to internal and external benchmarking.

Chair's Overview

The Remuneration Committee is integral to the appointment of our senior people in Irwin Mitchell LLP and to the Board.

The Committee is responsible for ensuring the reward packages for those individuals being admitted to full equity membership of the LLP is supportive of the LLP and Group strategy and objectives; and that the reward packages for those individuals being admitted to the Board drives the combination of skills necessary to lead the Group supported by external search consultants and our People team. In both cases the Committee ensures that the remuneration and reward packages of those individuals are aligned to internal and external benchmarking.

Committee membership and attendance

Board member	Scheduled meetings eligible to attend	Scheduled meetings attended
Mel Egglenton - Chair	3	3
Glyn Barker - Non-executive director	3	2*
Fergal Dowling - LLP member Non-Board	3	3
Alison Eddy - LLP member Non-Board	3	3

* G Barker did not attend one meeting held at short notice due to prior commitments.

The GCEO attends the meeting by invitation as do the GCPO and appropriate representatives from the People Team. No one present or in attendance takes part in the matters relating to their own remuneration.

In addition to the three meetings this year the Committee also received out-of-cycle approvals for appointment packages for those individuals approved for appointment to full equity membership of the LLP periodically throughout the year in support of the strategy.

Role of the Committee

The principal roles and responsibilities of the Committee are set out above on page 76.

Activities during the financial year

During the financial year the Committee met to consider the FY21 pay and bonus approach, distribution of the basic member profit shares for the full equity member community, Board and executive committee level remuneration and the FY22 bonus proposal. In addition, the Committee met to consider remuneration relating to the promotion of full equity member's.

The Committee also met to discuss and agree changes to the Members' Share Trust Deed designed to provide additional flexibility on the vesting profile of certain awards that have already be granted.

Mel Egglenton
Chair

Audit Committee report

Mel Egglenton
Chair
Audit Committee

The Committee is currently overseeing and supporting the further development of significant improvements in the systems and controls infrastructure.

Chair's overview

This report sets out the role of the Committee and how it has discharged its responsibilities during the year.

The role of the Audit Committee is central to the Group's financial control processes. The Committee members are committed to working closely with other Board committees in respect of relevant issues affecting more than one committee, including areas such as risk management, strategic development and continued financial oversight.

This year the Group has transitioned to the newly appointed auditor Ernst & Young LLP and has completed its first full cycle review with the new audit team, including the transition to a fully audited Annual Report and Financial Statements and the business moving from UK GAAP to IFRS.

The Committee also oversaw the recruitment for and appointment of a Head of Internal Audit.

The Committee has seen further improvements in the quality of materials provided and presented and is currently overseeing and supporting the further development of improvements in the systems and controls infrastructure.

Committee membership and attendance

Board member	Scheduled meetings eligible to attend	Scheduled meetings attended
Mel Egglenton - Chair	4	4
Richard Allen - Executive Director	4	4
Guy Darlaston - LLP Member Non-Board	4	4
Chris Rawstron - LLP Member Non-Board	4	3*

* C Rawstron did not attend one committee meeting due to a pre-existing appointment. He ceased to be a member of the Committee on 6 May 2022.

Role of the Committee

The principal roles and responsibilities of the Committee are set out above at page 76.

How the Committee operates

To ensure the Committee discharges its responsibilities appropriately, the Board has adopted an annual forward-looking financial calendar covering key events in the financial reporting cycle.

The Company Secretariat, with input from the Chair as appropriate, drafts the agenda before each meeting, ensuring that each of the items under the Committee's terms of reference and responsibilities are covered at least once in the financial year, and more frequently if required.

Following each Committee meeting, feedback and recommendations are provided to the Board where applicable.

Members of the Committee also meet separately with the external auditors to focus on their areas of responsibility, and to discuss any potential requirements for support.

Activities during the financial year

Financial reporting

In relation to financial reporting, the primary role of the Committee is to work with management and the external auditor to review the appropriateness of the Annual Report and Accounts. The Committee discharged its responsibilities in respect of financial reporting by, amongst other matters, focusing primarily on the following:

- Reviewing the risks inherent within the Group's financial reporting, through discussion with the external auditor, and considering whether the Group's internal process and control framework are considered to adequately address these risks.
- Considering the quality of the Group's accounting policies and practices in order to address relevant accounting standards.

- Through discussions with the Committee Chair and the finance function, reviewing financial statement disclosures in order to review compliance with financial reporting standards and other relevant reporting requirements.
- Considering management's key judgements and estimates that could be reasonably considered to have a material impact on the financial statements, including through discussion with the external auditor in these areas.
- Reviewing the Annual Report and Accounts prior to issuance, recommending these to the Board for approval as appropriate.
- Provide sufficient information for shareholders to assess the Group's business model, strategy and performance.
- Receiving all statements and assurances required of directors with regard to the Annual Report and Accounts, along with sufficient evidence to support the directors' views and required statements.

In performing the above, the Committee has received and considered reports from the external auditor at the planning and completion stages of the audit, and has discussed as appropriate with the GCFO and wider Finance team. The Committee has discussed with management and the external auditor the key areas of management judgement and estimation uncertainty inherent within the financial statements for the year-ended 30 April 2022, as shown below.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Going concern		
The Directors are required to make a statement in the Annual Report and Accounts as to the going concern status of the Group.	The Committee evaluated a report from management that discussed their judgements around the Group's going concern status. Management's reports include various scenarios and their potential impacts on the going concern assessment, to determine how well placed the Group is to cope with an unanticipated deterioration in trading or liquidity. The Committee challenged management's assessment of the Group's going concern status and assumptions included within that assessment.	Following discussion with the external auditor regarding management's assessment of the going concern status of the Group, including an assessment of various possible trading and liquidity outcomes, the Committee agreed with management's assessment that the use of the Going Concern basis of preparation remains appropriate.
Key Judgement: Accounting treatment applied to transfer of Volume Personal Injury business to Minster Law Limited		
Management exercises judgement in determining the accounting treatment to apply to the contracts signed in November 2021 which in combination facilitated the transfer of the Volume Personal Injury business to Minster Law Limited.	The Committee received and discussed reports from management which considered the appropriate judgements in respect of the treatment of these contracts. Management's report included consideration of whether the combined contracts meet the definition of the disposal of a business, and the timing of the resulting accounting entries.	Having evaluated and subsequently discussed the reports from management, the Committee is satisfied with manaegment's judgement that the contracts do not constitute the diposal of a business as per IFRS 3, and similarly management's judgement that the disposal of work in progress has not occurred as at the period end.
Key Judgement and Key Estimate: Recognition of revenue and valuation of contingent unbilled revenue		
The Group recognises a contract asset in relation to contingent unbilled revenue in accordance with the provisions of IFRS 15. Management applies judgement in respect of the point at which revenue should first be recognised, particularly in respect of Complex Personal Injury cases once damages are agreed, at which point a contract asset is recognised at recoverable value. Estimation uncertainty also exists within assumptions used to generate the recovery rates at which unbilled hours are valued and the recoverable value of contract asset balances.	Through a review of reports provided by management and subsequent discussion, the Committee has considered the Group's application of the relevant accounting standards in order to assess whether the key judgement around when revenue is recognised, can be considered reasonable. The Committee also considered whether the accounting processes and the key assumptions used in order to value contract assets (including recovery rate) can be considered reasonable.	Having discussed the key judgements and areas of estimation uncertainty with management, the Committee considers the key judgement related to the timing of recognition of revenue particularly in respect of contingent matters, and the process by which management produces its estimates around the valuation of contract assets, to be acceptable.

Audit Committee report continued

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Key Estimate: Incremental Borrowing Rate ('IBR') used in measurement of right of use assets and lease liabilities		
The IBR used in the measurement of right of use assets and lease liabilities is considered to be a significant estimate on the basis that when applied as a discount rate to the total future lease payments in respect of the Group's property and vehicle leases, there is a material range of reasonably possible outcomes.	Through a review of reports provided by management and subsequent discussion, the Committee has considered the processes and key assumptions which are used in order to produce the estimates of the incremental borrowing rates, including the use of a management expert, are acceptable.	The Committee considers that the processes and key assumptions used by management in order to ascertain the incremenetal borrowing rates used for the purposes of valuing right of use assets and lease liabilities are reasonable, and as such consider management's estimates to be acceptable.

Control environment

The Committee also considered the below matters in respect of the effectiveness of the Group's control environment and IT systems.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Risk management and internal control		
The Committee assists the Board in evaluating the effectiveness of the Group's risk management and internal control frameworks.	The Committee has received reports from management discussing various aspects of the Group's internal control environment, which it subsequently discussed with management. The Committee received a report from the external auditor which it discussed with management and the external auditor, which discusses the Group's risk management framework and effectiveness of internal controls. It reviewed and challenged management on the overall effectiveness of the risk management and internal control frameworks.	The Committee considered that the internal control environment and risk management framework are acceptable.

External auditor

The Committee is responsible for considering the appropriateness of the audit plan and the observations within the external auditor's reports to the Committee. The Committee is also responsible for providing recommendations in relation to the appointment, reappointment and replacement of the external auditor in addition to considering and agreeing amounts payable to the external auditor in relation to both audit and non-audit fees. The following table summarises the main activities performed in relation to the external audit.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Audit tender		
The Committee is charged with governance in relation to the independence of the external audit, including providing recommendations in relation to the appointment, reappointment or replacement of the External Auditor.	The Committee considered whether the length of tenure of the current external auditor, was such that auditor independence could be maintained for the foreseeable future.	The Committee recommended that, in light of this being the first year of Ernst & Young LLP's tenure as external auditor, they remain sufficiently independent to continue in role.
Oversight of external audit		
The Committee is required to oversee the work and performance of Ernst & Young LLP as external auditor.	The Committee met with senior members of the Ernst & Young LLP's audit team at both the planning and completion stages of the audit. At the planning stage, the Committee agreed the areas of focus and significant financial statement risks. The Committee subsequently considered Ernst & Young LLP's report to the Audit Committee, which highlighted the impact of significant accounting estimates and judgements on the financial statements and commented on any audit issues noted. The Committee considered the draft audit opinion having reviewed the audit findings.	The Committee approved the audit plan inclusive of the significant audit risks and key areas of audit focus, which included revenue recognition and the valuation of contingent unbilled income, and management override of controls. Further discussion of the Committee's consideration of the effectiveness of the external auditor is shown on the following page.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Audit and audit-related fees		
Audit and audit-related fees include those related to the statutory audit of the Group and its subsidiaries, in addition to audits required due to the regulated nature of our Group's operations, inclusive of the FCA audit opinion in relation to the Group's processes and controls over client money segregation.	The Committee approved a recommendation from management in respect of the Company's audit and audit-related fees.	The Committee considered that the audit and audit-related fees, provided by Ernst & Young LLP, for the year ended 30 April 2022 were acceptable.
Non-audit services and fees		
It is the Committee's responsibility to safeguard the objectivity and independence of the external auditor, including consideration of the provision of non-audit services to the Group and considering the level at which independence becomes compromised.	The Committee reviewed and approved the proposed fees in relation to all non-audit services provided by Ernst & Young LLP in the year. The Committee considered whether competitive tender processes were performed for the provision of services considered significant in their nature or size.	During the year, total fees of £310,000 were incurred to Ernst & Young LLP in relation to non-audit services. These primarily related to the Group's FCA audit, reporting under the SRA Accounts Rules 2011 and other services in relation to the Group's organisational and governance structure. The Committee continues to monitor the ratio of audit to non-audit fees in order to maintain independence.

Effectiveness of the external auditor

The Committee assessed both the independence and effectiveness of the external auditor. In doing so, it considered relevant regulatory requirements and professional guidance in the context of the Group's relationship with the external auditor as a whole. The Committee specifically considered the length of tenure of both the firm and the audit partner, their qualification expertise, level of resource and the effectiveness of the audit plan, execution and reporting. The Committee also considered a report from the external auditor regarding its own internal quality and independence procedures.

As part of the assessment, a questionnaire was completed by key stakeholders in the Group. The questionnaire addressed matters including the external auditors' independence, objectivity and the quality of planning and execution of the audit, insights and added value and general support and communication to the Committee and management. The results were compiled and a report produced to the Committee.

In considering the above, the Committee concluded that Ernst & Young LLP performed effectively and maintained independence for the year-ended 30 April 2022.

Mel Egglenton
Chair

Risk Committee report

Mel Egglenton
Chair
Risk Committee

A holistic review of the risk appetite was undertaken and recommended to the Board for adoption and cascading into the Group's processes and procedures.

Chair's overview

Last year we reported that the Committee had continued to embed its role in ensuring a holistic approach to risk management across the Group, including through clear linking of risk reporting to the key risks facing the business. This approach has continued throughout the year as the Group risk structure has embedded and the business has embraced the new risk software and as a result seen increased levels of data analysis on principal risk reporting enabling the Committee to continue to drive its focus on principal risks and emerging risks to support the achievement of the groups strategic aims.

Committee membership and attendance

Board member	Scheduled meetings eligible to attend	Scheduled meetings attended
Mel Egglenton - Chair	3	3
Richard Allen - Executive Director	3	3
Craig Marshall - Executive Director	3	3
Mark Higgins - LLP Member Non-Board	3	2*
Bruce Macmillan - LLP Member and General Counsel Non-Board	3	3

* M Higgins did not attend one scheduled meeting due to an unavoidable short notice commitment

The Committee is supported by the Director of Group Risk and Insurance and the Risk team within the Finance function.

Role of the Committee

The principal roles and responsibilities of the Committee are set out on page 76.

Activities during the financial year

This year has seen the Committee looking at the now developed principal risk reporting driven by the data insights from the integration of the new software across the Group. A holistic review of the risk appetite was undertaken and recommended to the Board for adoption and cascading into the Group's processes and procedures.

The Committee undertook deep dives into the IT risks inherent in the businesses' operation and the mitigating actions and processes in place to manage these risks efficiently and effectively, including plans for greater protection and mitigation in the future in anticipation of emerging risks as industry moves into a new way of working following the pandemic.

The Committee also received reports from the chairs of the subsidiary risk committees, feedback from the Risk Assurance audits and those planned for the period and regular updates on the annual insurance renewal programme of work.

The Committee undertook a future risk horizon-scanning programme during the year. There was also an update from the General Counsel on regulatory risks that may affect the business year in order to consider emerging risks that may affect the business.

Mel Egglenton
Chair

Directors' report

The directors present their report, together with the Group financial statements and the notes to those financial statements, for the year-ended 30 April 2022. Certain information required for disclosure in the Directors' report can be found in other sections of the Annual Report and Accounts and is incorporated by reference as set out below:

Information	Section reference and page number
Likely future developments in the business	Strategic report, page 17
Risk factors and principal risk	Strategic report, page 57
Financial instruments	Financial statements, note 29, page 126
Governance arrangements; human rights and anti-corruption and bribery matters	Responsible business, page 42
Environmental matters / Streamlined Energy and Carbon Reporting (SECR)	Responsible business, page 51
Social and community matters	Responsible business, pages 39 to 53
Modern slavery	Non-financial and sustainable information statement, page 38
Financial risk management and control	Financial statements, note 29, page 126
Corporate governance statement	Corporate governance, pages 70 and 71
Non-financial and sustainable information statement	Stakeholder engagement, page 38
Directors' responsibilities statement	Corporate governance, pages 70 and 71
Workforce engagement, communication and equal opportunities	Stakeholder engagement, pages 34 to 37
Engagement with customers, suppliers and others in a business relationship with the Company	Our strategy, page 33 Stakeholder engagement, pages 34 to 37 Responsible business, pages 39 to 53
Employment of people with disabilities	Responsible business, pages 43 to 46 Stakeholder engagement, pages 36 and 37 www.irwinmitchell.com/about-us/social-responsibility/diversity/disability-confident
Going concern statement	Financial statements, note 2, page 99

Strategic report

The Company has decided to present a Strategic report in these Annual Report and Accounts which includes details of the Company's principal activities and a business review which can be found on pages 2 to 65.

Profits and dividends

The Group's statutory profit for the year after taxation amounted to £16.7m (FY21: £35.6m).

The Group paid an interim dividend payment of 1.50p per share in March 2022 (FY21: 1.25p per share). In light of the Group's continued performance and the outlook for the business, the Board has reiterated its commitment to a progressive divdend policy and an announcement detailling any final proposed dividend for FY22 (FY21: 2.75p per share), will be made prior to the Annual General Meeting, which will be held later in the year.

