

# FRP Advisory Group plc

Initial Public Offering on AIM



**FRP**

Cenkos Securities plc  
Nominated Adviser and broker

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities.**

This document is an AIM admission document prepared in accordance with the AIM Rules for Companies in connection with the proposed admission to trading of the Ordinary Shares on AIM. This document contains no offer to the public within the meaning of the FSMA and, accordingly, it does not comprise a prospectus for the purposes of the Prospectus Regulation Rules and has not been approved by or filed with the FCA. No offer of securities to the public (for the purposes of section 102B of the Financial Services and Markets Act 2000) is being made in connection with the Placing.

Application will be made for the Ordinary Shares capital of FRP Advisory Group plc, in issue, and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM on 6 March 2020.

The AIM Rules for Companies are less demanding than those of the Official List of the FCA. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. No application has been made for the Ordinary Shares to be listed on any other recognised investment exchange.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not examined or approved the contents of this document.**

The Directors and the Proposed Directors, whose names appear on page 19, accept responsibility for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, and does not omit anything likely to affect the import of such information.

**This document should be read in its entirety and in particular, the section headed “Risk Factors” in Part 2.**

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# FRP Advisory Group plc

*(Incorporated under the 2006 Act and registered in England and Wales with registered number 12315862)*

**Placing of 100,000,000 Ordinary Shares at a price of 80p per Ordinary Share**

**and**

**Admission to trading on AIM**

***Nominated Adviser and Broker to the Company***

**Cenkos Securities plc**



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## **Ordinary Share Capital immediately following Admission**

*Issued and fully paid*

<i>Number</i>	<i>Amount</i>
237,500,560	£237,500

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Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the FCA for the conduct of investment business, is acting exclusively for the Company and for no one else in connection with the Placing and Admission and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities plc or for providing advice in relation to the Placing and Admission or any other matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Cenkos Securities plc by FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by Cenkos Securities plc as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by Cenkos Securities plc for the accuracy of any information or opinion contained in this document or for the omission of any material information for which it is not responsible.

Copies of this document will be available during normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge to the public at the offices of Cenkos Securities plc at 6.7.8 Tokenhouse Yard, London EC2R 7AS from the date of this document to the date one month from the date of Admission. A copy of this document will be available on the Company's website at – [www.frpadvisory.com](http://www.frpadvisory.com).

## IMPORTANT INFORMATION

### FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should”, or, in each case, their negative or other variations or comparable terminology.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group’s actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in Part 2 of this document entitled “Risk Factors” which should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect the Company’s current views, intentions, beliefs or expectations with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations, growth strategy and liquidity.

These forward-looking statements speak only as at the date of this document. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

### INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares the subject of the Placing are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Cenkos will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

## **NOTICE TO OVERSEAS INVESTORS**

The distribution of this document in certain jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company, the Selling Shareholders or Cenkos to permit a public offering of the Ordinary Shares, or possession or distribution of this document (or any other offering or publicity materials relating to the Ordinary Shares) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this document nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required by the Company and Cenkos to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Ordinary Shares to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such Ordinary Shares by any person in any circumstances in which such offer or solicitation is unlawful.

## **WEBSITE**

The contents of the Company's website, [www.frpadvisor.com](http://www.frpadvisor.com) does not form part of this document unless that information is incorporated by reference. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this document alone.

## **PRESENTATION OF FINANCIAL INFORMATION**

The information at Part 1 of this document sourced from third parties has been accurately reproduced and as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which render the reproduced information inaccurate or misleading.

## **PRESENTATION OF MARKET AND OTHER DATA**

Market and economic data used throughout this document is sourced from various independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **GOVERNING LAW**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales.

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## DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

<b>Directors and Proposed Directors</b>	Nigel Guy	<i>Non-Executive Chairman</i>
	Geoffrey Rowley	<i>Chief Executive Officer</i>
	Jeremy French	<i>Chief Operating Officer</i>
	David Adams	<i>Non-Executive Director</i>
	David Chubb	<i>Non-Executive Director</i>
	Kate O'Neill	<i>Non-Executive Director</i>

Further information on the Directors and Proposed Directors is contained in paragraph 7 of Part 1 of this document

<b>Company Secretary</b>	ONE Advisory Limited 201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
<b>Registered Office</b>	110 Cannon Street London EC4N 6EU
<b>Telephone number</b>	020 3005 4000
<b>Nominated Adviser and Broker</b>	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
<b>Solicitors to the Company</b>	Bryan Cave Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
<b>Solicitors to the Nominated Adviser and Broker</b>	Dentons UK and Middle East LLP 1 Fleet Place Farringdon London EC4M 7WS
<b>Reporting Accountants</b>	RSM Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
<b>Auditors</b>	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
<b>Registrars</b>	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
<b>Financial PR Consultants</b>	Engine MHP 6 Agar Street London WC2N 4HN

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“2006 Act”</b>	means the Companies Act 2006.
<b>“Admission”</b>	means the admission of the Ordinary Shares, in issue and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules for Companies.
<b>“AIM”</b>	means the market operated by the London Stock Exchange.
<b>“AIM Rules for Companies”</b>	means the AIM Rules for Companies published by the London Stock Exchange from time to time.
<b>“AIM Rules for Nominated Advisers”</b>	means the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time.
<b>“Articles”</b>	means the articles of association of the Company to be adopted by the Company prior to Admission, a summary of which is set out in paragraph 3 of Part 4 of this document.
<b>“Cenkos”</b>	means Cenkos Securities plc, the Nominated Adviser and Broker to the Company.
<b>“certificated” or “in certificated form”</b>	means not in uncertificated form (that is, not in CREST).
<b>“CGT”</b>	means capital gains tax.
<b>“City Code”</b>	means the City Code on Takeovers and Mergers as amended from time to time.
<b>“Company”</b>	means FRP Advisory Group plc, registered number 12315862.
<b>“Concert Party”</b>	means the Partners.
<b>“CREST”</b>	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form.
<b>“CREST Regulations”</b>	means the Uncertificated Securities Regulations 2001 (SI 2001/3755).
<b>“Directors” or “Board”</b>	means the current directors of the Company, being Jeremy French and Geoffrey Rowley, and the Proposed Directors (as the context requires).
<b>“DTRs”</b>	means the Disclosure Guidance and Transparency Rules sourcebook published by the FCA from time to time.
<b>“EBITDA”</b>	earnings before interest, tax, depreciation and amortisation.
<b>“EBT”</b>	means the FRP Advisory Group plc Employee Benefit Trust established by the Company.
<b>“EIP”</b>	means the FRP Advisory Group plc Equity Incentive Plan adopted by the Company conditional on Admission.

<b>“Enlarged Share Capital”</b>	means the issued share capital of the Company on Admission.
<b>“Euroclear”</b>	means Euroclear UK & Ireland Limited, the operator of CREST.
<b>“Executive Directors”</b>	means the executive directors of the Company as at the date of Admission.
<b>“FCA”</b>	means the Financial Conduct Authority of the UK.
<b>“FY17”</b>	means the financial year of the Group ended 30 April 2017.
<b>“FY18”</b>	means the financial year of the Group ended 30 April 2018.
<b>“FY19”</b>	means the financial year of the Group ended 30 April 2019.
<b>“FY20”</b>	means the financial year of the Group ended 30 April 2020.
<b>“FSMA”</b>	means the Financial Services and Markets Act 2000.
<b>“GDPR”</b>	means the General Data Protection Regulation 2016/679.
<b>“Group”</b>	means: <ul style="list-style-type: none"> <li>(a) after the Reorganisation and Admission, the Listed Group;</li> <li>(b) before the Reorganisation and Admission, the Pre-Reorganisation Group.</li> </ul>
<b>“HMRC”</b>	means Her Majesty’s Revenue and Customs (which shall include its predecessors, the Inland Revenue and HM Customs and Excise).
<b>“IFRS”</b>	means International Financial Reporting Standards as adopted by the European Union.
<b>“Latest Practicable Date”</b>	means 4 March 2020, being the latest practicable date prior to the publication of this document.
<b>“Listed Group”</b>	means the Company and the relevant Subsidiaries.
<b>“Lock-in, Clawback and Forfeiture Deed”</b>	means the agreement dated 26 February 2020 between (1) the Company and (2) the Selling Shareholders, details of which are set out in paragraph 10.2 of Part 4 of this document.
<b>“London Stock Exchange”</b>	means London Stock Exchange plc.
<b>“MAR”</b>	the EU Market Abuse Regulation (Regulation 596/2014).
<b>“NED Awards”</b>	means the awards to be made before Admission to the Non-Executive Directors of nil-cost options over an aggregate of 143,750 Ordinary Shares, details of which are set out in paragraph 12 of Part 1 of this document.
<b>“New LLP”</b>	means FRP Advisory Services LLP, a limited liability partnership registered in England and Wales with registered number OC429945.
<b>“New Shares”</b>	means the 25,000,000 new Ordinary Shares to be allotted and issued pursuant to the Placing, such issue being conditional on Admission.
<b>“Non-Executive Directors”</b>	means the non-executive directors of the Company as at the date of Admission.

<b>“Official List”</b>	means the Official List of the FCA.
<b>“Ordinary Shares”</b>	means ordinary shares of 0.1 pence each in the share capital of the Company.
<b>“Partners”</b>	means the partners of New LLP as at Admission.
<b>“Partnership”</b>	means FRP Advisory LLP (registered number OC355680), the limited liability partnership through which (together with the relevant Subsidiaries) the business of the Group is carried on before the Reorganisation.
<b>“Placees”</b>	means subscribers for Placing Shares pursuant to the Placing.
<b>“Placing”</b>	means the conditional placing by Cenkos, on behalf of the Company, of the New Shares and, on behalf of the Selling Shareholders, the Sale Shares, pursuant to the terms and conditions of the Placing Agreement as described in this document.
<b>“Placing Agreement”</b>	means the agreement dated 2 March 2020 between (1) the Company, (2) the Directors, (3) the Selling Shareholders and (4) Cenkos relating to the Placing, details of which are set out in paragraph 9 of Part 4 of this document.
<b>“Placing Price”</b>	means 80p per Placing Share.
<b>“Placing Shares”</b>	means the New Shares and the Sale Shares.
<b>“Pre-Reorganisation Group”</b>	means the Partnership and the relevant Subsidiaries.
<b>“Proposed Directors”</b>	means David Adams, David Chubb, Nigel Guy and Kate O’Neill, who are to be appointed as directors of the Company with effect from Admission.
<b>“Prospectus Regulation Rules”</b>	means the rules made pursuant to section 73A of the FSMA.
<b>“QCA”</b>	means the Quoted Companies Alliance.
<b>“QCA Code”</b>	means the Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 published by the QCA.
<b>“Reorganisation”</b>	means steps the Group has undertaken as part of a reorganisation of its corporate structure and further steps it will undertake immediately prior to and in connection with Admission, as described more fully in paragraph 11 of Part 4 of this document.
<b>“Rule 9”</b>	means Rule 9 of the City Code being the provision requiring a mandatory takeover offer in certain circumstances.
<b>“RSM”</b>	means RSM Corporate Finance LLP, reporting accountants to the Company.
<b>“Sale Shares”</b>	means the 75,000,000 Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing.
<b>“Selling Shareholders”</b>	means the Partners, each of whom are selling Sale Shares in the Placing.
<b>“Shareholders”</b>	means holders of Ordinary Shares.