Dividends are recognised in the financial statements for the year in which they are paid, or in the case of a final dividend, when approved by shareholders. The amount recognised in note 15 to the financial statements on page 116, includes this financial year's interim dividend and the final dividend from the previous year, both of which were paid

Our Member Benefits Trust (the Trust) holds shares in the Company in connection with the operation of the Company's Member Share Option Plan. Divdend waivers remain in place on unvested shares held by the Trust.

Articles of association

The Company's articles of association (the Articles) are available by writing to the Company Secretary at the Group's registered office. The Articles can also be obtained from the Jersey Registrar of Companies and the UK Registrar of Companies. No amendments have been made to the Articles during the financial year.

Directors' report continued

The Board

Board of directors

The directors as at the date of this report are listed on pages 72 and 73. There have been no changes during the financial year.

The Board continued

Appointment, reappointment and removal of directors

Directors are appointed and may be removed in accordance with the Articles and the provisions of Jersey Law. A director may be appointed to the Board by ordinary resolution of the Company, either to fill a vacancy or as additional director. A director may be removed by the Board by ordinary resolution of the Company.

Powers of directors

The business of the Company shall be managed by the directors and may exercise all such powers of the Company that are not required by Jersey Law or the Articles to be exercised by the Company in general meeting.

Directors' insurance

The Group has Directors and Officers' liability insurance in place, providing appropriate cover for legal action brought against its directors.

Conflicts of interest

All directors must disclose both the nature and extent of any potential or actual conflict with the interests of the Company.

Research and development

The Group develops new services in the ordinary course of business that are complementary to the Group's existing service lines.

Political donations

The Company made no political donations to political organisations or independent election candidates and incurred no political expenditure during the year (FY21: £0).

Share capital structure and share rights

Share capital

Details of the issued share capital can be found in note 30 to the financial statements on page 129. The Company has one class of shares which carry no right to fixed income.

Voting rights

Rights attributable to the Company's shares are as set out in the Articles and in applicable company law. Holders of the Company's shares have the right to attend, speak and vote (either in person or by proxy) at a general meeting of the Company. No shareholder owns shares with special rights as to control.

Restrictions on transfer of shares

Irwin Mitchell Group legal entites are regulated by the Solicitors Regulation Authority (SRA), the Financial Conduct Authority (FCA) and the Guernsey Financial Services Commission (GFSC). The Company and shareholders are subject to statutory ownership restrictions pursuant to the Legal Services Act 2007.

Other than as set out above, as stated in the Articles or where imposed by law or regulation, there are no other restrictions regarding the transfer of shares in the Company, subject to the provisions of the relevant vesting deeds. The Company is not aware of any agreement which would result in any additional restrictions on the transfer of shares or voting rights.

Authority to allot and purchase own shares

Subject to Jersey Law, the Company may purchase its own shares, including redeemable shares.

Employee share schemes

The Company currently offers share based incentives to its full equity members through the operation of a members share trust. The Company does not currently offer share-based incentives for colleagues or partners outside of this Group.

Branch offices

The Company has no branches outside the UK.

Auditor

The Company reviews and will make a recommendation each year with regard to the appointment of external auditors. The external auditors, Ernst & Young LLP, have indicated their willingness to continue in office. Following a review, the Company recommends the reappointment of Ernst & Young LLP and resolutions concerning their reappointment and remuneration will be proposed and approved at a meeting of the Board of directors.

Disclosure of information to the external auditor

The directors have taken all reasonable steps to make themselves aware of any relevant audit information and to ensure that the external auditor is aware of that information. The directors are not aware of any relevant audit information that has not been disclosed to the external auditor.

Annual General Meeting

The Company's AGM will be held later in the year. Details of the resolutions to be proposed at the AGM will be provided in the Notice of AGM.

Post balance sheet events

Information on post balance sheet events can be found in note 36 to the financial statements on page 132.

Approved by the Board on 31 August 2022 and signed.

Andrew Tucker
GCEO

Statement of directors' responsibilities

in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Jersey law and regulations.

Jersey company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- in respect of the financial statements, state whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/ or the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Financial Statements

Independent Auditors' report

to the members of Irwin Mitchell Holdings Limited

Opinion

We have audited the financial statements of Irwin Mitchell Holdings Limited and its subsidiaries (the "group") for the year ended 30 April 2022 which comprise the Consolidated Statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Note to the cash flow statement and the related notes 1 to 37, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 April 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the group, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the group's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 89, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to International Financial Reporting Standards as adopted by the European Union, Companies (Jersey) Law 1991, relevant tax compliance regulations, the requirements of the Solicitors' Regulatory Authority (SRA) and the Financial Conduct Authority (FCA);
- We understood how Irwin Mitchell Holdings Limited is complying with those frameworks by making enquiries of management and those charged with governance, holding internal audit team discussion on the inherent risk factors present within the group, and considering our understanding of the group. We also reviewed correspondence with the FCA and SRA;
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying controls which are in place at an entity level and whether the design of these controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics in our audit approach; and
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of management and those charged with governance, reading of board minutes and evaluating any investigations into matters of non-compliance.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Morritt
for and on behalf of Ernst & Young LLP
Leeds

31 August 2022

Consolidated statement of comprehensive income

for the year-ended 30 April 2022

	Notes	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Revenue	5, 6	275,739	283,307	267,408
Cost of sales	10	(131,602)	(126,343)	(135,712)
Gross profit		**144,137**	**156,964**	**131,696**
Other operating income	7	7,188	6,396	5,275
Administrative expenses	10	(127,870)	(117,927)	(119,000)
Operating profit		**23,455**	**45,433**	**17,971**
Finance income	12	401	588	1,137
Finance costs	13	(2,691)	(2,892)	(3,667)
Profit before tax		**21,165**	**43,129**	**15,441**
Taxation	14	(5,216)	(7,634)	(6,582)
Net profit		**15,949**	**35,495**	**8,859**
Operating Profit		23,455	45,433	17,971
Add back: Non-underlying items	9	2,283	834	12,368
Underlying Operating Profit		25,738	46,267	30,339
Add back/(deduct): Operating (loss)/profit from non-core segments		4,074	(3,244)	(6,594)
Core Underlying Operating Profit		29,812	43,023	23,745
Net profit is attributable to:				
Owners of the Company		14,823	33,337	6,040
Non-controlling interests		1,126	2,158	2,819
		15,949	35,495	8,859
Basic EPS (£/share)	16	0.43	0.99	0.18
Diluted EPS (£/share)	16	0.40	0.92	0.17

There are no other items of comprehensive income or expense in the current or prior years.

All results derive from continuing operations.

Consolidated statements of comprehensive income have been presented for FY20 and FY21 in addition to FY22 as a result of the Group's transition to International Financial Reporting Standards in the year. This also applies to the presentation of the consolidated statements of financial position as at FY19, FY20, FY21 and FY22.

Consolidated statement of financial position

for the year-ended 30 April 2022

	Notes	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000	1 May 2019 £'000
Non-current assets					
Goodwill	17	4,434	4,978	5,812	18,180
Intangible assets	17	2,665	2,967	2,455	2,080
Property, plant and equipment	18	4,060	4,804	5,560	3,486
Right of use assets	19	45,616	51,063	60,567	50,056
Trade and other receivables	20	17,558	14,601	8,705	5,804
Deferred tax asset	28	705	5,492	5,993	6,687
Total non-current assets		**75,038**	**83,905**	**89,092**	**86,293**
Current assets					
Trade and other receivables	20	296,477	289,136	285,118	282,514
Current tax receivable		8,559	633	–	–
Current asset investments	21	3,146	1,800	2,301	4,959
Cash and cash equivalents		49,677	46,367	25,919	6,222
Total current assets		**357,859**	**337,936**	**313,338**	**293,695**
Total assets		**432,897**	**421,841**	**402,430**	**379,988**
Current liabilities					
Borrowings	22	–	–	(3,736)	–
Amounts due to members of Irwin Mitchell LLP	23	(22,115)	(17,961)	(19,101)	(20,731)
Trade and other payables	25	(193,470)	(193,154)	(199,229)	(182,117)
Current tax payable		–	–	(374)	(3,235)
Lease liability	24	(10,059)	(10,197)	(10,598)	(10,675)
Total current liabilities		**(225,644)**	**(221,312)**	**(233,038)**	**(216,758)**
Net current assets		**132,215**	**116,624**	**80,300**	**76,937**
Total assets less current liabilities		**207,253**	**200,529**	**169,392**	**163,230**
Non-current liabilities					
Borrowings	22	–	–	–	(18,906)
Amounts due to members of Irwin Mitchell LLP	23	(28,449)	(28,283)	(28,729)	(26,751)
Lease liability	24	(40,708)	(47,112)	(55,638)	(42,779)
Provisions for liabilities	27	(27,421)	(25,128)	(17,816)	(13,749)
Total non-current liabilities		**(96,578)**	**(100,523)**	**(102,183)**	**(102,185)**
Total liabilities		**(322,222)**	**(321,835)**	**(335,221)**	**(318,943)**
Net assets		**110,675**	**100,006**	**67,209**	**61,045**
Equity attributable to equity holders of the Company					
Share capital	30	387	387	387	387
Share premium	30	8,324	8,324	8,324	8,324
Own Shares	30	(35)	(43)	(50)	(56)
Treasury shares	30	(1,563)	(1,563)	(1,563)	(1,563)
Retained profits	30	100,441	87,348	54,248	48,332
Equity attributable to owners of the Company		**107,554**	**94,453**	**61,346**	**55,424**
Non-controlling interest	34	3,121	5,553	5,863	5,621
Total equity		**110,675**	**100,006**	**67,209**	**61,045**

The financial statements of Irwin Mitchell Holdings Limited (registration number FC031481) on pages 94 to 137 were approved and authorised for issue by the Board of Directors on 31 August 2022 and were signed on its behalf by:

Andrew Tucker
Group Chief Executive Officer

Consolidated statement of changes in equity

for the year-ended 30 April 2022

	Notes	Share capital £'000	Share premium £'000	Own shares £'000	Treasury shares £'000	Retained profits £'000	Total £'000	NCI £'000	Total £'000
Balance at 1 May 2019		**387**	**8,324**	**(56)**	**(1,563)**	**48,332**	**55,424**	**5,621**	**61,045**
Comprehensive profit/(loss) for the year ended 30 April 2020:									
Profit/(loss) for the year		–	–	–	–	6,040	6,040	2,819	8,859
Transactions with owners recorded directly in equity for the year ended 30 April 2020:									
Credit to equity for share based payments	31	–	–	–	–	702	702	–	702
Vesting of Members' Share Trust shares		–	–	6	–	(6)	–	–	–
Dividends paid	15	–	–	–	–	(820)	(820)	(2,577)	(3,397)
Balance at 30 April 2020		**387**	**8,324**	**(50)**	**(1,563)**	**54,248**	**61,346**	**5,863**	**67,209**
Comprehensive profit/(loss) for the year ended 30 April 2021:									
Profit/(loss) for the year		–	–	–	–	33,337	33,337	2,158	35,495
Transactions with owners recorded directly in equity for the year ended 30 April 2021:									
Credit to equity for share based payments	31	–	–	–	–	869	869	–	869
Vesting of Members' Share Trust shares		–	–	7	–	(7)	–	–	–
Acquisition of non-controlling interest		–	–	–	–	74	74	(75)	(1)
Dividends paid	15	–	–	–	–	(1,173)	(1,173)	(2,393)	(3,566)
Balance at 30 April 2021		**387**	**8,324**	**(43)**	**(1,563)**	**87,348**	**94,453**	**5,553**	**100,006**
Comprehensive profit/(loss) for the year ended 30 April 2022:									
Profit for the year		–	–	–	–	14,823	14,823	1,126	15,949
Transactions with owners recorded directly in equity for the year ended 30 April 2022:									
Credit to equity for share based payments		–	–	–	–	3,005	3,005	–	3,005
Vesting of Members' Share Trust shares		–	–	8	–	(8)	–	–	–
Acquisition of non-controlling interest		–	–	–	–	(3,271)	(3,271)	(938)	(4,209)
Dividends paid	15	–	–	–	–	(1,456)	(1,456)	(2,620)	(4,076)
Balance at 30 April 2022		**387**	**8,324**	**(35)**	**(1,563)**	**100,441**	**107,554**	**3,121**	**110,675**

Consolidated statement of cash flows

for the year-ended 30 April 2022

	Notes	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000	Year ended 30 April 2020 £'000
Cash flows from operating activities				
Profit for the year		15,949	35,495	8,859
Adjustments for:				
Tax charge	14	5,216	7,634	6,582
Finance costs	13	2,691	2,892	3,667
Finance income	12	(401)	(588)	(1,137)
Amortisation of intangible assets	10	1,083	983	868
Impairment of goodwill	10	544	834	12,368
Depreciation and impairment of tangible assets	10	9,778	11,153	10,626
Increase in provisions	27	2,293	7,312	4,067
Loss/(profit) on disposal of assets		13	14	285
Share based payments	31	3,005	869	702
		40,171	**66,598**	**46,887**
Changes in working capital:				
(Increase)/Decrease in trade & other receivables	20	(8,857)	(9,092)	(6,633)
(Decrease)/Increase in trade & other payables	25	692	(6,702)	15,417
Cash generated from operations		**32,006**	**50,804**	**55,671**
Income taxes paid	14	(8,369)	(8,158)	(8,757)
Net cash inflow from operating activities		**23,637**	**42,646**	**46,914**
Cash flows from investing activities				
Interest received	12	405	588	1,137
Purchase of intangible assets	17	(496)	(1,622)	(1,025)
Purchase of property, plant & equipment	18	(1,313)	(924)	(586)
Net cashflow from acquisition of subsidiary		–	49	–
Net cash used in investing activities		**(1,404)**	**(1,909)**	**(474)**
Cash flow from financing activities				
Dividends paid to shareholders	15	(1,456)	(1,173)	(820)
Dividends paid to non-controlling interests	15	(2,620)	(2,393)	(2,577)
Introduction of partner capital in subsidiaries	23	3,789	3,289	5,877
Repayment of partner capital in subsidiaries	23	(2,987)	(4,274)	(3,832)
Payment of lease obligations	24	(10,554)	(10,681)	(10,675)
Acquisition of non-controlling interest	34	(1,981)	(1)	–
Interest paid	13	(1,768)	(1,821)	(2,205)
Net cash used in financing activities		**(17,577)**	**(17,054)**	**(14,232)**
Net increase in cash		**4,656**	**23,683**	**32,208**
Cash and cash equivalents at beginning of the period		**48,167**	**24,484**	**(7,724)**
Cash and cash equivalents at end of the period		**52,823**	**48,167**	**24,484**

Note to the cash flow statement

The cash and cash equivalents at the end of the period comprises the following:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Cash and cash equivalents	49,677	46,367	25,919
Current asset investments (note 21)	3,146	1,800	2,301
Bank overdraft (note 22)	–	–	(3,736)
	52,823	**48,167**	**24,484**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

		Cash movements			Non-cash movements		
	1 May 2019 £'000	Introduction £'000	Repayment £'000	Other operating cash flows* £'000	New leases & modifications £'000	Non-cash interest £'000	30 April 2020 £'000
Members' capital	47,482	5,877	(3,832)	(1,697)	–	–	47,830
Lease liabilities	53,454	–	(10,675)	–	21,994	1,463	66,236
Total financing liabilities	**100,936**	**5,877**	**(14,507)**	**(1,697)**	**21,994**	**1,463**	**114,066**

		Cash movements			Non-cash movements		
	1 May 2020 £'000	Introduction £'000	Repayment £'000	Other operating cash flows* £'000	New leases & modifications £'000	Non-cash interest £'000	30 April 2021 £'000
Members' capital	47,830	3,289	(4,274)	(601)	–	–	46,244
Lease liabilities	66,236	–	(10,681)	–	518	1,236	57,309
Total financing liabilities	**114,066**	**3,289**	**(14,955)**	**(601)**	**518**	**1,236**	**103,553**

		Cash movements			Non-cash movements		
	1 May 2021 £'000	Introduction £'000	Repayment £'000	Other operating cash flows* £'000	New leases & modifications £'000	Non-cash interest £'000	30 April 2022 £'000
Members' capital	46,244	3,789	(2,987)	3,518	–	–	50,564
Lease liabilities	57,309	–	(10,418)	–	2,864	1,012	50,767
Total financing liabilities	**103,553**	**3,789**	**(13,405)**	**3,518**	**2,864**	**1,012**	**101,331**

* Other operating cash flows are non-capital movement on balances with current and former partners, relating to members tax deductions and payments, which is included in operating cashflows. The liability outstanding as at 30 April 2022 in relation these balances, which don't give rise to financing cash flows, is £12,226k (1 May 2021 and 30 April 2021: £9,679k, 1 May 2020 and 30 April 2020 £9,411k, 1 May 2019 £9,950k)

Notes to the financial statements

1. Company information

Irwin Mitchell Holdings Limited is a company incorporated in Jersey under Companies (Jersey) Law 1991. The address of the registered office is 26 New Street, St Helier, Jersey, JE2 3RA. The nature of the Group's operations and its principal activities comprise the delivery of a broad range of legal and financial asset services to both individual and corporate clients.

2. Accounting policies

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group').

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union and to conform with the requirements of the Companies (Jersey) Law 1991. These financial statements are prepared on the historical cost basis, except for the valuation of financial instruments; and presented in sterling to the nearest thousand. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

2.1 Basis of preparation

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and amendments issued by the IASB and endorsed by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") that are in effect as at 30 April 2022 ("Adopted IFRS"). The policies set out below have been applied consistently throughout all the periods presented to items considered material to the consolidated financial statements.

Under Article 105(11) of the Companies (Jersey) Law 1991, if the Directors prepared consolidated financial statements, they can elect not to prepare separate financial statements (i.e., company only financial statements) if the company meets the definition of a holding company and the members (shareholders) have not requested individual accounts to be prepared. In the Directors' opinion, the Company meets the definition of a holding company and the members of the Company have not passed a resolution requiring separate financial statements. As permitted by the law, the Directors have elected not to prepare separate financial statements.

In preparing the Group financial statements, the Group's opening statement of financial position was prepared as at 1 May 2019, the Group's date of transition to IFRS. An explanation of how the transition to Adopted IFRSs has affected the reported financial position and financial performance of the Group is provided in note 37.

The Group has taken advantage of the followings exemptions in IFRS:

- The Group elected not to restate business combinations that took place prior to 1 May 2019.

The preparation of these financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the 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 historical financial statements and their effect are disclosed in note 3.

2.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. Note 29 describes the Group's financial risk management objectives and its exposure to credit risk and liquidity risk. The Group considers the going concern period to be the period to 30 September 2023 and factors in any other known events to it's assessment.

Performance in the year was good, with the Group achieving a profit before tax of £21.2m and a net cash inflow of £4.7m, after the payment of a discretionary £2.4m Cost of Living payment to employees in April 2022.

The Group meets its day to day working capital requirements primarily through available cash and cash equivalent balances, which stand at £52.8m at April 2022. The Group also has access to a committed £50m combined revolving credit facility ('RCF') and overdraft facility, renewed in August 202 and committed to August 2025, neither of which have been drawn down at any point during the year. The Group also has an additional £25m accordion facility that can be requested for the purpose of M&A activity but is not included in subsequent headroom analysis. The ongoing availability of borrowing facilities is dependent upon continued compliance with associated banking covenants and compliance was maintained throughout the year, and is expected to be comfortably maintained through the going concern period.

The Group has good visibility over its revenue pipeline. On the basis that CPI cases typically take an average of around four years each to work through to conclusion and final billing, and it is therefore anticipated that the vast majority of CPI income throughout the going concern period will arise from secured work. This forward income visibility gives management comfort over the availability of future income streams.

The Group's Financial Continuity Committee ('FCC') meet at least monthly to discuss latest cash flow projections extending out to at least 30 September 2023. The projections are developed, reviewed and updated regularly by senior management across the Group with Divisional CEOs. Group Company Directors and Group Services Directors all involved in both forecasting and also in reviewing actual spend and trading pipelines.

The most recent projections show the Group as remaining cash positive and significantly profitable throughout the going concern period. This amount of headroom on availability facilities is considered to be adequate to enable the business to continue in operation and support growth plans for the going concern period to 30 September 2023.

Notes to the financial statements continued

2. Accounting policies continued

2.2 Going concern continued

Management has stress tested the base case SGP by modelling a severe downside scenario, which reduces revenue below that achieved in FY22, represented by a 10% reduction in budgeted revenue and cash collections (offset by corresponding impacts on corporation tax, bonus payments and limited reductions in discretionary spend). This scenario is considered sufficiently unlikely on the basis that management has good visibility over the future income stream (particularly in CPI as noted above) and that the Group has demonstrated its resilience to short and medium term macro-economic instability through the COVID-19 pandemic and current macro-economic risks. The impact of the severe downside scenario, if unmitigated and when modelled throughout the going concern period, would likely result in a utilisation of the borrowing facilities but with liquidity headroom at all times exceeding £49m and sufficient headroom on all banking covenants. Management has also performed a reverse stress test of an additional revenue reduction over the going concern period of 6% to that of the severe downside case. This has determined that only a very severe unmitigated reduction in trading performance would be required to remove all headroom on available facilities or covenant calculations.

It is therefore considered highly unlikely that conditions change to such a degree within the outlook period to see headroom on available facilities or covenant headroom be reduced to such a degree that mitigating actions would be required in order to fund ongoing operations, however, the Group has proven through its reaction to the COVID-19 pandemic that it is capable of reacting swiftly to changing circumstances in order to substantially manage costs during a prolonged period of uncertainty. During FY21, the Group achieved an estimated cost saving of £12m as a result of actions and decisions taken by the Financial Continuity Committee. Going forward, similar mitigating actions are available to the Group if required, in addition to others such as reducing spend on Growth plans, should the highly unlikely need arise.

Based upon their assessment of the forecasts described above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period to 30 September 2023. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Basis of consolidation

The consolidated financial information presents the results of Irwin Mitchell Holdings Limited and its own subsidiaries ("the Group") as if they form a single entity.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation.

2.4 Business combinations

All business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For business combinations the Group has determined whether a particular set of activities and assets is a business by assessing whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Acquisitions on or after 1 May 2019

For acquisitions on or after 1 May 2019, the Group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

Acquisitions prior to 1 May 2019 (date of transition to IFRSs)

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Group elected not to restate business combinations that took place prior to 1 May 2019. In respect of acquisitions prior to 1 May 2019, goodwill is included at transition date or earlier if applicable on the basis of its deemed cost, which represents the amount recorded under FRS 102 which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

2.5 Revenue

The Group recognises revenue at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring services to a customer. It is recognised on satisfaction of a performance obligation, which IFRS 15 states can be at a point in time, or over time. IFRS 15 uses a contract based five-step analysis of transactions to determine when, and how much, revenue is recognised; this includes identifying performance obligations, determining the transaction price and allocating the transaction price to the identified performance obligations. The Group considers that there are two contract types in issue in the performance of the Group's legal and financial asset services, being non-contingent and contingent contracts.

Contingent fee arrangements

The Group has a significant number of contingent fee arrangements. Contracts with customers with such arrangements have a single performance obligation, being the provision of legal services in pursuit of a successful outcome for the customer. The performance obligation is deemed fully satisfied at the conclusion of a matter.

Complex Personal Injury ('CPI'):

The majority of matters in CPI are entered into on a contingent fee arrangement. These contracts contain a single performance obligation, being the provision of legal services to a customer in respect of personal injury claims. These cases are complex and can span a number of years, with the fee being contingent on a successful outcome. The Group has assessed that this performance obligation is satisfied over time as the services are delivered. However, due to the uncertainty arising from the contingent fee, the transaction price for such a performance obligation is constrained to £nil until the contingency is resolved, typically the point at which damages are agreed as determined on a matter-by-matter basis. In the period after the contingency has been resolved but prior to the amount of the fee being finalised, revenue is recognised based on the hours charged, with the estimated transaction price being determined using estimated recovery rates. For an explanation of how recovery rates are estimated, see note 3. Estimated recovery rates are reviewed regularly, and at least at each reporting date. This is then trued up when the final fee is known.

Volume Personal Injury ('VPI'):

Matters in VPI are entered into on a contingent fee arrangement. These contracts contain a single performance obligation, being the provision of legal services to a customer in respect of personal injury claims. These cases are less complex and typically last between one and two years. Revenue is recognised over time using a portfolio approach to each cohort of similar matters, given the high volume, low value nature of the case book. Historical data is utilised to determine the chance of success on each cohort of matters and the recognition of revenue is constrained to £nil until the point at which success is deemed highly probable on individual matters. This is then trued up when the final fee is known.

Life Cycle Legal Services ('LCLS'):

The achievement of revenue on certain matters within LCLS is contingent on an uncertain future event (obtaining a successful outcome for the client). These contracts contain a single performance obligation, being the provision of legal services across a range of service lines including litigation, real estate and restructuring and insolvency. The Group has assessed that each matter contains one performance obligation that is satisfied over time as the services are delivered. However, due to the uncertainty arising from the contingent fee, the transaction price for such a performance obligation is constrained to £nil until the contingency is resolved, with the assessment as to whether the contingency has resolved being determined on a matter-by-matter basis. In the period after the contingency has been resolved but prior to the amount of the fee being finalised, revenue is recognised based on the hours charged, with the estimated transaction price being determined using estimated recovery rates for matters within the same cohort. Estimated recovery rates are reviewed regularly, and at least at each reporting date. This is then trued up when the final fee is known.

There is no significant financing component present in contingent fee arrangement contracts due to the variable nature of the revenue.

Non-contingent fee arrangements

For non-contingent fee arrangements contracts with customers mostly have a single performance obligation being the provision of legal or financial asset services in respect of one particular matter. There is no significant financing component present in non-contingent fee arrangement contracts as such contracts are billed on a regular basis.

Complex Personal Injury ('CPI'): Certain contracts within CPI are entered into on non-contingent fee arrangements. These contracts contain a single performance obligation, being the provision of legal services in respect of personal injury claims. Where work is performed under non-contingent fee arrangements revenue is recognised over time in line with the number of hours charged to an engagement at the expected recovery rate driven by historical recovery rates for matters within the same cohort. This is considered the most faithful depiction of progress at each reporting date. Estimated recovery rates are reviewed regularly, and at least at each reporting date. This is trued up once the final fee is known.

Notes to the financial statements continued

2. Accounting policies continued

Non-contingent fee arrangements continued

Life Cycle Legal Services ('LCLS'): Many contracts within LCLS are entered into under non-contingent fee arrangements. These contracts contain a single performance obligation, being the provision of legal services across a range of matters such as employment, pensions, and banking and finance. Where work is performed under non-contingent fee arrangements revenue is recognised over time in line with the number of hours charged to an engagement at the expected recovery rate, calculated in relation to historical recovery rates for matters within the same cohort, being the most faithful depiction of the measure of progress at each reporting date. Estimated recovery rates are reviewed regularly, and at least at each reporting date. This is trued up once the final fee is known.

Financial Asset Services ('FAS'): Revenue is recognised over time in line with the Group's delivery of the performance obligation. This can either be in line with the milestone reached as at the reporting date (typically for Recoveries performance obligations) where this most faithfully depicts the measure of progress achieved at the reporting date, or for investment management performance obligations revenue is recognised over time and is calculated by reference to the value of a customer's investment. Contracts with customers within the Wealth Management revenue stream may contain more than one performance obligation, in which case the transaction price is allocated to the performance obligations is the individual selling price identified in the contract. Contracts in the Ascent division contain one performance obligation and as such the transaction price is as stated in the contract.

Where work is performed under non-contingent fee arrangements revenue is recognised over time in line with the number of hours charged to an engagement at the expected recovery rate or in line with the milestone reached (if the contract with the customer states that revenue is earnt at prescribed milestones) as at the reporting date. Estimated recovery rates are reviewed regularly, and at least at each reporting date. For certain Wealth Management contracts the revenue is recognised over time based on the value of a customer's investment.

Management is satisfied there is no significant financing component present in non-contingent fee arrangement contracts as such contracts are billed on a regular basis.

Other income

Other income includes premium income earned by the Group in relation to After The Event ('ATE') insurance products which are offered by the Group to its clients as a means of insuring the value of the client's disbursements. These policies are underwritten by a recognised insurance firm and re-insured by Captive Cells which are 100% owned by the Group.

Premium income is contingent on a successful outcome being achieved on the matter underlying the insurance policy. Income is recognised over the period in which the insurance is provided. Income is constrained until the point at which it is highly probable that there will not be a significant revenue reversal in the future.

Recognition of contract assets and liabilities

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

2.6 Grants

Grants for revenue expenditure are credited in the income statement as other operating income in the period in which the expenditure for which they are intended to contribute towards has been incurred.

Coronavirus Job Retention Scheme (CJRS)

During FY21, the Group benefited from the UK Government's CJRS scheme for furloughed employees, as part of the support available for businesses impacted by the COVID-19 pandemic. In accordance with IAS 20, eligible salary and other payroll expenses have been continued to be recognised in the income statement in the period in which they were incurred. Eligible matching CJRS grant amounts have been reflected in Other Income in the same period. Grants relating to Irwin Mitchell LLP and Coris UK Limited were repaid in full to HMRC and were recognised in profit and loss accordingly.

2.7 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested at least annually for impairment or where indicators of impairment are present.

Software

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

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

Software development costs - Straight line over the estimated useful life of the asset (2-5 years)

2.8 Property, plant and equipment

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

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Leasehold improvements Straight line over the lease term
- Fixtures and fittings 15% - 25% straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.9 Leases and right of use assets

The Group accounts for a contract as a lease when it conveys the right to control the use of an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

a) There is an identified asset
b) The Group obtains substantially all the economic benefits from use of the asset and
c) The Group has the right to direct use of the asset

All leases are accounted for by recognising a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Group except for:

- Leases of low value assets (<£5,000) and
- Leases with a term of 12 months or less

Leases which meet the criteria above are recognised as an expense on a straight-line basis over the lease term. Examples of low-value underlying assets used by the Group include personal computers and small items of office furniture.

A contract may include an amount payable by the Group for activities and costs that do not transfer a good or service to the Group. For example, lessor may include in the total amount payable a charge for administrative tasks (maintenance charge), or other costs it incurs associated with the lease. Such amounts payable do not give rise to a separate component of the contract, but are considered to be part of the total consideration that is allocated to the separately identified components of the contract. For the lease of cars, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. For the lease of properties, the Group has elected to separate non-lease components and recognise the non-lease components in profit and loss as incurred.

The lease term begins at the commencement date and includes any rent free periods. The lease term is the non-cancellable period of a lease, together with both:

a) periods covered by an option to extend the lease (if the Group is reasonably certain to exercise the option)
b) periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes:

- the amount of lease liabilities recognised
- initial direct costs incurred, and
- lease payments made on or before the commencement date, less any lease incentives received.

Right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are initially measured at the net present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate, and
- amounts expected to be paid under residual value guarantees

Notes to the financial statements continued

2. Accounting policies continued

Non-contingent fee arrangements continued

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate that Group would have to pay for a loan of similar term, and with similar security, to obtain an asset of similar value.

The incremental borrowing rates are calculated using an entity-specific synthetic credit rating (using Moody's credit rating methodology for the business and consumer service industry). Relevant corporate yield curves are used as the basis for the incremental borrowing rate (narrowed down for currency, sector, frequency and credit rating), with an adjustment applied to the lease term as appropriate in order to conclude on a suitable IBR considering the repayment profile of the lease compared to those of the corporate yield curve. The yield is supplemented by an asset specific adjustment considering the security arising from the right-of-use asset and lease duration.

After the commencement date, the amount of lease liabilities is increased to reflect the result of interest charged and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group account for lease modifications as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope

For lease modifications which are not accounted for as a separate lease, at the date of the modification the Group shall:

- allocate the consideration in the modified contract
- determine the lease term of the modified lease
- remeasure the lease liability by discounting the revised payments using a revised discount rate or the incremental borrowing rate at the date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a modification that is not accounted for as a separate lease, the Group shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

2.10 Impairment of non-financial assets (excluding deferred tax assets)

The carrying amounts of the Group's non-financial assets, excluding deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

The Group handles client monies in the normal course of business. Client monies are not recognised in the Group financial statements because the Group has no entitlement over it. Cash balances are recognised on the balance sheet when they are contained within an account which is registered to and controlled by the Group, and have been identified following the Group's internal processes as an amount to which the Group is entitled.

2.12 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when the entity becomes a party to the contractual provisions of the instrument. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Subsequent measurement and gains and losses

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

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

a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

The Group's other financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Exchange gains/losses from retranslation of monetary items are recognised in profit and loss, including gains or losses on derecognition.