<b>“Subsidiaries”</b>	means:
	(a) after the Reorganisation and Admission: FRP Advisory Trading Limited (registered number 12315855), New LLP, FRP Corporate Finance Limited (registered number 09700818), FRP Debt Advisory Limited (registered number 05209080), Litmus Advisory Limited (registered number 11040296) and Apex Debt Solutions LLP (registered number OC388167);
	(b) before the Reorganisation and Admission: FRP Corporate Finance Limited (registered number 09700818), FRP Debt Advisory Limited, Litmus Advisory Limited (registered number 05209080) and Apex Debt Solutions LLP (registered number OC388167).
<b>“United Kingdom” or “UK”</b>	means the United Kingdom of Great Britain and Northern Ireland.
<b>“UK Corporate Governance Code”</b>	means the UK Corporate Governance Code 2018 published by the Financial Reporting Council.
<b>“uncertificated” or “in uncertificated form”</b>	means Ordinary Shares recorded on the Company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.
<b>“VAT”</b>	means value added tax.
<b>“£” and “p”</b>	means respectively pounds and pence sterling, the lawful currency of the UK.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

## PLACING STATISTICS AND EXPECTED TIMETABLE OF PRINCIPAL EVENTS

### Placing Statistics

Placing Price	80p
Number of Placing Shares	100,000,000
comprised of:	
● Number of New Shares	25,000,000
● Number of Sale Shares	75,000,000
Sale Shares as a percentage of the Enlarged Share Capital	31.6 per cent.
New Shares as a percentage of the Enlarged Share Capital	10.5 per cent.
Placing Shares as a percentage of the Enlarged Share Capital	42.1 per cent.
Number of Ordinary Shares held by the EBT immediately following Admission	18,750,000
Number of Ordinary Shares in issue immediately following Admission	237,500,560
Proceeds of the Placing receivable by the Company before expenses	£20 million
Proceeds of the Placing receivable by the Company after expenses	£18.7 million
Proceeds of the Placing receivable by the Selling Shareholders before expenses	£60 million
Proceeds of the Placing receivable by the Selling Shareholders after expenses	£57 million
Market capitalisation of the Company at the Placing Price following Admission	£190 million
AIM TIDM	FRP
ISIN Code	GB00BL9BW044
SEDOL	BL9BW04
LEI	213800IPCG6DE1CVLY36
Free float	42.1 per cent.

### Expected Timetable of Principal Events

Publication of this document	2 March 2020
Admission effective and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 6 March 2020
CREST accounts credited (as applicable)	6 March 2020
Despatch of definitive share certificates (as applicable)	20 March 2020

## PART 1

### INFORMATION ON THE GROUP

#### 1. INTRODUCTION

The Group is a professional services firm established in 2010 which offers a range of advisory services to companies, lenders, investors and other stakeholders, as well as individuals. These services include:

- (i) **Restructuring advisory:** corporate financial advisory, formal insolvency appointments, informal restructuring advisory, personal insolvency and general advice to all stakeholders.
- (ii) **Corporate finance:** mergers & acquisitions (“M&A”), strategic advisory and valuations, financial due diligence, capital raising, special situations M&A and partial exits.
- (iii) **Debt advisory:** raising and refinancing debt, debt amendments and extensions, restructuring debt, asset based lending and corporate and leveraged debt advisory.
- (iv) **Forensic services:** forensic investigations, compliance and risk advisory, dispute services and forensic technology.
- (v) **Pensions advisory:** pension scheme transaction advisory, pension scheme restructuring advisory, covenant advisory and corporate governance.

The Group advises across multiple sectors and all business sizes, however it principally services smaller and mid-market companies.

The Group has grown from its initial size of 29 partners in 2010 to a firm which now works from 19 offices throughout the UK and comprises 50 partners and approximately 310 other staff.

The Group’s financial performance since FY17 is summarised below:

	<i>FY17</i>	<i>FY18</i>	<i>FY19</i>	<i>H1 FY20*</i>
Revenue	£40.1m	£52.3m	£54.3m	£31.4m
EBITDA (excluding partner costs)	£21.0m	£27.6m	£25.9m	£15.8m
EBITDA margin	52.3%	52.8%	47.7%	50.3%
EBITDA (including pro forma partner costs)	£11.2m	£15.5m	£13.9m	n/a**
Net cash from operating activities	£18.7m	£29.0m	£19.6m	£16.8m
Cash conversion	89.0%	105.1%	75.7%	106.3%

*\*Unaudited.*

*\*\*Not available*

The Directors believe that the Group’s key strengths are its:

- Highly experienced and successful management team;
- Track record of scalable profitable growth;
- Employee ownership and incentivisation;
- Quality of service and brand strength;
- Independence and lack of conflicts; and
- National reach.

The Company was incorporated on 14 November 2019 and through the Reorganisation will become the new holding company of the Group.

The Directors believe that the Company’s admission to AIM will augment the Group’s position as a leading corporate and restructuring advisory business that can deliver strong growth for Shareholders.

## 2. HISTORY AND BACKGROUND

The Group was formed in June 2010 when Jeremy French and Geoff Rowley led a management buy-out of the business recovery services division of Vantis plc when it entered administration. Upon commencement of business, the Group had 29 partners and 200 other staff across 9 offices.

The Group has since grown to 50 partners and approximately 310 other staff across 19 locations through organic growth, internal promotions and acquisitions of small restructuring teams and a debt advisory business.

The Group has made four acquisitions since its inception. Three of these acquisitions were to grow its core restructuring advisory practice and one to commence the debt advisory practice:

- In November 2013, 2 partners and 25 staff joined following the purchase of the Group's Scottish restructuring and personal insolvency business from Baker Tilly;
- In July 2017, the Group purchased the assets of the business advisory and insolvency business of BWC Business Solutions LLP for £0.63 million, taking on 3 partners and 13 staff;
- In January 2018 the Group acquired the assets of the corporate recovery, turnaround and insolvency business of Tait Walker LLP and Tait Walker Management Limited for £0.4 million (subject to adjustments in respect of contingent and written-off engagement values), taking on 1 partner and 7 staff; and
- The Group's debt advisory practice commenced with the acquisition of debt advisory firm, Litmus Advisory Ltd in January 2016, which specialised in structuring asset backed lending solutions for clients. Three new specialist partners were taken on as part of this acquisition. Their relationships with asset-based lenders and other professionals are an important source of referrals for the Group's restructuring advisory practice. Since the Litmus acquisition, the service offering has subsequently been widened to create the Group's current debt advisory practice.

The Group's corporate finance practice began in 2015 and has since been expanded, predominantly through external recruitment.

A summary of the Group's turnover, average number of partners and EBITDA (excluding partner costs) is shown below:

<i>Year</i>	<i>Turnover</i>	<i>Average no. of partners</i>	<i>Revenue per average partner</i>	<i>EBITDA (ex partner costs)</i>
2011	£17.4m	29	£0.6m	£6.1m
2012	£21.8m	27	£0.8m	£9.4m
2013	£21.5m	28	£0.8m	£8.5m
2014	£24.6m	34	£0.7m	£9.1m
2015	£29.8m	31	£1.0m	£13.2m
2016	£32.2m	31	£1.0m	£14.0m
2017	£40.1m	37	£1.1m	£21.0m
2018	£52.3m	44	£1.2m	£27.6m
2019	£54.3m	50	£1.1m	£25.9m
H1'20*	£31.4m	52	£0.6m	£15.8m

*\*Unaudited*

## 3. THE BUSINESS

### Overview

The Group is one of the largest restructuring advisory firms in the UK by number of corporate insolvency appointments, operating from 19 office locations and advising clients ranging in size from large institutions to individuals.

## Office Network and Staffing

The Group operates from 19 locations in the UK. London is the largest office in the network and Brentwood operates as the national administrative headquarters.

A list of Partner and other staff numbers by office location is set out below:

Office	FY17 (at year end)				FY18 (at year end)				FY19 (at year end)			
	Partners	Fee-earners	Admin	Total	Partners	Fee-earners	Admin	Total	Partners	Fee-earners	Admin	Total
London	14	39	15	68	16	47	15	78	17	60	12	89
Brentwood	3	26	24	53	3	24	27	54	3	27	35	65
Manchester	6	19	2	27	5	17	3	25	4	20	3	27
Scotland*	2	20	1	23	2	19	1	22	2	18	3	23
Birmingham	3	12	1	16	3	13	1	17	4	13	1	18
Leeds & Teesside*	1	5	1	7	5	17	2	24	5	15	2	22
Leicester*	2	13	1	16	2	16	1	19	1	14	1	16
Preston	3	9	0	12	3	9	0	12	3	9	0	12
Brighton	2	12	2	16	3	12	3	18	3	12	4	19
Bristol	2	3	1	6	3	4	1	8	3	5	1	9
St Albans	–	7	1	8	–	8	1	9	1	8	1	10
Newcastle	–	0	0	0	1	7	0	8	1	8	0	9
Other	2	0	0	2	2	–	2	4	3	–	2	5
<b>TOTAL</b>	<b>40</b>	<b>165</b>	<b>49</b>	<b>254</b>	<b>48</b>	<b>193</b>	<b>57</b>	<b>298</b>	<b>50</b>	<b>209</b>	<b>65</b>	<b>324</b>

**Note:** For management reporting purposes, certain small offices are reported as one location. Scotland encompasses four offices (Aberdeen, Inverness, Glasgow and Edinburgh), Leicester has two offices (Leicester and Nottingham) and Leeds and Teesside has three offices (Leeds, Teesside and Durham).

All of the Group's offices provide restructuring advisory services, the Group's core activity. Six of the Group's offices provide one or more additional service lines from Partners and staff based there. The London office, where 17 of the Group's partners are based, has the greatest breadth of service offering within the Group, being the largest office by partners and staff, and covers all services (except for pension advisory services which are provided by the Birmingham and Bristol offices only). The London office is also home to the client support and business development service which is offered nationwide by 2 partners.

## Management Structure

Prior to Admission, the Group has been overseen by the management board of the Partnership, which comprises Geoff Rowley, Managing Partner, Jeremy French and all of the Proposed Directors except Kate O'Neill.

From Admission, the Proposed Directors will join the Board which will then comprise a non-executive chairman, three additional non-executive directors, Geoff Rowley as Chief Executive Officer and Jeremy French as Chief Operating Officer. Further details regarding the Directors and Proposed Directors are given in paragraph 7 of this Part 1.

Each office has a location director, which is usually a lead partner of that office, who reports up to Geoff Rowley, Jeremy French and Jim Quill as Chief Executive Officer, Chief Operating Officer and Finance Director respectively.

## Business Generation

The Group generates revenue across its five practice areas through the relationships which it and its Partners have with lenders, other professional service firms, private equity sponsors and government departments, such as HMRC and the Pension Protection Fund. The Group's track record of getting the best outcome for stakeholders results in repeat referrals through these relationships.

The Group is heavily reliant on its referral network in order to generate business. These relationships are managed by the Group's partners and are critical for revenue generation. The Group is on every major UK clearing bank's formal approved advisory panel together with those of numerous other regional and national

lenders, such as asset-based lenders, investment banks, credit funds and peer-to-peer lenders. The Group also sits on the formal panels for other bodies such as the Department for Education and is a member of several international and UK-based referral associations.

The Group's partners' personal business networks of referrers, which also comprise contacts in accountancy and legal practices, are also critical for revenue generation.

## Service Divisions

### Restructuring Advisory

The restructuring advisory business is the Group's largest by revenue and headcount, providing advisory services to clients facing under-performance, fundamental change or financial crisis. There are 38 partners and 200 other fee earning staff within the Group's restructuring advisory division. The Group is typically engaged by the company and the lender/investor, with the company being responsible for paying the Group's fees.

An engagement may begin as an independent business review focused on cashflow. Subsequent work can typically include assessments of debt restructuring options, a company's potential profitability and options available to the company and/or its lenders/investors. An insolvency process may follow a business review, depending on the particular company's circumstances.

The Group is able to act on all types of UK insolvency proceedings including company voluntary arrangements, pre-packaged administrations, trading administrations, creditors' voluntary liquidations, receiverships, members' voluntary liquidations, compulsory liquidations, individual voluntary arrangements, bankruptcies and, in Scotland, sequestrations. If a company, partnership or individual enters into a formal insolvency process this must be carried out by an authorised insolvency practitioner ("IP"). All of the Group's insolvency partners are IP's authorised and regulated by either the Insolvency Practitioner's Association, the Institute of Chartered Accountants of England and Wales or the Institute of Chartered Accountants in Scotland.