(iii) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for when the risk of default occurring over the expected life of the financial instrument has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Notes to the financial statements continued

2. Accounting policies continued

(iii) Impairment continued

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.13 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.14 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary difference can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the temporary difference. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.15 Employee benefits

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

2.16 Share based payment transactions

Share-based payment arrangements in which the Group receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. A number of shares in the Group are held by the Group's Members' Share Trust ('MST') for the purpose of satisfying share based payment awards made to members of Irwin Mitchell LLP. The grant date fair value of share-based payments awards is recognised as an employee expense, with a corresponding increase in equity, over the period that the awardee become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service performance conditions at the vesting date.

2.17 Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Other exchange differences are recognised in profit or loss in the period in which they arise.

2.18 Related party disclosures

Details of transactions between the Group and any related parties which require disclosure under International Accounting Standard ("IAS") 24 'Related Party Disclosures' are given in note 32. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group and are not disclosed.

2.19 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of directors ("the Board") which is considered as the Group's chief operating decision maker and is responsible for allocating resources and assessing performance of the operating segments. The Board considers the business from both a geographic and divisional perspective.

2.20 Non-underlying items

Non-underlying items are those considered to be either one-off or non-trading in nature, and of such a quantum that separate disclosure in the consolidated income statement is considered by management to be of benefit in assessing the underlying performance of the Group.

2.21 Standards, amendments and interpretations in issue but not yet effective

At the authorisation of these historical financial statements, the Group has not applied the following new and revised standards that have been issued but are not effective yet:

	Effective date – period beginning on or after
Property, Plant and Equipment: Proceeds before intended use: amendments to IAS 16	1 January 2022*
Onerous Contracts- Cost of Fulfilling a Contract- amendments to IAS 37	1 January 2022*
Annual Improvements to IFRS Standards 2018-2020	1 January 2022*
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022*
IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts'	1 January 2023*
IAS 1 'Presentation of Financial Statements': Classification of liabilities as current or non-current	1 January 2023*
Amendments to IFRS 17	1 January 2023*
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023*
Definition of an Accounting Estimate (Amendments to IAS 8)	1 January 2023*
Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes)	1 January 2023*

* These standards, amendments and interpretations have not yet been endorsed by the EU and the dates shown are the expected dates.

The adoption of all above standards is not expected to have any impact on the Group's historical financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under IFRS requires management to make judgements and estimates which impact the financial information presented. Estimates are made based on historical experience in addition to other factors where appropriate that are considered most relevant, and are reviewed on an ongoing basis.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements 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.

Timing of recognition of revenue arising from contingent fee arrangements in Complex Personal Injury

Management exercises judgement in the timing of recognition of contingent, unbilled hours recorded in the Complex Personal Injury ('CPI') segment.

Management has determined that revenue arising from contingent 'no win no fee' arrangements should be recognised over time on the basis that the client receives the benefit of the Group's work throughout the life of a matter and that work performed does not create an asset capable of use elsewhere in the Group.

In order to reduce the risk of a significant reversal of revenue to a level deemed acceptable, management has exercised judgement in determining that a constraint should be applied to ensure that contingent, unbilled revenue is not recognised prior to the agreement of damages on these matters, at which point the contingency is considered to be settled.

Notes to the financial statements continued

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

Accounting treatment applied to transfer of Volume Personal Injury business to Minster Law Limited

In November 2021, the Group signed a series of agreements to transfer its Volume Personal Injury business to Minster Law Limited ('the acquirer'). The collective agreements provide that the transfer occurs in three distinct phases:

a) The TUPE of employees from the Group to the acquirer, effective from the date of the agreements;

b) A run off services agreement, providing for the acquirer to second staff back to the Group in order to allow for the Group to continue performing its duties in relation to existing cases; and

c) An agreement that the Group will dispose of all remaining work in progress in relation to cases which remain open, as at a date beyond the year end that remains uncertain and at the discretion of the acquirer.

It is management's judgement that, as at the year end, the disposal of work in progress has not occurred and as such the collective agreements are not treated as a disposal in these financial statements. Similarly, they are not treated as a discontinued operation in these financial statements on the basis that the Group's Volume Personal Injury operations will continue until the eventual disposal of residual work in progress to the acquirer.

Valuation of disbursement receivables:

There is judgement involved in determining whether certain disbursements are recoverable either through a successful claim or insurance policy, in the event of a loss. At period end, fee earners are asked to consider whether recoverability of individual disbursements is considered probable, and a full provision is recognised against individual disbursements that are not considered likely to be recovered either from the counterparty or through relevant insurance policies. The Group's risk of irrecoverable disbursements is mitigated by clients entering into insurance policies. The majority of the disbursement receivables balances have client insurance that ensures recovery in the event of a loss. However significant judgement is exercised where disbursements have been entered into outside of a relevant client insurance policy. The gross value of disbursement receivables subject to these judgements is £174.5m (2021: £173.1m).

Key sources of estimation uncertainty

The key sources of estimation uncertainty as at the reporting date that may give rise to a significant risk to a material adjustment of carrying amounts of assets and/or liabilities within the next financial year are considered below:

Valuation of unbilled revenue in Complex Personal Injury ('CPI')

The recognition of revenue in relation to contingent, unbilled hours in CPI requires management to estimate the amount of fee income it will receive from eventual cost settlements. In order to do this management separates the CPI business into a sufficiently disaggregated group of cohorts, and by looking back at all closed cases from the last four years (being an approximation of the average case duration), determines a recovery rate per hour achieved on successful matters across each cohort. This recovery rate is applied to all unbilled, contingent hours within each cohort where costs are not yet agreed. This portfolio method of generating an expected recovery rate for matters separated into cohorts is considered the most appropriate method on the basis that, within each cohort, recovery rates remain suitably consistent over time and as such at the year end, historic evidence is considered to be indicative of future rates.

In order to ensure that the portfolio method does not lead to an overstatement of revenue, individually significant matters are examined for objective evidence of a lower than average recovery rate. If any objective evidence is noted then the recovery rate on these matters is reduced accordingly.

A 1% decrease in management's estimate of the recovery rates would lead to an £1,226k decrease in accrued income (2021: £1,046k, 2020: £965k, 2019: £1,048k).

Incremental Borrowing Rate ('IBR') used in measurement of right of use asset and lease liabilities

The IBR used in the measurement of right of use assets and lease liabilities is considered to be a significant estimate on the basis that when applied to the right of use asset and lease liability, there is a material range of reasonably possible outcomes.

Management has calculated the incremental borrowing rates as described in the accounting policies. The rates used are articulated in note 24. A 2% change in the discount rates used would at April 2022 have the following impact on the financial statements:

Financial statement caption	Impact of 2% increase in IBR at April 2022 £'000
Interest payable	744
Administrative expenses	(738)
Right of use asset	(4,166)
Lease liability	(3,514)

4. Alternative performance measures

The Group uses various alternative performance measures ('APMs') throughout these historical financial statements in order to provide the readers of the historical financial statements with incremental understanding of the performance of the Group. These measures are designed to supplement the IFRS measures presented in order to provide a fuller and more rounded explanation of performance. The Group's APMs may not be comparable with similarly titled measures presented by other companies and should not be viewed in isolation but as supplementary information.

The following list of alternative performance measures appear within these financial statements:

Alternative Performance Measure	Definition	Why it is considered useful	Reconciliation to statutory measure
Underlying operating profit and underlying profit before tax	Statutory operating profit/profit before tax, adjusted for the impact of non-underlying items (see note 9)	Excluding non-underlying items (see note 9) provides readers with a clear and consistent presentation of underlying business performance and it excludes the impact of certain items to aid comparability	See below, within note 4
Underlying earnings per share and underlying diluted earnings per share	Statutory earnings per share and diluted earnings per share, but with the calculation adjusted to use underlying profit before tax instead of profit before tax (see above).	Excluding non-underlying items (see note 9) provides readers with a clear and consistent presentation of underlying business performance and it excludes the impact of certain items to aid comparability	See below, within note 4
Core revenue and core underlying operating profit	The relevant statutory measure (or underlying measure as above), excluding the results from the Other Businesses segment (see note 5) which is considered non-core and largely comprises the Group's Volume Personal Injury activities which are in run-off.	Excluding the non-core segment allows the readers to have visibility of a metric which will keep consistency and comparability in future years.	See note 5 (Operating segments) for reconciliation of Core segments to Group results.
Core revenue per fee earner	Revenue from core segments divided by the average number of fee earners in the year in core segments (on an FTE basis).	Excluding the non-core segment allows the readers to have visibility of a metric which will keep consistency and comparability in future years.	n/a – no similar statutory measure
Staff cost to revenue %	Total staff costs divided by Total revenue	Staff costs to revenue measures the productivity and efficiency of our people.	n/a – no similar statutory measure
Revenue pipeline	Hours worked on open matters that have not yet been billed or recognised as a contract asset, valued at client charge out rates.	Pipeline gives an indication of the visibility of future revenue and cash flow generation.	n/a – this measures time not recognised in the financial statements.
Free cashflow	Total Group cashflow, before M&A related cashflows, dividend payments and cash impact of non-underlying items.	Free cashflow gives an indication of the ability of the Group to generate cash to enable growth and distributions to shareholders.	See below, within note 4
Net cash/(debt)	Total cash and short term investments, less bank borrowings and LLP members' capital.	Net cash/(debt) is a measure of the Group's leverage	See below, within note 4
Lock-up days	The total of trade debt, accrued income and paid disbursement debtors divided by revenue recorded in the last year, multiplied by 365.	Lock up measures the length of time it takes us to convert working capital into cash on fee earning matters.	See below, within note 4

Reconciliation to statutory measures

In order to provide shareholders with a clearer understanding of the Group's underlying trading performance, the Group has calculated and presented an underlying profit measure which adjusts for items considered to be either one-off in nature, non-cash or which experience significant fluctuations that can often be contrary to core trading performance. Underlying operating profit and core underlying operating profit reconciles to statutory profit before tax on the following basis:

Notes to the financial statements continued

4. Alternative performance measures continued

Reconciliation to statutory measures continued

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Profit before tax	21,165	43,129	15,441
Add back: Non-underlying items (note 9)	2,283	834	12,368
Underlying profit before tax	23,448	43,963	27,809
Add back: Net interest payable	2,290	2,304	2,530
Underlying operating profit	25,738	46,267	30,339
Add back/(less): operating loss/(profit) from non-core operations	4,074	(3,244)	(6,594)
Core underlying operating profit	29,812	43,023	23,745

Core revenue reconciles to revenue as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Revenue	275,739	283,307	267,408
Less: Revenue from non-core operations	(9,657)	(21,015)	(24,960)
Core Revenue (note 5)	266,082	262,292	242,448

The underlying profit measure above is the basis of the underlying earnings per share and underlying diluted earnings per share APMs The items included as non-underlying items in the above reconciliation are presented in note 9.

Lock-up days

Lock-up days are calculated as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Gross trade receivables (note 20)	26,129	22,067	27,961
Contract assets (note 20)	72,887	73,247	61,854
Unbilled disbursements net of unpaid disbursements (within other creditors)	56,530	57,478	59,855
Working capital subject to lock-up calculation	**155,546**	**152,792**	**149,670**
Revenue	275,739	283,307	267,408
Lock-up days (working capital divided by revenue and converted to days)	**206 days**	**197 days**	**204 days**

Free cash flow

Free cash flow is calculated as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Net cash flow	4,656	23,683	32,308
Add back: M&A related cash flows	–	49	–
Add back: Dividends paid	4,076	3,566	3,397
Add back: Cash impact of non-underlying items	1,551	–	–
Free cash flow	10,283	27,298	35,705

Net cash/(debt)

Net cash/(debt) is calculated as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Cash and cash equivalents	49,677	46,367	25,919
Current asset investments (note 21)	3,146	1,800	2,301
Borrowings (note 22)	–	–	(3,736)
Amounts due to members of Irwin Mitchell LLP (note 23)	(50,564)	(46,244)	(47,830)
Net cash/(debt)	**2,259**	**1,923**	**(23,346)**

5. Operating segments

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors.

The Group has operating segments as follows:

- Complex Personal Injury – helping clients (or client groups) receive compensation for complicated injuries suffered as a result of accidents either in the workplace, in public, or as a result of clinical negligence.
- Life Cycle Legal Services – delivering advice to businesses and individuals across a broad array of practice areas such as; property law, public law, private client services, family law, corporate and finance and commercial advisory and disputes.
- Financial Asset Services – Services related to the management of financial assets on behalf of clients, services in relation to the collection of debt and Court of Protection deputyships and trusteeships.
- Other businesses – service lines which are not classed as part of the Group's core operations, largely comprising the Group's Volume Personal Injury business in run off.

The operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results. All assets, liabilities and revenues are located in, or derived in, the United Kingdom.

The revenues are allocated to the following operating segments:

	30 April 2022						
	Complex personal injury £'000	Life cycle legal services £'000	Financial asset services £'000	Central & eliminations £'000	Core Group Total £'000	Other Businesses £'000	Total £'000
Revenue	146,725	83,740	35,771	(154)	266,082	9,657	275,739

	30 April 2021						
	Complex personal injury £'000	Life cycle legal services £'000	Financial asset services £'000	Central & eliminations £'000	Core Group Total £'000	Other Businesses £'000	Total £'000
Revenue	141,629	84,796	36,338	(471)	262,292	21,015	283,307

	30 April 2020						
	Complex personal injury £'000	Life cycle legal services £'000	Financial asset services £'000	Central & eliminations £'000	Core Group Total £'000	Other Businesses £'000	Total £'000
Revenue	125,252	84,510	33,337	(651)	242,448	24,960	267,408

Where revenues or eliminations cannot be meaningfully allocated to any primary operating segments, these are allocated as central adjustments and eliminations. The results are allocated to the following operating segments:

	30 April 2022						
	Complex personal injury £'000	Life cycle legal services £'000	Financial asset services £'000	Central & eliminations £'000	Core Group Total	Other Businesses £'000	Total £'000
Revenue	146,725	83,740	35,771	(154)	266,082	9,657	275,739
Cost of sales	(54,109)	(51,502)	(18,733)	679	(123,665)	(7,937)	(131,602)
Gross profit	92,616	32,238	17,038	525	142,417	1,720	144,137
Other income					7,188	–	7,188
Administrative costs					(122,076)	(5,794)	(127,870)
Operating profit					27,529	(4,074)	23,455
Net finance costs					(2,290)	–	(2,290)
Profit before tax					25,239	(4,074)	21,165

Notes to the financial statements continued

5. Operating segments continued

	30 April 2021						
	Complex personal injury £'000	Life cycle legal services £'000	Financial asset services £'000	Central & eliminations £'000	Core Group Total £'000	Other businesses £'000	Total £'000
Revenue	141,629	84,796	36,338	(471)	262,292	21,015	283,307
Cost of sales	(50,807)	(47,118)	(17,770)	(1,810)	(117,505)	(8,838)	(126,343)
Gross profit	90,822	37,678	18,568	(2,281)	144,787	12,177	156,964
Other income					6,396	–	6,396
Administrative costs					(108,994)	(8,933)	(117,927)
Operating profit					42,189	3,244	45,433
Net finance costs					(2,304)	–	(2,304)
Profit before tax					39,885	3,244	43,129

	30 April 2020						
	Complex personal injury £'000	Life cycle legal services £'000	Financial asset services £'000	Central & eliminations £'000	Core Group Total £'000	Other businesses £'000	Total £'000
Revenue	125,252	84,510	33,337	(651)	242,448	24,960	267,408
Cost of sales	(52,138)	(54,382)	(16,834)	(1,924)	(125,278)	(10,434)	(135,712)
Gross profit	73,114	30,128	16,503	(2,575)	117,170	14,526	131,696
Other income					5,275	–	5,275
Administrative costs					(111,068)	(7,932)	(119,000)
Operating profit					11,377	6,594	17,971
Net finance costs					(2,530)	–	(2,530)
Profit before tax					8,847	6,594	15,441

There were no customers who individually accounted for more than 10% of total Group revenue (2021: None; 2020 None).

Revenue analysed by geographical market

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
United Kingdom	265,463	272,593	256,412
International	10,276	10,714	10,996
Revenue	275,739	283,307	267,408

6. Revenue from contracts with customers

All revenue of the Group is recognised over time. Disaggregated revenue information by business line which align to the Group's operating segments, and geographical markets is provided in note 5.

The Group has recognised the following assets and liabilities related to contracts with customers:

Contract assets	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
At start of year	73,247	61,854	61,904
Transfers in the year from contract assets to trade receivables	(53,154)	(44,042)	(48,720)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	52,801	55,453	48,670
Movement in expected credit loss provision	(7)	(18)	–
At end of year	72,887	73,247	61,854

Contract liabilities	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
At start of year	1,980	2,593	1,957
Amounts included in contract liabilities that were recognised as revenue during the year	(2,576)	(3,027)	(2,296)
Cash received in advance of revenue recognition during the year	2,639	2,414	2,932
At end of year	2,043	1,980	2,593

Contract assets and contract liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They arise from the Group's contracts because cumulative payments received from customers at each balance sheet date do not necessarily equal the revenue recognised on those contracts. The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on legal services provided. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to consideration received from customers in advance of the corresponding revenue recognised.

7. Other operating income

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Government grant income	–	1,700	–
After the event ("ATE") insurance premium income	7,188	4,696	5,275
	7,188	6,396	5,275

Government grants relate to income received as part of the Coronavirus Job Retention Scheme which the company took advantage of during the year-ended 30th April 2021. The receipt of these funds was recognised within other operating income. Subsequent to receiving the government grant, the Board decided to repay all funds received by Irwin Mitchell LLP and Coris UK Limited. These amounts (£1.5m) were repaid during the year ended 30 April 2021 and the repayment was recognised within administrative expenses.

ATE policy premium income comprises premium income of £6.2m (2021: £4.5m; 2020: £4.8m) generated by the IM PI 2 Captive Cell within Fiable Insurance Limited, premium income of £0.1m (2021: £0.1m, 2020: £0.4m) generated by the IM PI 1 Captive Cell within Fiable Insurance Limited, premium income of £0.3m (2021: £nil; 2020: £0.1m) generated by the IM CL Cell within Themis Insurance Limited, and premium income of £0.5m (2021: £nil; 2020: £nil) generated by the IM85 cell within Mannequin Insurance PCC Limited.

8. Staff costs and numbers

Employee costs (including directors)	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Wages and salaries	104,079	102,428	93,677
Social security costs	10,324	10,440	9,362
Contributions to defined contribution pension scheme	8,680	7,853	7,688
Share based payment expense	3,005	869	702
Total employment costs	126,088	121,590	111,429

The average number of employees during the year was made up as follows:

	30 April 2022 Number	30 April 2021 Number	30 April 2020 Number
Fee earners	1,539	1,627	1,684
Administration	1,047	994	979
Total average number of employees	2,586	2,621	2,663

All employees are based in the United Kingdom.

Directors' emoluments	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Remuneration for qualifying services	2,793	2,782	2,247
Contributions to defined contribution pension scheme	–	–	–
Share based payment expense	231	151	125
Total employment costs	3,024	2,933	2,372

Notes to the financial statements continued

8. Staff costs and numbers continued

Remuneration of the highest paid director is as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Remuneration for qualifying services	821	902	661
Contributions to defined contribution pension scheme	–	–	–
Share based payment expense	51	48	43
Total employment costs	872	950	704

35,000 share options in the name of the highest paid director vested (and automatically exercised) in the year (2021: 30,000; 2020: 25,000). There were no other transactions with directors during the year. The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to nil (2021: nil; 2020: nil). Key management personnel are defined as the executive Board of the Company and Group Executive Committee and their remuneration is shown in note 32.

9. Non-underlying items

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Goodwill impairment (see note 17)	544	834	12,368
Transaction related professional fees	1,739	–	–
	2,283	834	12,368

The basis of the Goodwill impairment is detailed in note 17. Transaction related professional fees are incremental costs relating to transactions that are one-off in nature.

10. Operating profit

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

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Members remuneration charged as an expense	46,827	45,381	42,475
Depreciation of property, plant and equipment (note 18)	1,303	1,146	1,652
Depreciation of right of use assets (note 19)	8,475	8,733	8,974
Impairment of right of use assets (note 19)	–	1,275	–
Amortisation of intangible assets (note 17)	1,083	983	868
Government grant income - Coronavirus Job Retention Scheme	–	(1,700)	–
Government grants – Coronavirus Job Retention Scheme repayment	–	1,543	–
Loss on disposal of fixed assets	13	24	285
Non-underlying items (note 9)	2,283	834	12,368
Lease costs for low value leases	2,727	3,019	2,547

11. Fees for audit and other services

The analysis of auditor's remuneration is as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	32	14	13
The audit of the Company's subsidiaries	580	203	175
Total audit fees	612	217	188

Fees payable to the Group's auditor for non-audit services are as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Taxation advisory services	–	83	14
Other services	200	330	–
FCA audit	47	75	58
Total non-audit fees	247	488	72
Total fees	859	705	260

No services were provided pursuant to contingent fee arrangements. Other services include reporting under the SRA Account Rules 2011, amounts related to a review of the control environment, IT transformation support services audit and other services relating to the Group's organisational and governance structure.

Audit fees for years ended 30 April 2020 and 30 April 2021 were payable to Deloitte LLP, and audit fees for the year-ended 30 April 2022 are payable to Ernst & Young LLP.

12. Finance income

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Interest received on bank deposits	401	588	1,137
Total finance income	401	588	1,137

13. Finance costs

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Interest on bank borrowings and overdrafts	590	625	1,174
Interest payable on leases	1,012	1,235	1,463
Interest on former partner capital	192	269	185
Interest on current partner capital	897	763	845
Total finance costs	2,691	2,892	3,667

All interest costs are on financial liabilities measured at amortised cost.

14. Taxation

The tax charge is analysed as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
UK current tax:			
Current tax on (loss)/profit for the year	695	7,842	5,930
Adjustments in respect of prior years	(266)	(709)	(42)
Total current tax	429	7,133	5,888
UK deferred tax:			
Origination and reversal of temporary differences	4,603	1,059	694
Impact of change in tax rates	184	(558)	–
Total deferred tax	4,787	501	694
Total tax charge in the Income Statement	5,216	7,634	6,582

Notes to the financial statements continued

14. Taxation continued

Reconciliation of effective tax charge

The current tax charge for the period is higher (2021: lower 2020: higher) than the prevalent rate of corporation tax in the UK for the period of 19% (2021: 19.% 2020: 19.%).

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Profit before taxation	21,165	43,129	15,441
Expected tax charge at corporation tax rate of 19% (2021: 19%, 2020: 19%)	4,021	8,195	2,934
Effects of:			
Expenses not deductible for tax purposes	1,263	791	3,375
Income not subject to corporation tax	–	(20)	(22)
Effects of deferred tax not previously recognised	–	–	569
Adjustments in respect of prior years	(266)	(709)	(42)
Impact of change in accounting policy	–	–	(219)
Impact of change in tax rates	184	(558)	–
Other	14	(65)	(13)
Total tax charge in the Income Statement	5,216	7,634	6,582

Factors affecting future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Deferred tax balances at the reporting date are therefore measured at 25% (2021: 19%; 2020: 17%).

15. Dividends

Amounts recognised as distributions to equity holders is as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Final dividend of 2.75p (2021: 2.25p; 2020: 1.25p) per ordinary share	944	754	410
Interim dividend of 1.5p (2021: 1.25p; 2020: 1.25p) per ordinary share	512	419	410
	1,456	1,173	820

Treasury shares and own shares in the members share trust do not attract a dividend. In light of the Group's continued performance and outlook, the Board has reiterated its commitment to a progressive dividend policy and an announcement detailing any final proposed dividend for FY22 (2021: 2.75p per share) will be made prior to the Annual General Meeting..

16. Earnings per share

Earnings per share ("EPS") for the Group is calculated as follows:

	30 April 2022	30 April 2021	30 April 2020
Earnings used in calculation (£'000)	14,823	33,337	6,040
Weighted average number of ordinary shares	34,374,370	33,519,370	32,791,257
Basic EPS (£)	0.43	0.99	0.18
Weighted average number of dilutable shares	37,421,870	36,329,370	35,366,257
Diluted EPS (£)	0.40	0.92	0.17

In all periods there were share options outstanding. The exercise price of the options is in the money and have therefore been included in the calculation of the weighted average number of dilutable shares. Included in the calculation of dilutable shares are options over 2,900,000 (2021: 2,810,000; 2020: 2,575,000) ordinary shares. This is further detailed in note 31.

Underlying earnings per share

The directors use an adjusted earnings figure as an alternative performance measure which the Directors believe reflects a fair estimate of ongoing profitability and performance, as detailed in note 4. The calculated underlying profit after tax for the current period of accounts is as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Profit attributable to owners of the Company	14,823	33,337	6,040
Add back:			
Non-underlying costs	2,283	834	12,368
Underlying profit after tax	17,106	34,171	18,408
Basic Adjusted EPS (£)	0.50	1.02	0.56
Diluted Adjusted EPS (£)	0.46	0.94	0.52

The calculation of underlying earnings removes non-underlying items as explained further in note 4.

17. Goodwill and other intangible assets

	Goodwill £'000	Software £'000	Assets under construction £'000	Total £'000
Cost				
At 1 May 2019	34,433	3,256	129	37,818
Additions	–	997	462	1,459
Disposals	–	(721)	–	(721)
At 30 April 2020	34,433	3,532	591	38,556
Additions	–	812	1,086	1,898
Transfers	–	748	(1,121)	(373)
Disposals	–	(515)	(30)	(545)
At 30 April 2021	34,433	4,577	526	39,536
Additions	–	471	1,224	1,695
Transfers	–	38	(38)	–
Disposals	–	(827)	(904)	(1,731)
At 30 April 2022	34,433	4,259	808	39,500
Amortisation and impairment				
At 1 May 2019	16,253	1,522	–	17,775
Amortisation charged for the year	–	868	–	868
Impairment charge	12,368	–	–	12,368
Eliminated in respect of disposals	–	(722)	–	(722)
At 30 April 2020	28,621	1,668	–	30,289
Amortisation charged for the year	–	983	–	983
Eliminated in respect of disposal	–	(515)	–	(515)
Impairment charge	834	–	–	834
At 30 April 2021	29,455	2,136	–	31,591

Notes to the financial statements continued

17. Goodwill and other intangible assets continued

	Goodwill £'000	Software £'000	Assets under construction £'000	Total £'000
Amortisation charged for the year	–	1,093	–	1,093
Eliminated in respect of disposals	–	(827)	–	(827)
Impairment charge	544	–	–	544
At 30 April 2022	29,999	2,402	–	32,401
Carrying amount				
At 30 April 2020	5,812	1,864	591	8,267
At 30 April 2021	4,978	2,441	526	7,945
At 30 April 2022	4,434	1,857	808	7,099

Goodwill

Goodwill has been allocated to cash generating units ("CGUs") or groups of cash generating units as follows:

Goodwill (before impairment)	30 April 2022	30 April 2021	30 April 2020
Complex personal injury group of CGUs	1,343	1,343	1,343
Life cycle legal services group of CGUs	12,368	12,368	12,368
Ascent CGU	619	619	619
Tax, trust and estate CGU	3,850	3,850	3,850
Total	18,180	18,180	18,180

Accumulated Impairment	30 April 2022	30 April 2021	30 April 2020
Complex personal injury group of CGUs	–	–	–
Life cycle legal services group of CGUs	12,368	12,368	12,368
Ascent CGU	619	619	–
Tax, trust and estate CGU	759	215	–
Total	13,746	13,202	12,368

Goodwill carrying amount	30 April 2022	30 April 2021	30 April 2020
Complex personal injury group of CGUs	1,343	1,343	1,343
Life cycle legal services group of CGUs	–	–	–
Ascent CGU	–	–	619
Tax, trust and estate CGU	3,091	3,635	3,850
Total	4,434	4,978	5,812

Goodwill arising from business combinations is not amortised but instead reviewed for impairment at least on an annual basis, or when there are other indications that goodwill could be impaired. Impairment reviews were performed as at each year end date by comparing the carrying value of the asset base of each CGU to the recoverable value of the CGU calculated as its value in use. The recoverable value of each CGU (or group of CGUs) is determined as the higher of the value in use, and its fair value less cost to sell.

The value in use of each CGU (or group of CGUs) has been determined using a discounted cash flow model. The key assumptions and inputs into the models are as shown below. These are applied consistently to each CGU on the basis that the management approved forecasts all cover the same period, each CGU operates in an economy which experiences similar long term growth and therefore inputs into the discount rate calculation are comparable.

	30 April 2022	30 April 2021	30 April 2020
Period on which management approved forecasts are based	4 years	4 years	4 years
Growth rate applied beyond approved forecast period	2%	2%	2%
Pre-tax discount rate	10.6%	10.6%	10.9%

The value in use calculations are based initially on the Board approved strategic growth plan (including the FY23 budgets), and extend beyond the initial Board approved forecast period and into perpetuity using a cautious perpetual growth rate relevant to the UK, the primary economy in which the Group operates.

The pre-tax discount rates used are based on the weighted average cost of capital specific to each CGU or group of CGUs, including an assessment of current market conditions and other external factors. The market conditions and external factors are considered to be comparable across CGUs and hence the discount rate used was consistent across CGUs.

As at the 30 April 2022, the outcome of the impairment test is not sensitive to a reasonably possible change in the discount rate or a 5% reduction in revenue. A reduction in the gross margin percentage included in management's forecasts of 1% would lead to a further impairment of £1,286k. The recoverable value of the cash generating units which have suffered an impairment but are not fully impaired, as at 30 April 2022, are as follows: Tax, trust and estate CGU £3.1m.

A £12,368k impairment of goodwill attributed to the life cycle legal services group of CGUs was recorded in FY20. This occurred as a result of a tempering of future forecasts as at the F Y20 year end compared to previous strategic growth plans, combined with an increase in the corporate cost base, part of which is allocated to that group of CGUs.

18. Property, plant and equipment

	Leasehold Improvements £'000	Fixtures & Fittings £'000	Assets under construction £'000	Total £'000
Cost				
At 1 May 2019	7,845	5,963	–	13,808
Additions	2,025	1,611	31	3,667
Transfers	–	(114)	114	–
Disposals	(833)	(2,772)	(54)	(3,659)
At 30 April 2020	9,037	4,688	91	13,816
Additions	12	129	214	355
Arising on acquisition	–	93	–	93
Transfers	–	535	(162)	373
Disposals	(521)	(1,027)	–	(1,548)
At 30 April 2021	**8,528**	**4,418**	**143**	**13,089**
Additions	–	51	681	732
Transfers	–	171	(171)	–
Disposals	(1,233)	(2,858)	(43)	(4,134)
At 30 April 2022	**7,295**	**1,782**	**610**	**9,687**
Depreciation and impairment				
At 1 May 2019	5,837	4,269	–	10,106
Depreciation charged for the year	707	946	–	1,653
Eliminated in respect of disposals	(816)	(2,687)	–	(3,503)
At 30 April 2020	5,728	2,528	–	8,256
Depreciation charged for the year	670	475	–	1,145
Eliminated in respect of disposals	(515)	(693)	–	(1,208)
Arising on acquisition	–	92	–	92
At 30 April 2021	**5,883**	**2,402**	–	**8,285**
Depreciation charged for the year	559	752	–	1,311
Eliminated in respect of disposals	(1,110)	(2,859)	–	(3,969)
At 30 April 2022	**5,332**	**295**	–	**5,627**
Carrying amount				
At 30 April 2020	3,309	2,160	91	5,560
At 30 April 2021	2,645	2,016	143	4,804
At 30 April 2022	**1,963**	**1,487**	**610**	**4,060**

Notes to the financial statements continued

19. Right of use assets

IFRS 16 has been adopted and leased assets are presented as a separate line item in the Statement of Financial Position, as right of use assets. Payments in respect of short term and/or low value leases (where leases have a value of less than £5,000, or less than 12 months or no minimum contract term) continue to be charged to the income statement on a straight-line basis over the term of the lease (note 10).