For advisory assignments, fees are generally agreed either on a fixed fee basis or by reference to time spent as determined by the relevant lender's fee panel rates. For formal insolvency proceedings work, the Group typically charges on a time spent basis for the professional staff involved, with the Group providing a fee estimate to creditors at the outset. Should this budget be exceeded, for example, if a case proves to be more complex than originally expected, further creditor approval is required. For certain types of cases, for example cases involving the sale of an asset, fees may instead, or in addition, be structured on a percentage of realisation of assets or on a contingent basis. The Group's fees for acting in connection with formal insolvency proceedings are paid from the proceeds of the sale of the relevant company's assets and rank ahead of distributions to creditors. The table below shows a breakdown of the Group's insolvency-related work since 2010, demonstrating a compound annual growth rate of 7 per cent. in total appointments, and separately, 6 per cent. in administration appointments:

<i>Group Case Appointments</i>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Compulsory Liquidations	4	7	19	21	34	27	34	34	40	34
Total Creditors Voluntary Liquidations	92	233	216	247	209	231	217	277	368	372
Total Administrations	50	97	84	113	103	86	126	132	138	155
Total Company Voluntary Arrangements	2	10	7	11	15	15	10	12	14	12
Total Receiverships	1	0	0	0	0	1	1	0	3	0
<b>Sub Total</b>	<b>149</b>	<b>347</b>	<b>326</b>	<b>392</b>	<b>361</b>	<b>360</b>	<b>388</b>	<b>455</b>	<b>563</b>	<b>573</b>
Bankruptcy Individual Voluntary Arrangements	9	9	25	23	10	4	9	5	9	5
Members Voluntary Liquidations	20	38	48	90	116	151	173	118	229	231
<b>Sub Total</b>	<b>121</b>	<b>188</b>	<b>369</b>	<b>267</b>	<b>274</b>	<b>239</b>	<b>270</b>	<b>188</b>	<b>290</b>	<b>304</b>
LPA Receiverships	2	19	16	10	17	19	15	75	84	74
<b>Total</b>	<b>272</b>	<b>554</b>	<b>711</b>	<b>669</b>	<b>652</b>	<b>618</b>	<b>673</b>	<b>718</b>	<b>937</b>	<b>951</b>

### **Corporate Finance**

The corporate finance division provides transaction advisory services, specifically in relation to mergers and acquisitions, raising finance, valuations, due diligence and business disposals. Often the corporate finance division will work with the restructuring advisory and other divisions.

There are 3 partners and 17 other fee earners within the corporate finance division.

Fees for corporate finance engagements are generally charged with an agreed level of committed fees and a contingent success element by reference to a proportion of deal value.

The Group's corporate finance work comprises a mixture of regulated and unregulated services, with the FCA-regulated business line being conducted through FRP Corporate Finance Limited.

### **Debt Advisory**

The debt advisory division assists private companies and private equity backed businesses to raise and refinance debt capital. The division specialises in helping clients access different funding solutions ranging from mezzanine, unitranche and senior debt financing solutions to asset-based lending solutions and special situations funding from banks, institutional funds and private capital providers.

There are 4 partners and 1 other fee earner within the debt advisory division.

### **Forensic Services**

The forensic accounting services division assists clients in disputes, investigations and advisory assignments to help uncover fraud and other financial misrepresentation. This division will often work in tandem with the Group's insolvency division. The division includes members of the Academy of Experts, Chartered Institute of Arbitrators and qualified forensic technology specialists.

There are 2 partners and 13 other fee earning staff members within the forensic services division.

### **Pension Advisory**

The pension advisory team provides advice to companies and pension scheme trustees on corporate pension scheme transactions and restructurings, how such transactions impact the financial covenant strength of participating employers and on pension scheme related corporate governance.

There is 1 partner and 1 other fee earner within the pension advisory team.

## **4. THE MARKET**

### **Market**

The World Bank ranks the UK's insolvency regime as one of the best in the world, with one of the highest rates of returns to creditors. There are approximately 1,750 insolvency practitioners in the UK and approximately 12,000 professionals who work in the UK insolvency market.

The number of formal insolvencies grew materially year-on-year in 2016 for the first time since the global financial crisis in 2008. Since 2016 the number of insolvencies in England and Wales has been increasing steadily over recent quarters and in Q3 2019 hit the highest quarterly level since Q1 2014. The number of insolvencies in the UK increased in H1 2019 by 8.9 per cent. year on year. Further to this, administration appointments have been growing in size and complexity with a greater total asset value being dealt with year on year.

The below table shows the number of formal corporate insolvency appointments in England and Wales since 2009:

Year	Compulsory liquidations	Administrations	Company voluntary arrangements	Receivership appointments	New creditors' voluntary liquidations	Total new company insolvencies	Year-on-year change
2009	5,643	4,077	713	112	13,490	24,035	
2010	4,792	2,835	757	97	12,528	21,009	-13%
2011	5,003	2,711	758	105	12,759	21,336	+2%
2012	4,261	2,481	829	75	12,501	20,147	-6%
2013	3,632	2,135	569	34	12,171	18,541	-8%
2014	3,755	1,669	559	24	11,595	17,602	-5%
2015	2,889	1,560	372	17	11,021	15,859	-10%
2016	2,930	1,494	345	9	12,418	17,196	+8%
2017	2,806	1,379	307	10	13,550	18,052	+5%
2018	3,140	1,593	355	3	13,141	18,232	+1%
2019*	2,285	1,468	274	3	10,268	14,298	

Source: The Insolvency Service. \* Up to and including Q3

Insolvency activity is generally considered to be counter-cyclical to the general economy. The number of UK businesses considered to be in significant distress was approximately 489,000 as at 30 September 2019, an increase of 40 per cent. since June 2016. The sectors considered the most severely affected are the real estate and property, construction, retail and travel sectors. However, deteriorating financial performance has recently been affecting UK companies across the majority of industries.

UK insolvency growth is forecast to continue in 2020 with numbers expected to rise 5 per cent. year-on-year.

The Directors believe the increase in UK company distress levels and the current macroeconomic climate is likely to lead to increased levels of formal insolvency processes and provides the Group with good opportunities for further revenue growth.

## Competitors

The Directors consider the Group's competitors for larger and medium-sized clients and mandates to be the "Big Four" and other "mid-tier" accounting firms such as RSM, Grant Thornton and BDO.

In recent years, large US based restructuring advisers including Alix Partners, FTI Consulting, Duff & Phelps and Alvarez & Marsal have either acquired or built significant teams in the UK. In the small business sector, the Directors consider business rescue and recovery specialists Begbies Traynor and Quantuma to be the Group's principal competitors.

In addition, there are also numerous boutique specialist restructuring and corporate finance advisory firms which service the UK small to mid-market space, with which the Group competes in different parts of its business. The Directors believe that the scale and referral network required to operate a successful restructuring advisory business provides a high entry barrier to the industry.

## 5. GROWTH STRATEGY AND OPPORTUNITY

### Growth Strategy

The Group's growth strategy comprises a combination of seeking organic growth and making carefully selected lateral hires and acquisitions of small partner groups and related staff from specialist restructuring advisory, corporate finance and other related businesses.

### Organic Growth

Identified opportunities exist for the Group to grow organically, in particular:

- (i) Continuing to open offices in regions not currently covered by the Group's existing office network, thereby increasing the Group's geographic coverage in restructuring and advisory work;
- (ii) Attracting and retaining new talent who want to be part of an independent, prominent and growing restructuring and advisory firm;

- (iii) Developing the Group's smaller corporate finance, debt advisory, forensic advisory and pensions advisory divisions;
- (iv) Enhancing cross-selling in particular of and from the Group's debt advisory, corporate finance and forensic advisory businesses and leveraging growth in these businesses to further drive cross-selling opportunities;
- (v) Increasing the level of restructuring engagements from clients based outside of the UK; and
- (vi) Taking on engagements which are larger in size and complexity and therefore likely to generate a higher level of fees.

### ***Acquisitive Growth***

In addition to organic growth, the Group intends to take selective advantage of anticipated consolidation within the restructuring advisory sector and of opportunistic acquisition opportunities. The Group will specifically target, but will not be limited to, acquisitions of smaller partner groups and related staff in specialist restructuring advisory, corporate finance and other related businesses.

### **Growth Opportunity**

#### ***Market Growth***

The decreasing number of UK insolvencies between 2009 and 2016 and the recent continuing increase and the forecast anticipated growth in insolvencies is detailed in paragraph 4 of this Part 1.

With the Group having been able to continually expand and increase profitability since 2010, despite year-on-year declines in the number of formal UK company insolvencies until 2016, the Directors believe that the Group is well positioned to continue its robust revenue growth in a UK market anticipated to have a growing number of formal insolvencies.

#### ***Structural Growth***

The Directors believe that with the recent increased levels of regulatory and political scrutiny which have impacted the "Big Four" and other mid-tier accounting firms, there may be an opportunity for the Group to gain market share in restructuring and other advisory work. This opportunity derives from perceived potential conflicts of interest affecting these accounting firms given a large portion of their revenues are derived from auditing. The Directors believe it may increasingly be considered beneficial to appoint a larger specialist restructuring adviser which does not have an auditing function and does not suffer from conflicts or potential conflicts created by the full service model of the "Big Four" and other mid-tier accounting firms. In 2010 approximately 33 per cent. of administration appointments were completed by the "Big Four" and other mid-tier accounting firms, with this figure closer to 13 per cent. in 2018. Any such sustained trend could considerably increase the Group's market share and revenues.

The Directors believe there may, in addition, be future inorganic opportunities as a result of any future separation of the "Big Four's" and other mid-tier firms' advisory and audit functions as recommended by the UK Competition and Markets Authority in 2019. The Directors believe that such a separation of advisory services and the related market changes may present the Group with opportunities to acquire teams or experienced partners from these firms.

## **6. KEY STRENGTHS**

The Directors believe that the Group has the following key strengths:

### **Highly experienced and successful management team**

Four of the six board members from Admission have been involved in the management of the firm since inception. This management team has a proven track record of delivering results: achieving significant organic growth, increasing profit and acquiring and integrating businesses. The senior management team is motivated to continue to achieve success through significant share ownership and lock-in, clawback and forfeiture arrangements.

### **Track record of scalable profitable growth**

The Group has a proven track record of successfully integrating acquisitions and establishing and growing new offices. The Group has generated profitable growth with compound annual growth of 16.4 per cent. in revenue and 10.9 per cent. in operating profit since the beginning of FY17. This has been achieved through new office openings and expansion, selective acquisitions, introducing new services lines to the business and increasing numbers of fee earners, which is consistent with the Group's future growth strategy.

The Group has exhibited strong average EBITDA margins of 51 per cent. over FY17 to FY19, and consistently strong cash conversion from profits, demonstrated by an average cash conversion of 90 per cent. in FY17 to FY19. The Directors believe that these factors, if continued following Admission, will support both the Group's growth aspirations and an attractive dividend policy.

### **Employee ownership and incentivisation**

The Group places emphasis on retaining and rewarding high quality, motivated employees which has resulted in a low turnover of fee earners and a culture in which overall contribution to the success of the business is rewarded through its bonus policy.

On Admission, approximately 4.7 per cent. of the Enlarged Share Capital will be subject to awards made to non-Partner staff. These awards are subject to vesting and forfeiture arrangements over a three year period following Admission as described under "Equity incentives under the EIP" in paragraph 12 of this Part 1. On Admission, the EBT will hold unallocated approximately 3.2 per cent. of the Enlarged Share Capital principally for the purpose of fulfilling awards to future Partners and lateral hires and future awards to other staff. The Directors expect that strong employee ownership and the potential for future awards under the EIP should improve incentivisation and retention of employees further.

On completion of the Placing, approximately 50.0 per cent. of the Enlarged Share Capital will be held by the Partners, all of whom have entered into lock-in agreements with the Company for 36 months, including punitive claw-back and forfeiture provisions for bad leavers.

### **Quality of service and brand strength**

The Group has developed a level of client service which produces excellent feedback in ranking tables. This is reflected by the Group growing to become one of the largest restructuring advisory firms in the UK by number of corporate insolvency appointments.

### **Independence and lack of conflicts**

The Directors believe that with the recent increased levels of regulatory scrutiny focussing on the "Big Four" and other mid-tier accounting firms, there may be an opportunity to gain market share of restructuring and other advisory work. The Directors believe it may be considered beneficial to appoint a larger specialist restructuring advisor which does not have an auditing function (and the related actual or potential conflicts of interests) and is independent of the "Big Four" and other mid-tier accounting firms.

### **National reach**

The Group currently has 19 offices throughout the UK which the Directors believe provides a level of diversification if there is reduced workflow in a particular region. The spread of offices also allows the Group to use its staff resources flexibly to allow it to take on larger appointments in locations where it may not otherwise have sufficient permanent staffing resource.

Notwithstanding the Group's current national coverage, the Directors anticipate growth in its existing locations and into additional locations in the UK in accordance with the growth strategy as set out in paragraph 5 of this Part 1.

## **7. DIRECTORS, PROPOSED DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

### **7.1 Directors and Proposed Directors**

#### **Nigel Raymond Allen Guy**, *Non-Executive Chairman (aged 62)*

Nigel Guy is a Chartered Accountant and has spent the majority of his executive career in private equity where he has over 20 years' experience. During this time he held leadership positions both in the UK regions and in London, with firms including 3i plc and Baird Capital Partners Europe Limited. Subsequent to this he has developed a portfolio career and has sat on a number of private and public company boards either as non-executive director or chairman, often representing strategic financial investors. He joined the management board of the Partnership as chairman, shortly after the management buyout in 2010.

#### **Geoffrey Paul Rowley**, *Chief Executive Officer (aged 48)*

Geoff is the Group CEO and is a Chartered Certified Accountant and Licensed Insolvency Practitioner with 30 years' experience including at firms RSM Robson Rhodes and PKF. Geoff is a partner in the London restructuring advisory team and was joint founder of the business as part of the Vantis plc management buyout in 2010. Outside of management responsibilities his focus is on dealing with corporate restructuring assignments acting for a range of stakeholders including boards, lenders and investors. Recent UK and international assignments have included BHS, Force India Formula One Team, Patisserie Valerie, London Capital & Finance, a significant PFI project arising from the failure of Carillion and most recently Koovs plc.

#### **Jeremy Stuart French**, *Chief Operating Officer (aged 61)*

Jeremy is the Chief Operating Officer of the Group. Jeremy is a Chartered Accountant and Licensed Insolvency Practitioner with more than 35 years' experience. Jeremy is a joint founder of the business as part of the 2010 Vantis plc management buyout team and has been the Group's managing partner since inception. While Jeremy manages the operations of the Group, a proportion of his time is spent on restructuring engagements and dealing with stakeholders.

#### **David Yeates Adams**, *Non-Executive Director (aged 64)*

David has been a non-executive director of the Group since 2010. David spent the majority of his career as a Partner in the corporate law team at Travers Smith LLP. Since then David has run his own corporate advisory business and held a number of non-executive directorships of private and listed companies. David helped establish the Group's corporate finance division.

#### **David Christian Clark Chubb**, *Non-Executive Director (aged 57)*

David is a Chartered Certified Accountant and until recently, also held a license as an Insolvency Practitioner, with experience across a range of sectors. David joined the Group as a non-executive director in 2019 following a career in banking at Standard Chartered and Hambros, and as a restructuring partner at PwC. Spanning a period of over 20 years with PwC, he covered a wide range of insolvency and restructuring cases, with one of his final appointments being as a Special Manager of Carillion. Following retirement as a partner at PwC, David has undertaken consulting roles and project work for both boards and shareholders of businesses in financial distress.

#### **Catherine (Kate) Lucy O'Neill**, *Non-Executive Director (aged 53)*

After qualifying as a lawyer Kate has spent most of her career in the financial services sector in Australasia, the UK and Europe in leadership roles at AMP Asset Management, Henderson Global Investors and RBS Asset Management. Most recently she was the Head of Corporate Development at Jupiter Asset Management where she was responsible for corporate strategy, investor relations and communications. She was the Managing Director of Investor Relations at Lloyds Banking Group during the financial crisis before becoming a Partner at Brunswick and then at Maitland advising clients on capital markets and communications issues.

#### **Senior Manager**

#### **James (Jim) Quill**, *Finance Director (aged 61)*

Jim is Finance Director of the Group and is also responsible for all central services which are integrated across the Group. Jim has been Finance Director of the Group since its inception in 2010, having

overseen its growth and multiple acquisitions. Jim is a Chartered Accountant and was previously finance director of an IT & telecoms company from 2002 until its sale in 2010.

It is anticipated that Jim Quill will retire and a new Finance Director will be appointed within 12 months of Admission. It is anticipated that the incoming Finance Director will become an executive Board member upon joining the Group.

## 7.2 Employees

The Directors believe the ability to retain and motivate staff is fundamentally important to the future of the Group and this will be aided by the Group's ability to offer share incentives to employees following Admission.

Incorporation of the business will enable a wider set of employees, potentially much earlier in their careers, to gain equity ownership while also aligning employees' day-to-day activities with their long-term capital value in the Group. The Directors believe that incorporation also creates a more flexible career structure, with partnership, and all that entails, no longer being the only route to long-term returns.

At the date of this document, the Group has 50 Partners and approximately 310 other staff.

The table below shows the breakdown of Partners and other fee-earning staff by their main activity, however some employees work across multiple service lines. All of the Group's staff are located in the UK.

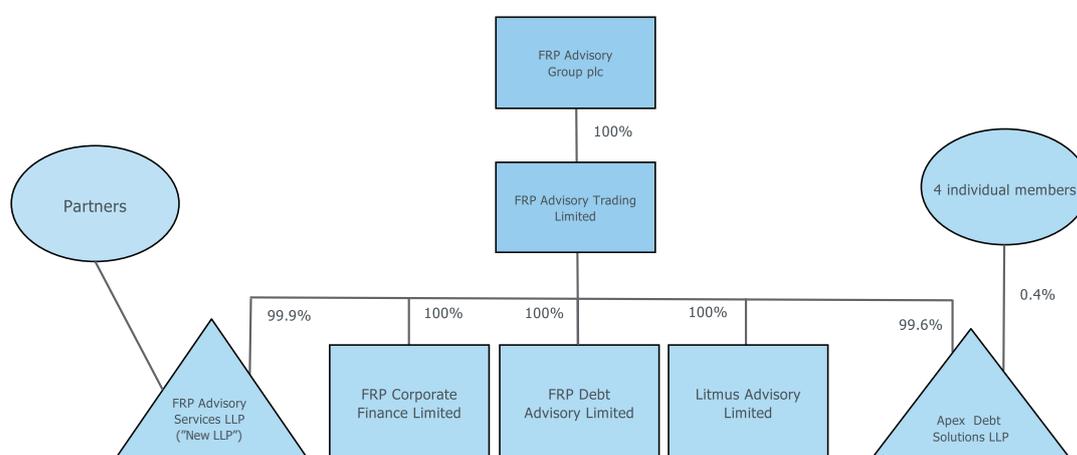
	<i>Restructuring Advisory</i>	<i>Corporate Finance</i>	<i>Debt Advisory</i>	<i>Forensic Services</i>	<i>Pensions Advisory</i>	<i>Support Staff</i>	<i>Total</i>
Partners	38	3	4	2	1	2	50
Other fee-earning staff	200	17	1	13	1	0	232
Support Staff	5	1	0	0	0	72	78
<b>Total</b>	<b>243</b>	<b>21</b>	<b>5</b>	<b>15</b>	<b>2</b>	<b>74</b>	<b>360</b>

## 8. REORGANISATION

The Group has undertaken the initial steps of the Reorganisation and will undertake the remaining steps immediately prior to and in connection with Admission.

The Group is undertaking the Reorganisation in order to make the Company the holding company of the Group and to change the governance and Partner remuneration structures of the Group so as to be suitable for an AIM company and align Partners' interests with Shareholders.

The following diagram sets out the structure of the Group as it will be immediately following Admission and completion of the Reorganisation:



- 8.1 The executive functions of the Group will be exercised by the Board. The business of the Group carried on by the Partnership and the Subsidiaries before completion of the Reorganisation, will, following Admission and the Reorganisation, be carried on by the Company's wholly-owned subsidiary FRP Advisory Trading Limited (which will be the principal trading entity of the Group) and the Subsidiaries.

FRP Advisory Trading Limited as managing member of New LLP will exercise substantially all of the membership and voting rights in New LLP. New LLP will provide the services of the Partners to the other members of the Group.

While the Partners will become partners of New LLP in order to facilitate the Group structure and certain personnel matters, they will move to a fixed basis of base remuneration at a level which is substantially reduced compared to their total pre Admission remuneration levels. Instead, through their substantial aggregate and individual holdings of Ordinary Shares, the Reorganisation is designed to align the interests of Partners and Shareholders in driving total shareholder returns over the longer term. Further details of the remuneration and incentivisation structures that will apply to Partners and employees following Admission are set out in paragraph 12 of this Part 1.

## **9. CURRENT TRADING AND PROSPECTS**

Since the period ended 31 October 2019, the Group has had a positive few months with revenues increasing compared to the same period the previous year, with operating margins in line with historical average performance. This increase in revenues continues to build on the Group's strong performance in the first six months and the Group continues to trade in-line with the Director's expectations.

Given the positive year to date performance and their assessment of the strength of the Group's current work in progress, growth strategy and business model, the Directors have confidence in the Group's prospects for the current financial year and beyond.

## **10. REASONS FOR ADMISSION AND USE OF PROCEEDS**

The Directors believe that Admission represents an important step in the Group's development. A public listing naturally enhances the Group's profile and the Directors believe it will also assist in the growth of the Group's business, provide access to equity capital and provide the Group with the ability to incentivise its existing and future employees through the EIP incentive arrangements, which will assist the Group in continuing to attract, retain and motivate high calibre staff at all levels.

The net proceeds of the Placing will principally be used by the Company to strengthen its balance sheet and to fund opportunistic acquisitions.

## **11. DIVIDEND POLICY**

The Directors expect the Group to continue to be highly cash-generative following Admission and believe that the Group will be well placed to pay a regular and progressive dividend to Shareholders.

The Directors intend to adopt a dividend policy which reflects the long-term earnings and cashflow potential of the Group. Following Admission, the Directors anticipate that the Group will initially adopt a payout ratio of 70 per cent. of the Group's net profit. The Directors intend that the Company will as soon as practicable move towards paying quarterly dividends. It is intended that a dividend will be proposed and paid during 2020 with a quarterly payment schedule expected to commence during 2021.

## **12. INCENTIVE ARRANGEMENTS**

The Directors strongly believe that the success of the Group will depend to a significant degree on the future performance of its staff at all levels of the business. The Directors recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group and that Partner remuneration is, to the extent practicable, aligned with Shareholders' returns through encouraging share ownership and carefully controlling the level of remuneration paid in cash.

## **Partner remuneration**

Following Admission, Partner remuneration will no longer be determined by the terms of the Partnership's members' agreement and, instead, the former partners of the Partnership (including the Executive Directors) will be members of New LLP and, in that capacity, will contribute capital to it. All individual members of New LLP will also be employees of FRP Advisory Trading Limited.

Partners' compensation will comprise a combination of (a) an annual basic income from New LLP, (b) participation in a discretionary profit-sharing pool, (c) participation in the EIP (subject to eligibility), (d) a salary as an employee of FRP Advisory Trading Limited, and (e) dividend income.