	Right of use assets – Properties £'000	Right of use assets – Motor vehicles £'000	Total £'000
Cost			
At 1 May 2019	93,807	3,952	97,759
Additions	18,518	972	19,490
Disposals	–	(279)	(279)
At 30 April 2020	112,325	4,645	116,970
Additions	–	554	554
Modifications	157	(164)	(7)
Disposals	(962)	(1,493)	(2,455)
At 30 April 2021	111,520	3,542	**115,062**
Additions	1,629	1,624	3,253
Modifications	–	(168)	(168)
Disposals	(896)	(1,190)	(2,086)
At 30 April 2022	112,253	3,808	**116,061**
Depreciation and impairment			
At 1 May 2019	46,005	1,698	47,703
Depreciation charge for the year	7,871	1,103	8,974
Eliminated in respect of disposals	–	(273)	(273)
At 30 April 2020	53,876	2,528	56,404
Depreciation charged for the year	7,754	979	8,733
Eliminated in respect of disposals	(947)	(1,464)	(2,411)
Impairment	1,275	–	1,275
At 30 April 2021	61,958	2,043	**64,000**
Depreciation charged for the year	7,605	870	8,475
Eliminated in respect of disposals	(882)	(1,148)	(2,030)
At 30 April 2022	68,681	1,765	**70,445**
Carrying amount			
At 30 April 2020	58,449	2,118	60,567
At 30 April 2021	49,563	1,500	51,063
At 30 April 2022	43,572	2,044	45,616

The Group's property leases are of UK based office space over a range of durations up to 12 years, typically with fixed quarterly payments. The Group's vehicle leases are of UK based cars, with a typical duration of 3 years and fixed monthly payments.

The right of use assets are depreciated over the shorter of the asset's useful life and the lease term, on a straight line basis. The property leases are discounted at the Group's estimated incremental cost of borrowing at a rate of 1.3-5.1%. The motor vehicle leases are discounted at the Group's incremental cost of borrowing at a rate of 0.9%-1.4%. An impairment of £1,275,000 was recognised in the year ended 30 April 2021, in order to fully impair the right of use asset in relation to a leasehold property which had been exited operationally as a result of changing working patterns.

20. Trade and other receivables

Amounts falling due within one year	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Trade receivables	26,129	22,067	27,961
Expected credit loss provision	(2,208)	(2,800)	(4,405)
	23,921	19,267	23,556
Unbilled disbursements (net of impairment and expected credit loss provision)	169,380	163,550	171,073
Contract assets (note 6)	72,887	73,247	61,854
Prepayments	14,558	12,213	7,776
Amounts due from related parties	–	1,763	2,039
Other receivables	15,731	19,096	18,820
Trade and other receivables falling due within one year	296,477	289,136	285,118

Amounts falling due after one year			
Insurance reimbursement asset (see note 27)	17,558	14,601	8,705

The Group uses appropriate methods to recover all balances once overdue. Once the expectation of recovery is deemed remote a debt may be written off. A provision for impairment is recognised against unbilled disbursements to recognise the risk that unbilled disbursements will ultimately prove to be irrecoverable (for reasons aside from credit loss). An expected credit loss allowance is also recognised against unbilled disbursements in order to recognise the risk of credit loss in relation to those that are uninsured. The Group applies the IFRS 9 simplified approach to measuring expected credit losses as described in note 2.12.

Provisions against trade receivables

The ageing of trade receivables (by reference to ultimate due date) and provision for impairment at the reporting date was:

	Gross Trade Receivables			Expected Credit Loss Provision			Trade Receivables (net of provision)		
£'000	30 April 2022	30 April 2021	30 April 2020	30 April 2022	30 April 2021	30 April 2020	30 April 2022	30 April 2021	30 April 2020
Trade receivables not past due	14,477	12,588	13,166	(172)	(189)	(118)	14,305	12,399	13,048
Trade receivables past due									
0-60 days past due	5,933	3,933	6,106	(204)	(189)	(155)	5,729	3,744	5,951
61-150 days past due	1,713	1,634	2,378	(201)	(328)	(952)	1,512	1,306	1,426
More than 151 days past due	4,006	3,912	6,311	(1,631)	(2,094)	(3,180)	2,375	1,818	3,131
Total receivables before impairment	26,129	22,067	27,961	(2,208)	(2,800)	(4,405)	23,921	19,267	23,556

The movement in expected credit loss provision against receivables is as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Brought forward provision	2,800	4,405	3,862
Utilised in year	(2,500)	(4,901)	(3,178)
Created in year	1,908	3,296	3,721
Carried forward provision	2,208	2,800	4,405

Provisions against unbilled disbursements

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Unbilled disbursements	174,793	173,075	179,197
Provision for recoverability	(5,362)	(9,445)	(8,024)
Expected credit loss allowance	(51)	(80)	(100)
Net disbursement debtors	168,380	163,550	171,073

Notes to the financial statements continued

20. Trade and other receivables continued

Provisions against unbilled disbursements continued

The movement in the provision for recoverability against disbursements is as follows

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Brought forward provision	9,445	8,024	5,330
Movements in year	(3,568)	1,421	2,694
Carried forward provision	5,877	9,445	8,024

The basis of management's estimate of the provision for recoverability has changed in the year, and meets the criteria of a Change in Accounting Estimate as defined by IAS 8. Until 30 April 2021, management estimated the value of unbilled disbursements that will prove to be irrecoverable in the future on ongoing matters in Personal Injury by extrapolating the result of a sample of fee earner responses on matters which have already completed to the population of ongoing matters. As at 30 April 2022, management used historical write off data on closed cases to inform their estimate of the proportion of disbursements on ongoing matters that will prove to be irrecoverable in the future. If management had applied the current year methodology at 30 April 2021, the provision for recoverability would have been £7,322,000.

A further £150,000 (2021: £143,000; 2020: £125,000) expected credit loss provision has been recognised against contract assets balances. This is based the assumption that contract assets carry the same credit risk as trade receivables not past due.

21. Current asset investments

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Unlisted investments – at cost less impairment	3,146	1,800	2,301
	3,146	1,800	2,301

Investments relate to cash deposits with various financial institutions. These typically have a term of up to three months and as such are included in cash and cash equivalents in the statement of cash flows.

22. Borrowings

	30 April 2022			30 April 2021			30 April 2020		
Borrowings at amortised cost	Current £000	Non-Current £000	Total £000	Current £000	Non-Current £000	Total £000	Current £000	Non-Current £000	Total £000
Bank overdraft/revolving credit facility	–	–	–	–	–	–	3,736	–	3,736
Total borrowings	–	–	–	–	–	–	3,736	–	3,736

Contractual terms of bank borrowings

The bank arrangements in place contain unlimited cross company guarantees to be given by the Company, Irwin Mitchell LLP, Coris UK Limited, MPH Solicitors Limited and IM Investment Holdings Limited to secure all liabilities of each other. In addition Irwin Mitchell LLP has provided a guarantee to HSBC plc in relation to all obligations of IM Asset Management Limited.

The revolving credit facility, which was renewed in August 2022 post year end, is a borrowing arrangement running until August 2025, and is subject to a variable interest rate linked to the SONIA rate. The rate is variable between 1.4% and 2.3% + SONIA dependant on the Group's covenant calculations for the previous quarter.

Until January 2022, the total value of the committed facility was £75million. From January 2022 onwards (including after the August 2022 renewal), the total value of the committed facility is £50m, with an £25m accordion arrangement which may be requested for the purposes of M&A activity.

23. Amounts due to members of Irwin Mitchell LLP

	30 April 2022			30 April 2021			30 April 2020		
Borrowings at amortised cost	Current £000	Non-Current £000	Total £000	Current £000	Non-Current £000	Total £000	Current £000	Non-Current £000	Total £000
Fixed capital payable to current partners	19,168	22,808	41,976	15,328	20,573	35,901	15,621	20,309	35,930
Fixed capital payable to former partners	2,947	5,641	8,588	2,633	7,710	10,343	3,480	8,420	11,900
Total capital due to members of Irwin Mitchell LLP	22,115	28,449	50,564	17,961	28,283	46,244	19,101	28,729	47,830

Contractual terms of fixed capital payable to current and former partners

Interest on partner capital (for current and former partners) varies depending on the type of capital. Interest paid to partners on B capital is Bank of England Base rate % ("BOEB") + 2.5% and interest paid to partners on their tax reserves is the greater of either 2% or 1% + BOEB% (annual rate).

Fixed capital payable to retired former partners is payable over a period ranging from three months to 10 years. The last payment due on the fixed capital payable to former partners is March 2031 (as at 30 April 2022). Fixed capital payable to current partners is not repayable until the partner leaves the firm and therefore does not have a maturity date.

24. Leases

	30 April 2022			30 April 2021			30 April 2020		
	Current £'000	Non-Current £'000	Total £'000	Current £'000	Non-Current £'000	Total £'000	Current £'000	Non-Current £'000	Total £'000
Lease liability	10,059	40,708	50,767	10,197	47,112	57,309	10,598	55,638	66,236

The lease liability movements are as follows:

	30 April 2022			30 April 2021			30 April 2020		
Borrowings at amortised cost	Land and buildings leases £'000	Motor vehicle leases £'000	Total leases £'000	Land and buildings leases £'000	Motor vehicle leases £'000	Total leases £'000	Land and buildings leases £'000	Motor vehicle leases £'000	Total leases £'000
Balance at 1 May	55,834	1,475	57,309	64,148	2,088	66,236	51,225	2,228	53,453
Additions	1,404	1,624	3,028	–	554	554	21,023	972	21,995
Interest expense	999	13	1,012	1,218	18	1,236	1,438	25	1,463
Modification of existing leases	–	(164)	(164)	127	(164)	(37)	–	–	–
Payment of lease liabilities (including interest)	(9,509)	(909)	(10,418)	(9,659)	(1,021)	(10,680)	(9,538)	(1,137)	(10,675)
Disposals	–	–	–	–	–	–	–	–	–
Balance at 30 April	48,728	2,039	50,767	55,834	1,475	57,309	64,148	2,088	66,236

Future gross minimum lease payments are as follows:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Due within one year	10,060	10,198	10,599
Due in two to five years	23,490	26,691	31,614
Due in more than five years	20,891	24,976	29,817
Gross lease payments due	54,441	61,865	72,030
Less future finance charges	(3,674)	(4,556)	(5,794)
Net lease payments due	50,767	57,309	66,236

The Group's right of use asset additions and depreciation charge recognised on leases in the year is shown in note 19, and interest expense in note 13. The total cash outflows in the year are explained in the Statement of Cash Flows and associated note.

25. Trade and other payables

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Trade creditors	60,392	59,173	66,448
Taxation & social security	7,920	8,779	19,653
Accruals	18,957	21,630	17,547
Contract liabilities (note 6)	2,043	1,980	2,593
Other creditors	104,158	101,592	92,988
	193,470	193,154	199,229

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

Deferred consideration relating to the acquisition of Thomas Eggar is included in other creditors for the Group. Total deferred consideration amounts to £108,000 (2021: £108,000; 2020: £108,000), included in creditors due in less than one year.

Notes to the financial statements continued

26. Employee benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund of £8,680,000 (2021: £7,853,000; 2020: £7,688,000).

Contributions totalling £731,000 (2021: £696,000; 2020: £666,000) were payable to the fund at the year-end and are included in other creditors.

27. Provisions

Year ended 30 April 2022	Dilapidations £’000	Claims £’000	Onerous Lease £’000	Total £’000
Balance at 1 May	7,969	16,828	331	25,128
Provisions made during the year	225	–	–	225
Provisions charged/(released) to profit and loss during the year	(345)	3,959	(331)	3,283
Provisions used during the year	–	(1,215)	–	(1,215)
Balance at 30 April	7,849	19,572	–	27,421

Year ended 30 April 2021	Dilapidations £’000	Claims £’000	Onerous Lease £’000	Total £’000
Balance at 1 May	7,651	10,165	–	17,816
Provisions made during the year	–	–	331	331
Provisions charged/(released) to profit and loss during the year	318	7,423	–	7,741
Provisions used during the year	–	(760)	–	(760)
Balance at 30 April	7,969	16,828	331	25,128

Year ended 30 April 2020	Dilapidations £’000	Claims £’000	Onerous Lease £’000	Total £’000
Balance at 1 May	6,479	7,270	–	13,749
Provisions made during the year	1,224	–	–	1,224
Provisions charged/(released) to profit and loss during the year	198	3,920	–	4,118
Provisions used during the year	(250)	(1,025)	–	(1,275)
Balance at 30 April	7,651	10,165	–	17,816

The balance includes provision for dilapidation costs that will be incurred at the end of the property lease. Provision is made for dilapidations in respect of property leases which contain a requirement for the premises to be returned to their original state prior to the conclusion of the lease term. An estimate of the most likely value is made at inception of each lease and reviewed annually as required. The Group’s current property lease portfolio has a remaining duration of up to 12 years.

The claims provision represents the Group’s expected outflow arising from professional indemnity claims brought against the Group in relation to services provided. On claims where a cash outflow is considered to be probable, the expected outflow is recognised as a provision. Probability is determined using professional judgement as to whether the claim is more likely or not to be successful. The gross value of each claim deemed probable to be successful is recognised as a provision with a corresponding insurance reimbursement receipt, where relevant, recognised within trade and other receivables due in greater than one year (see note 20).

The onerous lease provision represents the future estimated rates payable in relation to one property, which during the year ended 30 April 2021, the Group operationally vacated and planned for it to become surplus to requirements. The property lease expires in September 2023 and an onerous contract provision has been created on the basis that the costs of meeting the obligations exceed the economic benefit which will likely be derived from the property until the end of the lease term.

28. Deferred tax assets and liabilities

	30 April 2022			
	Liability <1 year £'000	Liability >1 year £'000	Asset <1 year £'000	Asset >1 year £'000
Accelerated capital allowances	–	–	–	1,366
Leases	–	660	–	–
Total	–	660	–	1,366

	30 April 2021			
	Liability <1 year £'000	Liability >1 year £'000	Asset <1 year £'000	Asset >1 year £'000
Accelerated capital allowances	–	–	–	1,340
Leases	–	583	–	–
Tax credits on adoption of IFRS 16	–	–	–	170
Tax credits on adoption of IFRS 15	–	–	–	4,367
Tax credits on adoption of IFRS 9	–	134	–	–
Other tax credits on adoption of IFRS	–	–	–	332
Total	–	717	–	6,209

	30 April 2020			
	Liability <1 year £'000	Liability >1 year £'000	Asset <1 year £'000	Asset >1 year £'000
Accelerated capital allowances	–	–	–	1,267
Leases	–	522	–	–
Tax credits on adoption of IFRS 16	–	29	–	–
Tax credits on adoption of IFRS 15	–	–	–	5,099
Tax credits on adoption of IFRS 9	–	133	–	–
Other tax credits on adoption of IFRS	–	–	–	311
Total	–	684	–	6,677

The following are the deferred tax assets and liabilities recognised by the Group and related movements during the current and prior years:

	Net liability/ (asset) at 01 May 2021 £'000	(Credit)/charge to profit and loss £'000	Effect of change in tax rate £'000	Net liability/ (asset) at 30 April 2022 £'000
Accelerated capital allowances	(1,340)	(25)	–	(1,365)
Leases	583	(107)	184	660
Tax credits on adoption of IFRS 16	(170)	170	–	–
Tax credits on adoption of IFRS 15	(4,367)	4,367	–	–
Tax credits on adoption of IFRS 9	134	(134)	–	–
Other tax credits on adoption of IFRS	(332)	332	–	–
Net movement	(5,492)	4,603	184	(705)

Notes to the financial statements continued

28. Deferred tax assets and liabilities continued

	Net liability/ (asset) at 01 May 2020 £'000	(Credit)/charge to profit and loss £'000	Effect of change in tax rate £'000	Net liability/ (asset) at 30 April 2021 £'000
Accelerated capital allowances	(1,267)	(73)	–	(1,340)
Leases	522	–	61	583
Tax credits on adoption of IFRS 16	29	(203)	4	(170)
Tax credits on adoption of IFRS 15	(5,099)	1,332	(600)	(4,367)
Tax credits on adoption of IFRS 9	133	(14)	15	134
Other tax credits on adoption of IFRS	(311)	16	(37)	(332)
Net movement	(5,993)	1,058	(557)	(5,492)

	Net liability/ (asset) at 01 May 2019 £'000	(Credit)/charge to profit and loss £'000	Effect of change in tax rate £'000	Net liability/ (asset) at 30 April 2020 £'000
Accelerated capital allowances	(1,846)	579	–	(1,267)
Leases	522	–	–	522
Tax credits on adoption of IFRS 16	–	29	–	29
Tax credits on adoption of IFRS 15	(5,299)	200	–	(5,099)
Tax credits on adoption of IFRS 9	194	(61)	–	133
Other tax credits on adoption of IFRS	(258)	(53)	–	(311)
Net movement	(6,687)	694	–	(5,993)

29. Financial instruments

Management of financial risk

The Board has responsibility for the oversight of Group's financial risk management framework. Risk management is explained further within the risk section of the Strategic Report. The Group's primary financial instruments comprise trade and other receivables, contract assets and liabilities, cash & cash equivalents, current asset investments, trade and other payables, bank borrowing facilities, and LLP members' capital balances. By way of holding these financial instruments, the Group is exposed to the following financial risks:

Market risk

Market risk is the risk that changes in financial market pricing will impact the Group's profitability. The Group's main area of exposure in this respect is with regard to interest rate risk in respect of bank borrowings & members' capital balances.