The basic income of each Partner, which will be reviewed annually and may be subject to adjustment based on individual performance during the relevant financial year, will initially be maintained at an unchanged level from that pre-Admission. Pre-Admission, Partners' aggregate basic income entitlements have typically equated, on average, to approximately 30 per cent. of total Partner remuneration, with the balance of remuneration being comprised of additional discretionary profit shares. Partners' aggregate basic fixed income will not change materially post Admission.

It is anticipated that the annual profit-sharing pool available for Partners in respect of a financial year will be equivalent to 25 per cent. of the Group's consolidated earnings before interest, tax, the value of the profit-sharing pool and (in 2020 only) any exceptional costs related to Admission and the Reorganisation. Payments from the annual profit-sharing pool will generally be paid in four quarterly tranches following the publication of the Company's audited accounts in respect of the relevant year in four equal tranches of 25 per cent. Partners' additional profit shares will generally be paid in cash save to the extent that the Board determines that all or part of any individual Partner's additional profit share should be deferred into Ordinary Shares by means of an award under the EIP. It is anticipated that this discretion on the part of the Board to defer an individual Partner's additional profit share into Ordinary Shares will generally only be exercised where the bonus is in excess of 50 per cent. of such Partner's annual basic income. To reward and incentivise exceptional performance, Partners may also be made awards of options or Ordinary Shares under the EIP (which may in each case be subject to vesting and/or performance criteria).

The Executive Directors will have a letter of appointment with the Company but will not receive any additional remuneration or other benefits for undertaking the role of an executive director of the Company or other member of the Group.

## **Equity incentives under the EIP**

The Company has established the EBT, a discretionary trust for the benefit of employees (including those who are also Partners) and certain dependants, to operate in connection with the EIP. At Admission the EBT will subscribe at nominal value for Ordinary Shares representing approximately 7.9 per cent. of the Enlarged Share Capital. The Ordinary Shares held by the EBT will be used to satisfy awards made under the EIP to incentivise and attract new and existing partners and other employees.

To reward and incentivise existing staff, all qualifying employees other than Partners will receive an award (an "IPO Award") conditional upon Admission under the EIP to acquire Ordinary Shares. The IPO Awards will take the form of nil cost options and will be satisfied by Ordinary Shares held by the EBT. The IPO Awards will vest and become capable of exercise after three years and are not subject to any performance criteria but are subject to forfeiture in whole or in part by leavers before the vesting date. Each employee with over one year's service as at the date of Admission will receive an IPO Award over such number of Ordinary Shares as have a value at the Placing Price equal to 20 per cent. of his or her base salary for every full year of service up to a maximum of five years' service (giving a maximum IPO Award of 100 per cent. of base salary for those employees with five years' service). Employees with less than one year's completed service at the date of Admission will receive an IPO Award over such number of Ordinary Shares as have a value at the Placing Price equal to 10 per cent. of his or her base salary.

The total number of Ordinary Shares comprised in the IPO Awards will be 11,060,138 Ordinary Shares representing approximately 4.7 per cent. of the Enlarged Share Capital and having an aggregate value at the Placing Price of approximately £8.85 million.

It is also intended that the Non-Executive Directors will, conditional on Admission, receive an award of nominal-cost options to acquire Ordinary Shares on a basis similar to the Group's employees as to vesting

and forfeiture provisions and no performance conditions. The awards to the Non-Executive Directors will, however, be made under individual option deeds and will not be satisfied from Ordinary Shares held by the EBT, but instead by new issues of Ordinary Shares upon such options vesting and being exercised. Awards over a total of 143,750 Ordinary Shares are intended to be made to the Non-Executive Directors in aggregate, having an aggregate value at the Placing Price of £115,000.

### **Payment of Partner's deferred profit shares**

Immediately before completion of the Reorganisation, the Partnership will owe each of the Partners an amount in respect of pre-Admission profits which have been retained by the Partnership for later payment to the Partners (the "**Retained Profit**"). In connection with Admission and as part of the Reorganisation, in order to transfer to the post-Admission Group from the Partnership the obligation to pay to Partners the Retained Profit but retain the Group's access to such funds, an amount equal to the estimated Retained Profit will be paid to Partners and then loaned, interest-free, by the Partners to the Group for general working capital purposes. The Partners' loans to the Group will be repaid at quarterly intervals over the three year period following Admission, in accordance with a longer timetable than that typically historically applicable to payments of Retained Profit to Partners.

## **13. CORPORATE GOVERNANCE**

The Ordinary Shares will be admitted to trading on AIM, therefore the Company is not required to comply with the UK Corporate Governance Code but it is required to comply or explain against a recognised corporate governance code. The Directors have determined that the most appropriate recognised corporate governance code for the Company to adopt at the current stage of its development is the QCA Code.

### **13.1 QCA Code**

The Company will comply with the QCA Code from Admission.

The Board is responsible for setting the vision and strategy for the Company to deliver value to Shareholders by effectively implementing its business model. The Board members are collectively responsible for defining corporate governance arrangements to achieve this purpose, under clear leadership from the chair.

The QCA Code recommends at least two members of the Board are non-executive directors determined by the Board to be independent. At Admission, the Board will comprise six directors, of whom two are executive and four are non-executive. The Board considers two of the Non-Executive Directors, David Chubb and Kate O'Neill, to be independent. The QCA Code invites companies to consider whether to appoint one of its independent non-executive directors to be the senior independent director (the "**SID**"). The SID should act as a sounding board and intermediary for the chair or other Board members, as necessary and should be an alternative route of access for Shareholders and other directors who have a concern that cannot be raised through the normal channels. The Company's SID is David Chubb.

As envisaged by the QCA Code, conditional on Admission the Board has established an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee. In addition, the Board has established a Disclosure Committee.

### **13.2 Audit and Risk Committee**

The Audit and Risk Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

In accordance with the requirements of the QCA Code, the Audit and Risk Committee is made up of three members, two of whom are independent Non-Executive Directors. The Audit and Risk Committee will be chaired by David Chubb, the Company's SID and its other members will be Kate O'Neill and Nigel Guy. The Audit and Risk Committee will normally meet at least three times a year at appropriate times in the reporting and audit cycle.

### 13.3 Remuneration Committee

The Remuneration Committee will review the performance of the Executive Directors, the chair and senior management and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee is made up of two members, each of whom are independent Non-Executive Directors. The Remuneration Committee is chaired by Kate O'Neill, an independent Non-Executive Director and its other member will be David Chubb. The Remuneration Committee will normally meet at least two times a year.

### 13.4 Nomination Committee

The Nomination Committee will have responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. The Nomination Committee is chaired by Nigel Guy and its other members will be Kate O'Neill and David Chubb. The Nomination Committee meets at least two times a year at appropriate times in the reporting cycle.

### 13.5 Disclosure Committee

The Disclosure Committee will provide support to the Board in relation to compliance with MAR, the Disclosure, Guidance and Transparency Rules and the AIM Rules for Companies and the identification, control and disclosure of "inside information". The Disclosure Committee comprises all of the Directors, but has a quorum of any three Directors provided at least one Executive Director and at least one Non-Executive Director is present. Nigel Guy chairs the Disclosure Committee, which will meet at such times and in such manner (including by telephone) as shall be necessary or appropriate.

### 13.6 Relationship Agreement between the Partners and the Company

Immediately following Admission, the Selling Shareholders and their associates will together exercise or control, 30 per cent. or more of the votes to be cast on all or substantially all matters at general meetings of the Company. On 26 February 2020, the Company, Cenkos and the Selling Shareholders entered into a relationship agreement (the "**Relationship Agreement**") which will, conditional upon Admission, regulate the ongoing relationship between the Company and the Selling Shareholders and their associates.

The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Relationship Agreement contains, among other things, undertakings from the Selling Shareholders that:

- (a) the Company and each other member of the Group shall operate on a basis that is independent from the Selling Shareholders and their associates and neither any Selling Shareholder nor any of their associates shall use their votes as Shareholders to materially influence the day-to-day running of the Company or any other member of the Group at an operational level;
- (b) all transactions and arrangements between any member of the Group and any Selling Shareholder or any of their associates (in each case acting in such capacity) will be conducted at arm's length and on normal commercial terms;
- (c) no Selling Shareholder nor any of their associates will (in each case acting in such capacity) propose or procure the proposal of a shareholder resolution to de-list the Ordinary Shares from admission to trading on AIM unless such proposal is supported by the independent non-executive directors at such time; and
- (d) no Selling Shareholder nor any of their associates will take any action that would have the effect of preventing the Company or any other member of the Group from complying with applicable provisions of the AIM Rules for Companies, the Disclosure, Guidance and Transparency Rules, FSMA and the QCA Code (save, in the case of the QCA Code only, as disclosed in this document or as previously agreed in writing by a majority of the independent Directors).

The Relationship Agreement will continue for so long as the Ordinary Shares are admitted to trading on AIM and the Selling Shareholders together with their associates are entitled to exercise or to control the exercise of 30 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of the Selling Shareholders.

#### 14. DETAILS OF THE PLACING

The Placing comprises the placing by Cenkos, as agent for the Company, of 25,000,000 New Shares and, as agent for the Selling Shareholders, of 75,000,000 Sale Shares, with institutional investors. The Placing will raise approximately £17,700,000 net of expenses for the Company. The Selling Shareholders will receive, in aggregate, approximately £57,000,000 net of expenses from the Placing.

The Partners will, immediately following Admission and the Placing, hold approximately 50.0 per cent. in aggregate of the Enlarged Share Capital.

The New Shares will be issued fully paid and will, on issue, rank *pari passu* with all other issued Ordinary Shares, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue.

Further details of the Placing Agreement are set out in paragraph 9 of Part 4 of this document.

#### 15. LOCK-IN ARRANGEMENTS

The Selling Shareholders have each undertaken to Cenkos and the Company that they shall not, except in certain specified circumstances, directly or indirectly mortgage, pledge, charge, assign, sell, transfer, or otherwise dispose of any other interest in any Ordinary Shares (“**Interest**”) held by them immediately following Admission and the Placing (or rights arising from any such shares including but not limited to any such shares or warrants in the Company which convert or are converted into Ordinary Shares) (together the “**Restricted Shares**”) prior to the second anniversary of Admission (the “**Lock-In Period**”) without the prior written consent of Cenkos. In order to maintain an orderly market in the Ordinary Shares, the Selling Shareholders have also undertaken to Cenkos and the Company that they shall not (save in certain specified circumstances), for a period of 12 months following the expiry of the Lock-In Period, dispose of any Interest in the Restricted Shares without the prior written consent (not to be unreasonably withheld or delayed) of Cenkos (or the broker for the time being to the Company if it is not Cenkos (the “**Replacement Broker**”). Furthermore, if such consent is given, the Selling Shareholders have agreed to effect such disposals only through Cenkos or the Replacement Broker (as the case may be) in such manner as Cenkos or the Replacement Broker shall reasonably require so as to ensure an orderly market in the Ordinary Shares.

In addition to the lock-in arrangements with Cenkos, the Partners are subject to additional lock-in, clawback and forfeiture arrangements with the Company whereby if a Partner becomes a leaver (otherwise than as a “good leaver”) during the three year period following Admission, he or she will forfeit for no consideration all of part of his or her Ordinary Shares and net Placing proceeds as follows:

<i>Date on which he or she becomes a leaver</i>	<i>% forfeited</i>
Before the first anniversary of Admission	100%
Between the first and second anniversaries of Admission	90%
Between the second and third anniversaries of Admission	80%

Further details of the lock-in, clawback and forfeiture arrangements relating to Partners are set out in paragraph 10 of Part 4 of this document.

#### 16. SHARE DEALING CODE

The Company has adopted, with effect from Admission, a share dealing code for the Directors, Partners and certain other staff, which is appropriate for a company whose shares are admitted to trading on AIM in compliance with Rule 21 of the AIM Rules for Companies and with MAR and the Company will take all reasonable steps to ensure compliance by the Directors, Partners and any relevant staff.

## 17. APPLICATION OF THE CITY CODE ON TAKEOVERS AND MERGERS

Other than as provided by the City Code and Chapter 28 of the 2006 Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

### 17.1 Rule 9 of the City Code and the Concert Party

The City Code applies to the Company.

Rule 9.1 of the City Code states that, except with the consent of the Takeover Panel (the “**Panel**”), when:

- (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or
- (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested,

such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the City Code, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable and the Panel should be consulted in advance in such cases.

“**Interests in shares**” is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

“**Voting rights**” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

“**Persons acting in concert**” (and “**concert parties**”) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

The members of the Concert Party are, as at the date of this document, regarded by the Panel as acting in concert with each other in relation to the Company. Immediately following Admission and the Placing, the Concert Party will hold approximately 50.0 per cent. of the voting rights of the Company. Consequently, members of the Concert Party will immediately following Admission and the Placing be able to increase their aggregate shareholding without incurring any obligation under Rule 9 to make a general offer. However, individual members of the Concert Party may not, without the consent of the Panel, increase their interests in shares through a Rule 9 threshold (i.e. to or through 30 per cent. of the voting rights or any increase between (and including) 30 per cent. and 50 per cent. of the voting rights) without incurring an obligation under Rule 9 to make a general offer for all of the outstanding shares in the Company.

### 17.2 Squeeze-out rules

Under the 2006 Act, if a “takeover offer” (as defined in Section 974 of the 2006 Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are

compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

### **17.3 Sell-out**

The 2006 Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. in value of the shares and not less than 90 per cent. of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his or her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## **18. ADMISSION AND CREST**

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 6 March 2020. Definitive share certificates in respect of the Placing Shares will be despatched on or before 20 March 2020.

Following Admission, the Company's Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and physical stock transfer forms.

Trading in Ordinary Shares on AIM will require Shareholders to deal through a stockbroker or other intermediary who is a member of the London Stock Exchange. Shareholders resident outside the UK should ensure that their stockbroker is either a member of the London Stock Exchange or has in place arrangements allowing them to effect trades on AIM.

## **19. TAXATION**

General information relating to UK taxation is set out in paragraph 12 of Part 4 of this document. If you are in any doubt as to your tax position, you should contact your professional adviser immediately.

## **20. FURTHER INFORMATION**

Your attention is drawn to Parts 2 to 4 of this document which provide additional information on the Group.

## PART 2

### RISK FACTORS

**Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below.**

**Ordinary Shares may not be a suitable investment for all recipients of this document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

**In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this document, prior to making any investment decision in respect of the Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company.**

**It should be noted that the risks described below are not the only risks faced by the Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.**

**If any of the events described in the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment.**

#### **Specific Risks to the Group's business and industry in which it operates**

##### ***Retention of Partners and employees***

For any professional services business, personnel are a particularly prominent asset contributing to the Group's continued growth and success. The Group is heavily reliant on its Partners and employees to generate, manage, progress and complete the Group's engagements. As part of this, the Group is reliant on its registered insolvency practitioners in order to act on insolvency and restructuring matters (which account for the majority of the Group's revenue). In particular, the top 10 Partners were responsible for approximately 50 per cent. of the Group's revenue in 2019.

If the Group were to lose the services of either: (i) one or more key partners who are responsible for significant revenue generation; or (ii) a significant number of its partners or employees in a short timeframe, this could significantly impair the strategy and success of the Group from both a reputational and financial standpoint, as well as hinder the growth of the Group over the short to medium term. This could result in a material adverse effect on the Group, its business operations and financial condition, including its ability to generate revenue and to service its existing clients.

##### ***Reliance on senior management***

Since 2010, the Group's senior management has developed the business of the Group and its future success is, to an extent, dependent on a small number of individuals (including the Directors). These individuals include Geoff Rowley and Jeremy French. The continued involvement of the Group's senior management and Directors is therefore important. Whilst the Group will take steps to ensure that their knowledge, skills and expertise are shared in order to prevent the Group from becoming unduly dependent on individuals, the Group cannot guarantee that it will be able to recruit staff that are suitably qualified on a timely basis to replace those senior individuals in the event of the departure of any member of the senior management team. A failure to do so could have a materially adverse impact on the Group's operations and financial condition, particularly in the short to medium term following a departure in the event that recruitment efforts are ongoing at the time of the departure.

### ***Referral network and panel relationships***

The Group is heavily reliant on its referral network in order to generate business. These relationships are managed by the Group's Partners, and are critical for revenue generation. The Group is on every major UK clearing bank's formal approved advisory panel together with those of numerous other regional and national lenders, such as asset-based lenders, investment banks, credit funds and peer-to-peer lenders. The Group also sits on the formal panels for other bodies such as the Department for Education.

A failure to manage and grow these relationships (or the departure of key partners that are responsible for maintaining these relationships) could result in the firm not being appointed to new advisory panel positions, or not being reappointed to the Group's existing positions (which could also negatively affect the Group's reputation). Either of these outcomes would have a detrimental effect on the Group's ability to generate revenue, which would, in turn, impact the Group's financial performance and position.

### ***The Group is reliant on the number of companies in financial distress***

The Group's business model is primarily reliant on the number of businesses in the UK becoming financially distressed or insolvent which the Group can advise or act on. There is a risk that if: (i) the UK economy substantially improves; or (ii) in-bound investment in the UK materially increases; or (iii) if interest rates remain at historically low levels and credit terms remain loose (decreasing the cost of debt finance and increasing the number of refinancing options available to companies) (in each case, whether as a result of Brexit or otherwise) the number of companies in the UK becoming financially distressed could decrease materially. A reduction in the number of distressed or insolvent companies would decrease the size of the Group's target market which could have a detrimental effect on the Group's revenue and cash flow. This, in turn, would likely have a material adverse impact on the Group's financial performance and position.

### ***Potential claims against the Group***

The Group typically receives claims each year in relation to its engagements, with the majority of these relating to the Group's insolvency practice. These claims are typical of those received by the participants in the UK insolvency industry. As a result, the Group routinely notifies its professional indemnity insurers of these claims and they are generally defended. There is a risk that a claim could be successful (and an award made against the Group) or settled by the professional indemnity insurer as a result of a mistake or the negligence of one or more of the Group's partners or employees.

Whilst it is likely that the majority of the cost of any successful claim will be covered by the Group's professional indemnity insurance, the Group may still be required to contribute an amount in respect of such a claim (being the insurance policy excess, a costlier sum agreed upon with the insurer or an amount beyond the cover provided the Group's insurance). The Group may also be at risk of reputational damage resulting from a successful claim, in addition to any financial cost. This could affect the Group's ability to secure new engagements or to maintain its panel appointments. In addition, a high number of claims may increase the annual premium of any insurance policies taken out by the Group. Any of these factors could impact the Group's financial performance.

### ***The Group's liability in relation to certain advisory panel arrangements***

The Group's liability in relation to claims arising out of certain of the Group's advisory panel appointments is not limited by contract. Whilst this is usual within the context of these panel appointments, and the Group considers the level of its professional indemnity insurance to be reasonable for its size and market position, it is possible that, in the event of a successful claim arising out of a relevant panel appointment which results in a substantial award against the Group, the Group could be liable for significant costs which may not be entirely covered by the Group's professional indemnity insurance. Depending on the amount of any award, this could have a detrimental impact on the Group's cash flow, and in turn a negative impact on the Group's financial performance.

### ***Reputation and negative press***

The Group, to an extent, is reliant on maintaining a strong brand and reputation with its existing clients, the sector within which the Group operates, its regulator and its business partners. In particular, the Group is heavily reliant on maintaining its relationships (and reputation) with its panel clients and business partners within the Group's referral network. If the Group fails to meet the expectations of these parties or the Group is subject to negative reviews and press coverage, the reputation of the Group could be significantly

damaged. Further, the Group may incur expenses in defending itself against such coverage and claims. Any significant costs incurred and continued negative coverage of the Group could do significant financial and reputational harm to the business.

### ***Government policy and legal and regulatory changes***

Legal and regulatory changes and/or changes to government policy may adversely impact the business. The Group will be affected by legal and regulatory changes within the areas in which it operates, such as insolvency and administration law, pension law and the laws and regulations governing equity and debt financing of corporate entities. The regulatory landscape relating to whether and to what extent auditors are able to offer non-audit services to their audit clients could change within the UK in the short to medium term as a number of reviews are concluded and their recommendations published or implemented, including those of the Financial Reporting Council and the Competition and Markets Authority. Any resulting changes may affect the degree and/or nature of competition between market participants, including through the emergence of new or specialist firms. Generally, it is difficult to predict the extent to which policy and regulatory changes that may come into force might affect the Group. Any such changes may detrimentally affect revenue and/or require increased expenditure or increase competition for clients or staff, impacting the Group's operating margin and business development plans. Any of these may have a materially adverse impact on the Group's operations and financial condition.

### ***Competition***

The Group operates across the large, medium and small business sector in the UK and faces significant competition from other companies that offer similar professional services within the UK market. The Group considers the "Big Four" and middle-tier accountancy firms to be the Group's main competitors across the large and medium business sectors. In addition, other companies operating within the professional services market may expand their operations or diversify their business lines which could subsequently impact the ability of the Group to secure new engagements. This is likely to, in turn, affect the Group's operating profit, cash-flows, overall financial performance and share price, any of which may have an adverse effect on the financial position and prospects of the Group.

### ***GDPR***

As part of the Group's business, the Group frequently has access to companies' information and data, including personal information, the handling and distribution of which is now regulated by the GDPR. The Group's insolvency practitioners have access to the information of the companies to which they are appointed to act, and the Group also utilises its own virtual data room platform on certain of its deals in order to host client information.

The GDPR introduced new obligations on data controllers and rights for data subjects. The GDPR also introduced new fines and penalties for a breach of requirements, including fines for serious breaches of up to the higher of 4 per cent. of annual worldwide turnover or €20 million and fines of up to the higher of 2 per cent. of annual worldwide turnover or €10 million (whichever is highest) for other specified infringements. The GDPR identifies a list of factors to consider when imposing fines (including the nature, gravity and duration of the infringement). It is possible that if the Group breaches the GDPR, the Group could face significant administrative and monetary sanctions as well as reputational damage which may have a material adverse effect on its operations, financial condition and prospects. In particular, a breach of the GDPR may be of particular concern to the Group's panel clients.

The Group has already invested in ensuring that it is compliant with the GDPR, however it is expected that these costs will rise over time as the industry-wide approach to the GDPR continues to evolve and the Group continues to service an increasing number of subject access requests. Increased compliance costs could have a negative impact on the Group's overall financial performance.

### ***The Group may not meet its expansion objectives***

Since 2010, part of the Group's strategy for growth has included the acquisition of a series of regional insolvency and restructuring businesses (which includes the acquisition of work-in-progress and the incorporation of those practices' partners and employees into the Group). A future failure to properly and effectively integrate further businesses, partners or employees into the Group could have a negative impact

on the Group's ability to realise the value of its future investments and, in turn, the Group's ability to generate increased revenues as a result of future acquisitions.

Part of the Group's ability to achieve organic growth relies on it successfully cross-selling its non-restructuring business lines, including its debt advisory, corporate finance and forensic advisory services. A failure to effectively promote these practices to new clients or to cross-sell these services to existing clients could slow the Group's organic growth and limit potential opportunities to generate further revenue.

Future revenue growth and revenue generation is materially dependent on the Group's ability to handle more engagements by means of recruitment of more partners and employees through the strategic expansion of the Group's regional offices. In order to generate and handle a higher number of engagements, the Group is reliant on its ability to recruit high quality staff. There will be a lead time in recruiting the required number of staff and them becoming fully trained and efficient.