The Group's rate of interest in relation to its existing bank borrowing facilities is variable, linked to SONIA. The rate of interest payable on members' capital balances is determined differently for capital that is cash backed and capital backed by a bank loan. Cash backed capital attracts interest at the greater of 2% or 1% in excess of the bank base rate. Bank backed capital attracts interest at a rate directly linked to the bank base rate.

Interest rate exposure is monitored and supplemented by a robust budgeting and forecasting process, with sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

The Group holds immaterial foreign currency bank balances, and has limited exposure in relation to transactions denominated in a currency other than the Group's functional currency. Foreign currency risk is not considered material.

Capital risk

The Group's capital structure comprises of equity share capital and net cash/(debt). The main components of net cash/(debt) are cash & cash equivalents, short term liquid investments, bank borrowings, and members' capital balances.

Management seeks to optimise the capital structure of the Group in order to ensure sufficient capital adequacy to allow the Group to continue in operation as a going concern whilst maximising shareholder returns. This includes ongoing consideration of the value of members' capital in Irwin Mitchell LLP, and from time to time surplus cash balances are placed on short-term deposit in order to enhance returns.

Liquidity risk

Liquidity is the risk of the Group not being able to repay financial obligations as they fall due. The Group maintains adequate cash reserves and headroom against borrowing facilities to ensure that the Group is able to meet its financial obligations. The risk is overseen by the Treasury Committee which ensures the Group's Cash Management Policy is followed and that there is a system of reviews and controls in place to manage funds appropriately.

The Group's borrowing facilities comprise a combined £50 million RCF & overdraft committed to August 2025, with a further £25 million accordion facility available for M&A activity (see note 22 for detail on terms and amounts outstanding). Management maintain at least 12 month rolling cash flow and covenant forecasts discussed in a monthly Financial Continuity Committee in order to ensure sufficient visibility of future cash requirements and facility headroom.

Credit risk

Credit risk is the risk of financial loss in respect of a counterparty's inability to meet its contractual obligations with respect to repaying amounts as they fall due to the Group. The Group's main area of credit risk arises in relation to trade receivables. The Group performs regular credit checks on new and existing clients, and recognises an expected credit loss provision against the gross value of trade receivables in order to recognise the risk of credit loss.

The degree to which the Group is exposed to this credit risk depends on the individual characteristics of the contract counterparty and the nature of the legal services provided. The Group's credit risk is also influenced by the general macroeconomic conditions. The Group does not have significant concentration of risk in respect of amounts due from customers at the reporting date with them being spread across a wide range of industries.

Fair value measurement

Management determines that the fair value of each of the Group's classes of financial instrument is its carrying value:

- Trade and other receivables, current asset investments, trade and other payables and revolving credit facility / bank overdraft: Each of these classes of financial instrument has a sufficiently short maturity to ensure that carrying value equals fair value.
- Members' capital balances: Interest on members' capital balances is accrued on a variable rate linked to the Bank of England Base Rate (see note 23), and is paid to members annually in arrears. This ensures that the fair value continues to equate to the carrying value.

All of the Group's financial instruments are considered to represent Level 3 assets and liabilities on the fair value hierarchy because the inputs used to calculate the fair value of each instrument are not based on observable market data. Each class of financial instrument listed above is held at amortised cost.

The carrying amount of financial instruments is shown below:

	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Cash and cash equivalents	49,677	46,367	25,919
Financial assets held at amortised cost			
Trade and other receivables	314,035	303,738	293,823
Current asset investments	3,146	1,800	2,301
Total financial assets held at amortised cost	317,181	305,538	296,124
Financial liabilities held at amortised cost			
Trade and other payables	193,470	193,154	199,229
Bank borrowings	–	–	3,736
Lease liabilities	50,767	57,309	66,236
Amounts due to current and former members of Irwin Mitchell LLP	50,564	46,244	47,830
Total financial liabilities	294,801	296,707	317,031

Exposure to financial risk

As above, the Group has exposure in relation to credit risk (particularly in relation to trade receivables), liquidity risk, and interest rate risk in respect of its bank borrowings & amounts owed to current and former members of Irwin Mitchell LLP.

Exposure to credit risk

The Group's exposure to credit risk in relation to trade receivables is represented by ageing in note 21.

Expected credit loss is determined based on historic rates of default and consideration of potential future events for assets in each age category, and for individual departments providing different legal services.

A summary of movements in the expected credit loss provision against trade receivables is presented in note 21.

Notes to the financial statements continued

29. Financial instruments continued

Exposure to liquidity risk

Below is the contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted.

Financial assets	Demand and less than 3 months £'000	From 3 to 12 months £'000	More than 12 months £'000	Total £'000
Cash and cash equivalents	25,919	–	–	25,919
Trade receivables	27,961	–	–	27,961
Current asset investments	2,301	–	–	2,301
As at 30 April 2020	56,181	–	–	56,181
Cash and cash equivalents	46,367	–	–	46,367
Trade receivables	22,067	–	–	22,067
Current asset investments	1,800	–	–	1,800
As at 30 April 2021	70,234	–	–	70,234
Cash and cash equivalents	49,677	–	–	49,677
Trade receivables	26,129	–	–	26,129
Current asset investments	3,146	–	–	3,146
As at 30 April 2022	**78,952**	**–**	**–**	**78,952**

Contract assets and unbilled disbursement receivables are not included in the maturity analysis table above as they have no fixed maturity. Both are invoiced in line with the performance of the services and the terms stated in the corresponding engagement letter.

Financial liabilities	Demand and less than 3 months £'000	From 3 to 12 months £'000	More than 12 months £'000	Total £'000
Trade and other payables	79,084	2,738	2,173	83,995
Lease liabilities	2,650	7,949	61,431	72,030
Bank borrowings	3,736	–	–	3,736
Amounts due to members of Irwin Mitchell LLP	16,925	12,355	18,322	47,602
As at 30 April 2020	102,395	23,042	82,926	207,363
Trade and other payables	76,136	2,628	2,039	80,802
Lease liabilities	2,549	7,649	51,667	61,865
Amounts due to members of Irwin Mitchell LLP	16,710	14,159	15,946	46,815
As at 30 April 2021	95,395	24,436	69,651	189,482
Trade and other payables	74,062	2,538	2,167	78,767
Lease liabilities	2,515	7,545	44,381	54,441
Amounts due to members of Irwin Mitchell LLP	19,988	16,766	13,810	50,564
As at 30 April 2022	96,565	26,849	60,358	183,772

Contract liabilities and disbursement payables are not included in the maturity analysis table above as they have no fixed maturity.

Exposure to interest rate risk

The Group is exposed to fluctuating interest rates as a result of variable rates of interest arising from existing bank borrowing facilities and members' capital balances.

The rate of interest payable on bank borrowings is variable with SONIA and determined in relation to the Group's financial covenant headroom at the end of each financial quarter.

The rate of interest payable on cash backed members' capital is variable and determined as the greater of 2%, and 1% in excess of the bank base rate. The rate of interest payable on bank loan backed members' capital is variable in line with the bank base rate.

Sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for all periods.

The impact of an increase of 100 basis points on the below metrics would be as shown below.

Impact on profit/(loss) and equity of an increase of 100 basis points	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Due to bank borrowings	–	–	249
Due to amounts owed to current and former members of Irwin Mitchell LLP	235	432	444
	235	432	693

30. Share capital and other equity

Number of ordinary shares	30 April 2022	30 April 2021	30 April 2020
Ordinary shares of £0.01 each	38,651,593	38,651,593	38,651,593

Nominal value of ordinary shares	30 April 2022 £'000	30 April 2021 £'000	30 April 2020 £'000
Ordinary shares of £0.01 each	387	387	387

The Group has one class of ordinary shares which carry no right to fixed income.

The Group's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments. The share based payment reserve, presented within retained earnings, represents the cumulative share based payment expense recognised to date, net of amounts recycled into retained earnings in respect of options exercised.

The own shares reserve represents 3,487,700 (2021: 4,342,700; 2020: 5,033,000) ordinary shares with a nominal value of £0.01 held within the members share trust. These shares are held for the purpose of making share based payments.

The treasury share reserve has arisen from the purchase of certain shares from retiring members, and represents 789,523 (2021: 789,523; 2020: 789,523) ordinary shares at a weighted average cost of £1.98 (2021: £1.98; 2020: £1.98) per share.

Notes to the financial statements continued

31. Share options

The Group operates one equity settled share based payment scheme. The Members' Share Trust ('MST') is a discretionary trust established to facilitate the operation of the Group's long-term incentive scheme. The reserve for 'own shares' arises in connection with the MST; The amount of the reserve represents the deduction in arriving at shareholders' funds for the consideration paid for the Company's shares purchased by the trust which had not vested unconditionally on members at the balance sheet date.

Conditional share awards have been granted to certain members of Irwin Mitchell LLP from September 2012 onwards, with these vesting after three years, on the condition that the members remain with the firm throughout the vesting period. These are all equity settled transactions with the member receiving an award of shares on exercise for nil consideration. These shares are held within the MST until the vesting date, with the right to dividends waived up to this point.

The total charge to the income statement from these transactions was £3,005,000 (2021: £869,000, 2020: £702,000).

The number and weighted average fair value of share options are as follows:

	Number of share options 2022 Number	Weighted average fair value 2022 £	Number of share options 2021 Number	Weighted average fair value 2021 £	Number of share options 2020 Number	Weighted average fair value 2020 £
Outstanding at 1 May	2,810,000	0.95	2,575,000	0.84	2,257,500	0.89
Granted	1,197,500	2.06	990,000	1.04	1,070,000	0.92
Forfeited	(105,000)	1.69	(90,000)	0.94	(200,000)	0.80
Exercised	(855,000)	1.49	(665,000)	0.65	(552,500)	1.20
Outstanding at 30 April	3,047,500	1.78	2,810,000	0.95	2,575,000	0.84
Exercisable at 30 April	–	–	–	–	–	–

The fair value of the conditional share awards granted has been determined based on a multiple of earnings valuation. This has then been discounted to reflect the minority share holdings, the lack of external market and the expected dividend yield.

32. Related party transactions

Transactions with key management personnel

Directors of the Company and their immediate relatives control 6.5 per cent of the voting shares of the Company. Key management personnel are defined as members of the Group Executive Committee. The compensation of key management personnel (including the directors) is as follows:

	30 April 2022 £000	30 April 2021 £'000	30 April 2020 £'000
Remuneration	3,749	3,747	2,934
Pension contributions	–	–	–
Share based payment expense	314	228	208
	4,063	3,975	3,142

33. Commitments and contingent liabilities

The Company has entered into a binding contract to acquire the non-controlling interests's 4.9% share of IM Asset Management Limited for a fixed value. See note 34.

34. Subsidiaries

The Company and the Group have investments in the following subsidiary undertakings, associates and other significant investments all held as ordinary share capital.

Name of undertaking	Registered office	Nature of business	% Held
Irwin Mitchell LLP	Riverside East, 2 Millsands, Sheffield, S3 8DT	Provision of legal services	**Controlling member**
Ascent Performance Group Limited+	Riverside East, 2 Millsands, Sheffield, S3 8DT	Financial asset services	100%
Berkeley Hurrell Limited+	Riverside East, 2 Millsands, Sheffield, S3 8DT	Holding company	100%
Berkeley Law Limited+	Riverside East, 2 Millsands, Sheffield, S3 8DT	Provision of legal services	100%
Cell IMPI2 within Fiable Insurance PCC Limited**	PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH	Provision of ATE insurance policies	100%
Cell IMCL within Themis Insurance PCC Limited**	PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH	Provision of ATE insurance policies	100%
Cell IM85 within Mannequin Insurance PCC Limited**	PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH	Provision of ATE insurance policies	100%
Coris UK Limited +	Riverside East, 2 Millsands, Sheffield, S3 8DT	Provision of legal services	100%
IMe Law Limited***	Riverside East, 2 Millsands, Sheffield, S3 8DT	Provision of legal services	91%
IM Asset Management Limited+	Riverside East, 2 Millsands, Sheffield, S3 8DT	Financial asset services	95%
MPH Solicitors Limited+	Riverside East, 2 Millsands, Sheffield, S3 8DT	Provision of legal services	100%
IMCO Investments Limited +	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Queen Street Trustees Limited	2 Wellington Place, Leeds, West Yorkshire, LS1 4BZ	Independent trustee to company pension schemes	100%
IM Asset Management Nominees Limited****	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
IM Asset Management Nominees Number Two Limited****	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
IM Commercial Holdings Limited +	Riverside East, 2 Millsands, Sheffield, S3 8DT	Holding company	100%
IM Investment Holdings Limited**** +	Riverside East, 2 Millsands, Sheffield, S3 8DT	Holding company	100%
Irwin Mitchell Trust Corporation Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Irwin Mitchell Trustees Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Thomas Eggar Trust Corporation Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Thomas Eggar Secretaries Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Irwin Mitchell Scotland LLP	150 St Vincent Street, Glasgow, G2 5NE	Provision of legal services	100%
Golds Trustees Limited	150 St Vincent Street, Glasgow, G2 5NE	Dormant	100%
Wills 123 Limited	150 St Vincent Street, Glasgow, G2 5NE	Dormant	100%
IMTC Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Medico Legal Records Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Irwin Mitchell Trustees Corporation Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
IMCO Director Limited	2 Wellington Place, Leeds, LS1 4BZ	Dormant	100%
IMCO Secretary Limited	2 Wellington Place, Leeds, LS1 4BZ	Dormant	100%
IMCO Shareholder 1 Limited	2 Wellington Place, Leeds, LS1 4BZ	Dormant	100%
IMCO Shareholder 2 Limited	2 Wellington Place, Leeds, LS1 4BZ	Dormant	100%
Berkeley Law Nominees Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Berkeley Law Trust Company Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Kensington Law Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Berkeley Latam Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Ascent Legal Services Limited +	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%
Irwin Mitchell Limited +	2 Wellington Place, Leeds, LS1 4BZ	Dormant	100%
Excel Collection and Enquiry Services Limited	Riverside East, 2 Millsands, Sheffield, S3 8DT	Dormant	100%

** Cell IMPI2 within Fiable Insurance PCC Limited, Cell IM IMCL within Themis Insurance PCC Limited and Cell IM85 within Mannequin Insurance PCC Limited are held by IM Investment Holdings Limited which is controlled by Irwin Mitchell Holdings Limited.

*** IMe Law Limited is held by IM Commercial Holdings Limited which is controlled by Irwin Mitchell Holdings Limited. The sole 9% non-controlling interest is entitled to 80% of the result of IMe Law Limited.

**** The results of IM Asset Management Nominees Limited, IM Asset Management Nominees Number Two Limited and IM Investments Holdings Limited have not been included in the consolidated historical financial statements on the grounds of immateriality.

\+ Held directly by Irwin Mitchell Holdings Limited.

Notes to the financial statements continued

34. Subsidiaries continued

During the year-ended 30 April 2020 Irwin Mitchell Holdings Limited ('The Company') acquired the remaining share capital of Coris UK Limited (previously held 93%).

During the year-ended 30 April 2022 the Company acquired an additional 4.41% of the share capital of IM Asset Management Limited (previously held 91%). The Company has also entered into a binding contract to acquire the remaining share capital for a fixed value. It is considered that as a result of signing the contract, the Company is exposed to the risks and rewards in relation to the outstanding shares as at the year end and therefore the non-controlling interest in relation to the outstanding 4.9% share capital has been derecognised.