### ***The Group's incentive structure for senior employees***

As part of the Reorganisation, and in connection with Admission, the Company will adopt the EIP to enable equity incentives to be awarded. The nature of these incentives will be necessarily different to the reward schemes offered by other professional services companies which have not been admitted to trading on AIM or to another public market. There is a risk that the terms of these incentives are not attractive enough to retain the Group's existing partners over the long-term, or are not appealing enough to attract new potential internal or external candidates to the Group's partnership. In addition, because these incentives (and similar schemes for other listed professional services entities) are not yet commonly used within the professional services market, this unfamiliarity may also impact the Group's ability to successfully attract internal and external candidates for senior positions within the Group. A failure by the Group to attract and retain senior employees and partners could have a negative impact on the Group's ability to generate revenue, and in turn, the financial performance and prospects of the Group.

### ***Recoverability of work in progress (WIP) and receivables***

The Group's business model involves the provision of services on credit. The majority of the work undertaken by the Group is carried out on either a time-spent or fixed-fee basis. In relation to its insolvency work (which accounts for the majority of the Group's revenue), the Group typically receives payment in the same month that an invoice is raised, with invoices raised on a continual basis during the term of the engagement with such payment being made out of the assets of the relevant company in insolvency. The Group assesses gross WIP balances regularly in order to assess recoverability and therefore seeks to minimise bad debts on amounts invoiced for the relevant project. However, if the assets of the relevant company are still not sufficient to cover the Group's invoiced fees, the Group will not be able to recover its fees in full.

In respect of the Group's other business lines, the Group normally receives payment for the services it has provided once an engagement has been concluded and such payment may be in whole or part contingent upon a transaction or other given outcome having occurred. Whilst this is normal within the industry, it can lead to a lengthy period before payment is received and can expose the Group financially to a material degree to the risk of transactions not completing or other contingent outcomes not being achieved. Whilst the Group provides for irrecoverable receivables, undertakes measures to limit the length of time for payment to be received and believes that it values its WIP conservatively, in the event that there were a number of such incidences of inaccurate WIP provisioning, non-payment, payment stretch and/or contingent fees not becoming due, this could have a material adverse effect on the Group's business and financial position.

### ***Limited revenue predictability***

Although the Group enjoys panel relationships with all of the major UK clearing banks and receives repeat instructions from numerous clients, the Group does not have material long term contracts that provide revenue visibility over their lives. Instead, the Group's revenues are generated by multiple individual engagements of different sizes and durations with no assurance from its clients of additional or follow-on engagements. In addition, under the terms of the Group's client engagements and certain of the Group's advisory panel appointments, the Group's clients are permitted to terminate their engagements for convenience. Whilst this is not unusual in the professional services market, there is a risk that the Group's clients could terminate their engagements at will, even where the Group is not at fault. Accordingly, events or developments adversely affecting any of the Group (including its reputation), its clients or its markets have

the capacity within a short period to materially adversely affect the revenues, financial position and prospects of the Group.

## **General Risks relating to the Group**

### ***Economic conditions***

Like all companies, the Group is affected by general economic and political uncertainty. The Group currently generates the majority of its revenues and income in the UK. As such, the Group is particularly exposed to the economic, political, regulatory, legal and social conditions in the UK. Since the UK's vote to leave the EU in June 2016, both companies and the wider public have faced increased uncertainty. It is difficult to predict with any certainty whether, given the present domestic political climate: (i) if or in what form the UK will leave the EU; or (ii) the effect that the UK leaving the EU would have on future interest and exchange rates, trade, investment and capital flow or its impact on the UK's economy. The full effects of the UK's potential departure from the EU are unknown and unquantifiable (including whether it may have significant upside, significant downside or be less material in its impact on the UK economy).

### ***Professional liability and regulatory oversight***

The activity of one of the Company's subsidiaries, FRP Corporate Finance Limited, is regulated by the Financial Conduct Authority. As a result, FRP Corporate Finance Limited may be subject to regulatory review and potential legal claims from the FCA in the event that FRP Corporate Finance Limited breaches applicable regulation. Any such breach and/or related censure or sanction could have a material adverse effect on the Group's business, financial and reputational position.

Although the Group seeks to contractually limit its liability to its clients through the terms of its engagements, the contractual limits of liability that the Group is able to include vary materially. In the case of the Group's larger corporate finance mandates, the Group's standard terms include a contractual limit of liability of up to £25 million. Under certain of the Group's panel arrangements with banks the Group's liability is not contractually limited. If the Group were to receive one or more larger claims from clients that it was not able to successfully defend or otherwise settle at limited cost, notwithstanding the insurance that might be in place, the Group might suffer material loss the amount of which the Group might be unable to bear.

### ***Uninsured risks***

In the ordinary course of business, the Group periodically receives claims from clients and/or third parties in respect of, for example, negligence and breach of contract. The Group seeks to insure business liabilities and assets adequately, but it cannot guarantee in the case of all claims that the insurer will cover all the costs of the claim and make good all of the damage. The Group cannot guarantee that insurance will be available in the future for all risks that the Group is exposed to on terms that are deemed acceptable to the Board when evaluating the risk.

### ***Force Majeure***

The Group's operations may be adversely affected by risks outside of its control including acts of terrorism, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosion or other catastrophes especially in relation to its information technology infrastructure. As the Group relies on its information technology for time recording and billing any disruption to this system could have a material adverse effect on the Group's financial performance and results of its business.

## **General risks relating to the Ordinary Shares**

### ***Suitability of the Ordinary Shares***

Investment in the Ordinary Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult a person duly authorised under the FSMA who specialises in investments of this nature before making any investment decisions.

### ***Volatility in the prices of Ordinary Shares***

The Placing Price agreed between the Board and Cenkos may not be indicative of the market price for the Ordinary Shares following Admission.

The subsequent market price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors that are unrelated to the Company's operating performance. These could include changes in financial estimates, recommendations by analysts, the share price performance of other companies that investors may deem comparable to the Company, market perceptions of the Company, new reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory changes, national and global economic conditions and various other factors and events. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's actual trading performance.

The price at which the Ordinary Shares will be traded and the price at which investors may realise these investments will be influenced by many factors, some not specific to the Company and its operations. Furthermore, there is no guarantee that the market price of an Ordinary Share will accurately reflect its underlying value.

#### ***No prior trading market for Ordinary Shares***

Prior to Admission, there was no public market for the Ordinary Shares. Admission to trading on AIM should not be taken as implying that a liquid market for the Ordinary Shares will either develop or be sustained following Admission. The Company cannot predict the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market. The liquidity of a securities market is often a function of the volume of the underlying Ordinary Shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of Ordinary Shares may become more volatile, it may be more difficult to complete a buy or sell order for Ordinary Shares and the spread between buy and sell prices may increase.

#### ***Share price effect of sales of Ordinary Shares***

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares. Following Admission, it is expected that the Selling Shareholders will hold approximately 50.0 per cent. of the Enlarged Share Capital. These Selling Shareholders will be subject to a lock-in period (the details of which are set out in paragraph 10 of Part 4 of this document). Following the expiry of the lock-in period, there is a risk that some of the Selling Shareholders may choose to sell some or all of their Ordinary Shares. In the event that a significant number of Selling Shareholders decide to sell all or a significant proportion of their Ordinary Shares, or there is an expectation or belief that such sales of Ordinary Shares may occur, the market price of the Ordinary Shares could be materially affected.

#### ***Future issues of Ordinary Shares may result in dilution of existing Shareholders***

The Company may decide to issue additional Ordinary Shares in the future in subsequent public offerings or private placings to fund expansion and development. If existing Shareholders do not or are not able to subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company. Furthermore, the issue of additional Ordinary Shares may be made on more favourable terms than the Placing Price. The issue of additional Ordinary Shares by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at a price which is equal to or in excess of the Placing Price.

#### ***There is no guarantee that the Company will maintain its quotation on AIM***

The Company cannot assure investors that the Company will always remain admitted to trading on AIM. If the Company fails to do so investors may not have a market for their Ordinary Shares, which could have an adverse impact on the value of those shares. Additionally, if in the future the Company decides to obtain a listing on another exchange, in addition to AIM or as an alternative, this may affect the liquidity of the Ordinary Shares traded on AIM.

#### ***Higher risk for shares traded on AIM rather than on the Official List***

Application has been made for the Ordinary Shares to be admitted to trading on AIM, a market designated primarily for emerging or smaller companies. The AIM Rules for Companies are less onerous than those of

the Official List and an investment in shares that are traded on AIM is likely to carry a higher risk than an investment in shares listed on the Official List.

### ***Legislation and tax status***

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

### ***Taxation***

The attention of potential investors is drawn to paragraph 12 of Part 4 of this document headed "UK Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life. Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change. Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

### ***Dividends***

The Company's ability to pay dividends (including any special dividends) in the future is affected by a number of factors, principally the generation of distributable profits within its Group and the receipt of sufficient dividends from its subsidiaries. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any change in the tax treatment of dividends or interest received by the Company may reduce the amounts available for dividend distribution. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends. In addition, the Company's ability to pay dividends will depend on the level of distributions, if any, received from other members of the Group. The other members of the Group may, from time to time, be subject to financial, practical or legal restrictions on their ability to make distributions.

### ***Concert Party Influence***

On Admission, the Concert Party will hold approximately 50.0 per cent. of the Enlarged Share Capital. Investors may perceive this level and concentration of share ownership negatively due to the influence that the Concert Party may resultantly exert, which may adversely affect the market value of the Ordinary Shares.

In addition, for so long as the Concert Party's aggregate interest remains above 50 per cent., its members will be able to increase their individual, and the Concert Party's, aggregate shareholding without incurring any obligation under Rule 9 of the City Code to make a general offer to Shareholders, and Shareholders will not benefit from any specific minority shareholder protection other than to the extent prescribed under relevant law or the Relationship Agreement.

## PART 3

### HISTORICAL FINANCIAL INFORMATION

#### SECTION A: INDEPENDENT REASONABLE ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION

The following is the full text of a report on the Group from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors and the Proposed Directors of FRP Advisory Group plc.



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The Directors and the Proposed Directors  
FRP Advisory Group plc  
110 Cannon Street  
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EC4N 6EU

2 March 2020

Dear Sirs,

#### **FRP Advisory LLP (the “Partnership”) and its subsidiary undertakings (the “Group”)**

We report on the historical financial information of the Group set out in Section B of Part 3 of the admission document dated 2 March 2020 (the “Admission Document”) of FRP Advisory Group plc. This historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the historical financial information. This report is required by Rule 18 of Annex 1 of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under Rule 18 of Annex 1 of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 18 of Annex 11 of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

#### **Responsibilities**

The directors (the “Directors”) and the proposed directors (the “Proposed Directors”) of FRP Advisory Group plc are responsible for preparing the historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the historical financial information and to report our opinion to you.

### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the historical financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the historical financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

### **Opinion**

In our opinion, the historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and changes in members' interest for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Declaration**

For the purposes of part (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Rule 1.2 of Annex I and Rule 1.2 of Annex II of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

### **RSM Corporate Finance LLP**

Regulated by the Institute of Chartered Accountants in England and Wales

## SECTION B: HISTORICAL FINANCIAL INFORMATION

### FRP Advisory LLP

#### Consolidated Statements of Comprehensive Income

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>30 April</i>	<i>30 April</i>	<i>30 April</i>
<i>Notes</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Revenue</b>	40,145	52,294	54,312
Personnel costs	(10,344)	(13,388)	(15,804)
Depreciation and amortisation	(1,040)	(1,206)	(1,325)
Other operating expenses	(8,798)	(11,327)	(12,651)
	<u>(20,182)</u>	<u>(25,921)</u>	<u>(29,780)</u>
<b>Operating profit</b>	6 19,963	26,373	24,532
Finance income	7 14	8	7
Finance expense	7 (328)	(310)	(257)
Net finance costs	<u>(314)</u>	<u>(302)</u>	<u>(250)</u>
<b>Profit before tax</b>	19,649	26,071	24,282
Taxation	8 (1)	(8)	(4)
	<u>19,648</u>	<u>26,063</u>	<u>24,278</u>
Members' remuneration charged as an expense	<u>(20,254)</u>	<u>(26,265)</u>	<u>(24,469)</u>
<b>Loss and total comprehensive loss for the year available for discretionary division among members</b>	<u>(606)</u>	<u>(202)</u>	<u>(191)</u>

All operations are continuing operations.