Non-controlling interests

	30-Apr-22			30-Apr-21			30-Apr-20		
	IMe Law	**Other immaterial**	**Total**	**IMe Law**	**Other immaterial**	**Total**	**IMe Law**	**Other immaterial**	**Total**
NCI % at year end	**80%**			**80%**			**80%**		
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets	–			–			–	–	
Current assets	10,026			14,721			17,147		
Non-current liabilities	–			(593)			(640)		
Current liabilities	(6,125)			(8,197)			(10,111)		
Net assets	**3,901**			**5,931**			**6,396**		
Net assets attributable to NCI	**3,121**		**3,121**	**4,745**	**808**	**5,553**	**5,117**	**746**	**5,863**
Revenue	6,299			8,765			9,680		
Profit after tax	1,208			2,390			3,341		
Other comprehensive income	–			–			–		
Total comprehensive income	1,208			2,390			3,341		
Profit attributable to NCI	**966**	**160**	**1,126**	**1,912**	**246**	**2,158**	**2,673**	**146**	**2,819**

35. Ultimate controlling party

The directors do not consider there to be an ultimate controlling party. No individual holds a controlling stake.

36. Events after the reporting date

In May 2022 post year-end, IM Asset Management Limited signed an agreement to acquire TWP Wealth Limited, a wealth management business providing investment and financial planning advice to private and corporate clients with total assets under advisement of c.£110m. The acquisition will enable IM Asset Management Limited to scale up and expand its wealth management offering, in addition to enabling the Group to cross-sell legal services to TWP Wealth Limited's clients as well as financial planning advice to the Group's existing private clients. Total consideration for the acquisition will be approximately £4m, of which £2.2m will be paid upfront on completion and the balance will be deferred and settled via payments over the three years following completion, subject to agreed performance criteria. The transaction is subject to FCA approval and is expected to complete during FY23.

In July 2022 the Group completed a refinance of it's borrowing facilities. See note 22.

37. Transition adjustments and effects of prior year adjustments

The Group transition to IFRS has been applied retrospectively. The effect of transition adjustments is shown below. The impact of adoption of IFRS as at the date of transition to IFRS, 1 May 2019, relates to the following:

1 Removal of dilapidations provision asset (2019: £1,360k, 2020: £2,006k, 2021: £1,738k, 2022: £1,712k) relating to leasehold improvements. This is accounted for under IFRS 16 and included in the right of use asset with payments presented in cash flows from financing activities.

2 To expense printers previously classed as finance lease, together with deferred tax impact. The carrying value has been removed from fixtures and fittings (2019: £1,460k, 2020: £1,307k, 2021: £702k, 2022: £356k) and the lease liability has been removed (2019: £2,033k, 2020: £2,023k, 2021: £1,140k, 2022: £584k) having a net effect on retained earnings. Finance lease interest has been reversed reducing finance costs (2020: £229k, 2021: £165k, 2022: £85k). As these leases are short term or of low value these are now included in administrative expenses in line with the IFRS 16 exemption to expense short term or low value leases and presented as an operating cash flow.

3 Capitalisation of property and motor vehicle leases which previously associated rental costs were recognised in the statement of comprehensive income. Under IFRS 16 Leases such leases which meet the criteria are required to be capitalised as right of use assets and a corresponding lease liability is recognised, as detailed in note 2. Previously recognised prepaid rent (2019: £1,273k, 2020: £1,516k, 2021: £1,574k, 2022: £1,539k) and associated rent free period accrual is also reversed (2019: £7,740k, 2020: £7,002k, 2021: £5,560k, 2022: £4,621k). The adjustment is presented together with deferred tax impact. Lease interest is now recognised in finance costs (2020: £1,463k, 2021: £1,236k, 2022: £1,012k). Lease payments are now presented in cash flows from financing activities.

4 Removal of work in progress under FRS 102, together with deferred tax and non-controlling interest impact. This is now replaced with contract assets (2019: £62,598k, 2020: £61,854k, 2021: £73,247k, 2022: £72,887k) included within trade and other receivables and contract liabilities (2019: £1,957k, 2020: £2,593k, 2021: £1,980k, 2022: £2,043k) included within trade and other payables valued in accordance with IFRS 15 Revenue. This accrued income is particularly in respect of Complex Personal Injury, Volume Personal Injury and Public Law within Life Cycle Legal Services operating segment. The effect of transition impacted revenue (2020: reduced £1,903k, 2021: increased £4,904k, 2022: increased £125k,) and cost of sales (2020: increased £2,084k, 2021: increased £2,817k, 2022: increased £6,983k). This impacts non-controlling interest on the basis that part of the adjustment relates to IMe Law Limited.

5 Inclusion of an Expected Credit Loss provision (2019: £125k, 2020: £125k, 2021: £143k, 2022: £150k) against the contract asset balance, valued in accordance with IFRS 9, together with deferred tax impact. The effect of transition reduced cost of sales (2020: £0k, 2021: £18k, 2022: £7k).

6 Rephasing of costs to obtain contracts (reducing prepayments by 2019: £10,067k, 2020: £4,906k, 2021: £2,598k, 2022: £919k) in accordance with the principles of IFRS 15 Revenue, together with deferred tax impact. The effect of transition reduced cost of sales (2020: £5,161k, 2021: £2,308k, 2022: £1,679k).

7 Replacement of bad debt provision with an Expected Credit Loss provision against trade receivables (Net reduction on trade receivables 2019: £1,366k, 2020: £1,005k, 2021: £929k, 2022: £751k) valued in accordance with IFRS 9, together with deferred tax impact. The effect of transition increased cost of sales (2020: £361k, 2021: £76k, 2022: £178k).

8 Inclusion of an Expected Credit Loss provision against the gross disbursements receivable (2019: £101k, 2020: £100k, 2021: £79k, 2022: £51k) valued in accordance with IFRS 9, together with deferred tax impact.

9 Reverse Goodwill amortisation (2020: £3,083k, 2021: £3,023k, 2022: £3,028k). Under IFRS, goodwill is instead tested for impairment annually. As a result, an impairment of £12,368k was recognised in the financial year-ended 30 April 2020 and £834k in the year-ended 30 April 2021. The 2020 impairment related to goodwill allocated to the Life Cycle Legal Services group of CGUs, and was caused largely by an increase in the corporate costs allocated to the segment as a result of a general increase in corporate costs. No indicators of impairment were present under FRS 102. The 2021 impairment related to goodwill allocated to the Tax, Trust & Estate CGU and was caused primarily by a reduction in the future growth forecasts for the CGU compared to those used in the FY20 impairment test.

10 Removal of onerous lease provision recognised on a property lease previously accounted for as an operating lease under FRS 102 (2021: £1,249k, 2022: £812k). This has now been replaced with an impairment of the right of use asset property lease in 2021 recognised in accordance with IFRS 16 Leases, as described in adjustment number 3.

11 Reverse the capitalisation of legal fees of £28k included within Goodwill additions on the acquisition of Excel Collection and Enquiry Services Limited, instead expensed to profit and loss under IFRS.

Reclassifications are presentational in order to align the financial statements with IFRS format, aside from the following:

* The amounts reclassified between trade and other receivables and provisions represents a gross up of the negligence provision, such that the gross claims value is presented within provisions with a corresponding insurance receivable presented in trade and other receivables. Previously this was presented net within provisions. This represents a change to the prior period presentation as opposed to an impact of transition to IFRS. The amounts reclassified between amounts due to members of Irwin Mitchell LLP present certain amounts due to members of Irwin Mitchell LLP as a current liability. Previously this balance was presented as non-current. This represents a change to the prior period presentation as opposed to an impact of transition to IFRS.

Notes to the financial statements continued

37. Transition adjustments and effects of prior year adjustments continued

Changes to statement of financial position At 1 May 2019	Note	As previously reported £'000	Reclassifications £'000	Effect of transition £'000	As restated £'000
Non-current assets					
Goodwill		18,180	–	–	18,180
Intangible assets		2,940		(860)	2,080
Property, plant and equipment	1,2	6,306		(2,820)	3,486
Right of use assets	1,3,10	–		50,056	50,056
Deferred tax asset	1-9	–		6,687	6,687
Current assets					
Work in progress	4	54,321		(54,321)	–
Trade and other receivables	3-9	254,745	5,804*	27,769	288,318
Current tax receivable		–		–	–
Investments		4,959		–	4,959
Cash and cash equivalents		6,222		-	6,222
Current liabilities					
Borrowings		–		–	–
Amounts due to members of Irwin Mitchell LLP		(17,385)	(3,346)*	0	(20,731)
Current tax payable		(3,235)		–	(3,235)
Trade and other payables	4,9	(180,842)		(1,275)	(182,117)
Lease liabilities	3	(727)		(9,948)	(10,675)
Non-current liabilities					
Borrowings		(18,906)		–	(18,906)
Amounts due to members of Irwin Mitchell LLP		(30,097)	3,346*	–	(26,751)
Lease liability	2,3	(1,306)		(41,473)	(42,779)
Provisions	3,10	(15,685)	(5,804)*	7,740	(13,749)
Deferred tax liability		(41)		41	-
Net assets/liabilities		**79,449**		**(18,404)**	**61,045**
Equity					
Share capital		387		–	387
Share premium		8,324		–	8,324
Retained profits		69,513		(21,181)	48,332
Own shares		(56)		–	(56)
Treasury shares		(1,563)		–	(1,563)
Equity attributable to owners of the company		76,605		(21,181)	55,424
Non-controlling interest	4	2,844		2,777	5,621
Total equity		**79,449**		**(18,404)**	**61,045**

The amounts reclassified between trade and other receivables and provisions represents a gross up of the negligence provision, such that the gross claims value is presented within provisions with a corresponding insurance receivable presented in trade and other receivables. Previously this was presented net within provisions. This represents a change to the prior period presentation as opposed to an impact of transition to IFRS.

Changes to statement of financial position At 30 April 2020	Note	As previously reported £'000	Reclassifications £'000	Effect of transition £'000	As restated £'000
Non-current assets					
Goodwill	9, 11	14,757		(8,945)	5,812
Intangible assets		2,870	220	(635)	2,455
Property, plant and equipment	1,2	9,093	(220)	(3,313)	5,560
Right of use assets	1,3,10	–		60,567	60,567
Deferred tax asset	1-9	–		5,993	5,993
Current assets					
Work in progress	4	56,422		(56,422)	–
Trade and other receivables	3-9	254,127	8,705*	30,991	293,823
Current tax receivable		–		–	–
Investments		2,301		–	2,301
Cash and cash equivalents		25,919			25,919
Current liabilities					
Borrowings		(3,736)		–	(3,736)
Amounts due to members of Irwin Mitchell LLP		(16,939)	(2,162)*	–	(19,101)
Current tax payable		(374)		–	(374)
Trade and other payables	4,9	(197,349)	(21)*	(1,859)	(199,229)
Lease liabilities	3	(878)		(9,720)	(10,598)
Non-current liabilities					
Borrowings		–		–	–
Amounts due to members of Irwin Mitchell LLP		(30,912)	2,183*	–	(28,729)
Lease liability	2,3	(1,145)		(54,493)	(55,638)
Provisions	3,10	(19,538)	(8,705)*	10,427	(17,816)
Deferred tax liability		(50)		50	-
Net assets/liabilities		**94,568**		**(27,359)**	**67,209**
Equity					
Share capital		387		–	387
Share premium		8,324		–	8,324
Retained profits		84,132		(29,884)	54,248
Own shares		(50)		–	(50)
Treasury shares		(1,563)		–	(1,563)
Equity attributable to owners of the company		91,230		(29,884)	61,346
Non-controlling interest	4	3,338		2,525	5,863
Total equity		**94,568**		**(27,359)**	**67,209**

Notes to the financial statements continued

37. Transition adjustments and effects of prior year adjustments continued

Changes to statement of comprehensive income At 30 April 2020	Note	As previously reported £'000	Reclassifications £'000	Effect of transition £'000	As restated £'000
Revenue	4	269,311	–	(1,903)	267,408
Cost of sales	4,5,6,7	–	(133,267)	(2,445)	(135,712)
Gross profit		269,311	(133,267)	(4,348)	131,696
Other operating income		5,275	–	-	5,275
Administrative expenses	2, 3,9,11	(207,949)	91,673	(2,688)	(119,000)
Non corporate member's remuneration		(42,475)	42,475	-	-
Operating profit		24,162	845	(7,036)	17,971
Interest received		1,137	–	–	1,137
Finance costs	2,3	(1,588)	(845)	(1,234)	(3,667)
Profit before tax		23,711	–	(8,270)	15,441
Taxation	1-9	(5,897)	–	(115)	(6,012)
Net profit		17,814	–	(8,385)	9,429

Changes to statement of financial position At 30 April 2021	Note	As previously reported £'000	Reclassifications £'000	Effect of transition £'000	As restated £'000
Non-current assets					
Goodwill	9,11	11,576		(6,598)	4,978
Intangible assets		3,295	155	(483)	2,967
Property, plant and equipment	1,2	7,398	(155)	(2,440)	4,804
Right of use assets	1, 3, 10	–		51,063	51,063
Deferred tax asset	1-9	–		5,492	5,492
Current assets					
Work in progress	4	59,237		(59,237)	–
Trade and other receivables	3-9	249,132	14,601*	40,005	303,738
Current tax receivable		633		–	633
Investments		1,800		–	1,800
Cash and cash equivalents		46,367			46,367
Current liabilities					
Borrowings		–			
Amounts due to members of Irwin Mitchell LLP		(15,843)	(2,118)*	–	(17,961)
Current tax payable		–		–	–
Trade & other payables	4,9	(192,080)	138*	(1,212)	(193,154)
Lease liabilities	3	(576)		(9,621)	(10,197)
Deferred tax liability		–		–	–
Non-current liabilities					
Borrowings		–		–	–
Amounts due to members of Irwin Mitchell LLP		(30,263)	1,980*	–	(28,283)
Lease liability	2,3	(564)		(46,548)	(47,112)
Provisions	3,10	(20,518)	(14,601)*	9,991	(25,128)
Deferred tax liability		(43)		43	-
Net assets/liabilities		**119,551**		**(19,545)**	**100,006**

Changes to statement of financial position At 30 April 2021	Note	As previously reported £'000	Reclassifications £'000	Effect of transition £'000	As restated £'000
Equity					
Share capital		387		–	387
Share premium		8,324		–	8,324
Retained profits		108,988		(21,640)	87,348
Own shares		(43)		–	(43)
Treasury shares		(1,563)		–	(1,563)
Equity attributable to owners of the company		116,093		(21,640)	94,453
Non-controlling interest	4	3,458		2,095	5,553
Total equity		**119,551**		**(19,545)**	**100,006**

Changes to statement of comprehensive income At 30 April 2021	Note	As previously reported £'000	Reclassifications £'000	Effect of transition £'000	As restated £'000
Revenue	4	275,790	–	7,517	283,307
Cost of sales	4,5,6,7	–	(123,450)	(2,893)	(126,343)
Gross profit		275,790	(123,450)	4,624	156,964
Other operating income		6,396	–	–	6,396
Administrative expenses	2,3,9,11	(201,526)	78,831	4,768	(117,927)
Non corporate members remuneration		(45,381)	45,381	–	–
Operating profit		35,279	762	9,392	45,433
Interest received		588	–	–	588
Finance costs	2,3	(1,059)	(762)	(1,071)	(2,892)
Profit before tax		34,808	–	8,321	43,129
Taxation	1-9	(7,127)	–	(448)	(7,575)
Net profit		27,681	–	7,873	35,554

Shareholder and company information

Shareholder information

Annual General Meeting (AGM)

The AGM of the Company will be held later in the year. Details of the resolutions to be proposed at the AGM will be provided in the Notice of AGM.

Shareholder communications

Our shareholders include retired and current partners of the LLP, the largest subsidiary within the Group. To ensure we engage fully, we provide quarterly reports and other ad hoc updates throughout the year to our partner shareholders. We also maintain access to the Board throughout the year and at the AGM.

Shareholders are free to contact senior management as required and retain a financial interest in the Group through payment of dividends and for some shareholders the repayment of outstanding capital balances. The Board believes the interests of all shareholders are aligned to the sustainable long term growth of the Group.

Company information

Company name

Irwin Mitchell Holdings Limited

Registered number

JE108258

Registered office

26 New Street
St Helier
Jersey
JE2 3RA

Directors (at date of signature)

Executive directors

Andrew Tucker (Group Chief Executive Officer)
Richard Allen (Group Chief Financial Officer)
Craig Marshall (Group Chief Operating Officer)
Victoria Brackett (Group Chief Commercial Officer)

Non-executive directors

Glyn Barker (Chair)
Mel Egglenton

Company Secretary

Emma Garth

Company website

www.irwinmitchell.com

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External auditors

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Solicitors

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