There were no elements of other comprehensive income for any of the financial periods above other than those included in the income statements. The loss and total comprehensive loss each year relates to transition adjustments arising on conversion of the historical statutory accounts from UK GAAP to IFRS.

**FRP Advisory LLP****Consolidated Statements of Financial Position**

		<i>As at</i> <i>30 April</i> <i>2017</i> <i>£'000</i>	<i>As at</i> <i>30 April</i> <i>2018</i> <i>£'000</i>	<i>As at</i> <i>30 April</i> <i>2019</i> <i>£'000</i>
<b>Non-current assets</b>				
Intangible assets	9	756	755	752
Property, plant and equipment	10	5,963	6,142	6,639
<b>Total non-current assets</b>		<u>6,719</u>	<u>6,897</u>	<u>7,391</u>
<b>Current assets</b>				
Trade and other receivables	12	22,813	25,284	31,070
Cash and cash equivalents	13	7,813	10,756	4,946
<b>Total current assets</b>		<u>30,626</u>	<u>36,040</u>	<u>36,016</u>
<b>Total assets</b>		<u>37,345</u>	<u>42,937</u>	<u>43,407</u>
<b>Current liabilities</b>				
Trade and other payables	14	5,362	7,892	7,700
Loans and borrowings	15	1,274	1,308	1,378
<b>Total current liabilities</b>		<u>6,636</u>	<u>9,200</u>	<u>9,078</u>
<b>Non-current liabilities</b>				
Other payables	14	430	215	–
Loans and borrowings	15	7,280	4,624	7,312
<b>Total non-current liabilities</b>		<u>7,710</u>	<u>4,839</u>	<u>7,312</u>
<b>Total liabilities</b>		<u>14,346</u>	<u>14,039</u>	<u>16,390</u>
<b>Net assets</b>		<u>22,999</u>	<u>28,898</u>	<u>27,017</u>
<b>Total members' interests</b>				
Members' capital		4,600	4,800	4,625
Other amounts due to members		18,399	24,098	22,392
<b>Total members' interests</b>		<u>22,999</u>	<u>28,898</u>	<u>27,017</u>

**FRP Advisory LLP****Consolidated Statements of Changes in Members' Interests**

	<i>Members' capital £'000</i>	<i>Other amounts £'000</i>	<i>Total members' interests £'000</i>
<b>Balance at 1 May 2016</b>	4,125	13,157	17,282
Members' remuneration charged as an expense	–	20,254	20,254
Repayment of capital to former members	(200)	–	(200)
Members' capital introduced	675	–	675
Transition movements	–	(453)	(453)
Drawings and distributions	–	(14,559)	(14,559)
<b>Balance at 30 April 2017</b>	<u>4,600</u>	<u>18,399</u>	<u>22,999</u>
Members' remuneration charged as an expense	–	26,265	26,265
Repayment of capital to former members	(175)	–	(175)
Members' capital introduced	375	–	375
Transfer of partners' current accounts	–	525	525
Transition movements	–	(202)	(202)
Drawings and distributions	–	(20,889)	(20,889)
<b>Balance at 30 April 2018</b>	<u>4,800</u>	<u>24,098</u>	<u>28,898</u>
Members' remuneration charged as an expense	–	24,469	24,469
Repayment of capital to former members	(450)	–	(450)
Members' capital introduced	275	–	275
Transition movements	–	(191)	(191)
Drawings and distributions	–	(25,984)	(25,984)
<b>Balance at 30 April 2019</b>	<u>4,625</u>	<u>22,392</u>	<u>27,017</u>

**FRP Advisory LLP****Consolidated Statements of Cash Flows**

	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>	<i>Year ended 30 April 2019 £'000</i>
<b>Cash flows from operating activities</b>			
Profit for the year available for discretionary distribution	(606)	(202)	(191)
Members remuneration charged as an expense	20,254	26,265	24,469
Depreciation, amortisation and impairment	1,040	1,206	1,325
Net finance expense	314	302	250
Increase in trade and other receivables	(4,076)	(757)	(5,786)
Increase/(decrease) in trade and other payables	1,793	2,239	(419)
<b>Net cash from operating activities</b>	<u>18,719</u>	<u>29,053</u>	<u>19,648</u>
<b>Cash flows from investing activities</b>			
Cash paid on acquisitions	–	(1,039)	–
Purchase of tangible assets	(571)	(767)	(939)
Purchase of intangible assets	–	(3)	–
Interest received	14	8	7
<b>Net cash used in investing activities</b>	<u>(557)</u>	<u>(1,801)</u>	<u>(932)</u>
<b>Cash flows from financing activities</b>			
Capital introduced by members	675	225	275
Interest paid	(328)	(310)	(257)
Principal elements of lease payments	(639)	(752)	(767)
Drawdown of new loans	–	700	3,000
Repayment of loans and borrowings	(235)	(3,108)	(343)
Repayment of capital to members	(200)	(175)	(450)
Members' drawings	(14,559)	(20,889)	(25,984)
<b>Net cash used in financing activities</b>	<u>(15,286)</u>	<u>(24,309)</u>	<u>(24,526)</u>
Net increase/(decrease) in cash and cash equivalents	2,876	2,943	(5,810)
Cash and cash equivalents at the beginning of the year	4,937	7,813	10,756
<b>Cash and cash equivalents at the end of the year</b>	<u><u>7,813</u></u>	<u><u>10,756</u></u>	<u><u>4,946</u></u>

## **FRP Advisory LLP**

### **Notes to the Historical Financial Information**

#### **1. General information**

FRP Advisory LLP (the “Partnership”) and its subsidiaries’ (together the “Group”) principal activities include the provision of specialist business advisory services for a broad range of clients, including restructuring and insolvency services, corporate finance, debt advisory, forensic services and pensions advisory.

The Partnership is a limited liability partnership incorporated in England and Wales and domiciled in the UK. The functional and presentational currency of the Partnership is pounds sterling. The address of the registered office is 110 Cannon Street, London, EC4N 6EU and the limited liability partnership number is OC355680.

#### **2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the historical financial information of the Group (the “Historical Financial Information”), which have been applied consistently to all periods presented, are set out below.

The directors (the “Directors”) and the proposed directors (the “Proposed Directors”) of FRP Advisory Group plc are responsible for the Historical Financial Information. Judgements made by the Directors and the Proposed Directors, in the application of these accounting policies that have significant effect on the Historical Financial Information and estimates with a significant risk of material adjustment in the next period are disclosed in note 3.

##### **2.1 Basis of preparation**

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Standards Interpretations Committee (“IFRIC”) as adopted by the European Union (“IFRS”), and with those parts of the 2006 Act applicable to limited liability partnerships reporting under IFRS. The Historical Financial Information does not constitute statutory accounts within the meaning of the 2006 Act.

##### **2.2 Measurement convention**

The Historical Financial Information has been prepared on a historical cost basis.

##### **2.3 Going concern**

After reviewing the Group’s forecasts and projections, the Directors and the Proposed Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has therefore adopted the going concern basis in preparing the Historical Financial Information.

##### **2.4 Revenue recognition**

Revenue is recognised when control of a service or product provided by the Group is transferred to the customer, in line with the Group’s performance obligations in the contract, and at an amount reflecting the consideration the Group expects to receive in exchange for the provision of services.

There are no significant judgements required in determining the Group’s performance obligations in its contracts as the significant majority of contracts contain only one performance obligation.

Where work is contingent, fees are fully provided for until billing.

The Group recognises revenue from the following activities:

- insolvency and advisory services;
- debt advisory services; and
- corporate finance services.

### *Insolvency and advisory services*

For the Group's formal insolvency appointments and other advisory engagements, where remuneration is typically determined based on hours worked by professional partners and staff, the Group transfers control of its services over time and recognises revenue over time if the Partnership:

- provides services for which it has no alternative use or means of deriving value; and
- has an enforceable right to payment for its performance completed to date, and for formal insolvency appointments has approval from creditors to draw fees which will be paid from asset realisations.

Progress on each assignment is measured using an input method based on costs incurred to date as a percentage of total anticipated costs.

In determining the amount of revenue and the related balance sheet items (such as trade receivables, unbilled income and deferred income) to recognise in the period, management is required to form a judgement on each individual contract of the total expected fees and total anticipated costs. These estimates and judgements may change over time as the engagement completes and this will be recognised in the consolidated statement of comprehensive income in the period in which the revision becomes known. These judgements are formed over a large portfolio of contracts and are therefore unlikely to be individually material.

Invoices on formal insolvency appointments are generally raised having achieved approval from creditors to draw fees. These are typically settled on a timely basis from case funds. On advisory engagements, invoices are generally raised in line with contract terms.

Where revenue is recognised in advance of the invoice being raised (in line with the recognition criteria above) this is disclosed as unbilled income within trade and other receivables. Where an invoice is raised in advance of the revenue being recognised, this is disclosed as deferred income within trade and other payables.

### *Debt advisory services*

Contracts at engagement are split into several independent stages, where each stage is deemed a separate performance obligation. Revenue is recognised at a point in time following satisfaction of the performance obligation(s) at each stage in the contract, at which point the Group is entitled to invoice the customer, and payment will be due.

### *Corporate finance services*

Revenue is recognised at a point in time on the date of completion of the transaction or when unconditional contracts have been exchanged. Fees typically comprise a non-refundable retainer and a success fee based on a fixed percentage of the transaction value. Retainer fees are invoiced to the client and are payable in the first three to four months. Retainer fees are deferred and recognised on completion.

## **2.5 Business combinations**

The Partnership applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3, 'Business Combinations'.

### *2.5.1 Acquisitions during the period covered by the Historical Financial Information*

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. All transaction related costs are expensed in the period they are incurred as operating expenses. If the consideration

is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in accordance with IAS 39 in the income statement.

#### 2.5.2 *Acquisitions prior to the period covered by the Historical Financial Information*

In accordance with IFRS, the Group has elected not to restate business combinations that took place prior to 1 May 2016. In respect of acquisitions that took place prior to this date, goodwill is included on the basis of its amortised cost.

## 2.6 **Intangible assets and goodwill**

### 2.6.1 *Goodwill*

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The goodwill is tested annually for impairment irrespective of whether there is an indication of impairment.

### 2.6.2 *Intangible assets (other than goodwill)*

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, being 10 per cent. on a straight line basis.

## 2.7 **Property, plant and equipment**

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses.

Cost comprises purchase cost together with any incidental costs of acquisition.

Depreciation is provided to write down the cost less the estimated residual value of all tangible fixed assets by equal instalments over their estimated useful economic lives on a straight-line basis. The following rates are applied:

Computer software	25%
Computer equipment	25%
Fixtures and fittings	15%
Leasehold improvements	Over the term of the lease
Right of use assets	Over the term of the lease
Motor vehicles	25%

## 2.8 **Financial instruments**

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual

arrangement. Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

## 2.9 **Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. All financial instruments held are classified as loans and receivables.

### 2.9.1 *Trade and other receivables and trade and other payables*

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

### 2.9.2 *Unbilled revenue*

Unbilled revenue recognised by the Group falls into one of three categories: insolvency & advisory services, corporate finance services and debt-advisory services.

#### Insolvency and advisory services

Unbilled revenue is recognised at the fair value of services provided at the balance sheet date reflecting the stage of completion (determined by costs incurred to date as a percentage of the total anticipated costs) of each assignment. This is included in trade and other receivables.

#### Debt advisory services and corporate finance services

Debt advisory revenue is recognised upon the completion of each performance obligation (i.e. "stages") at a point in time. Corporate finance revenue is recognised at a point in time on the date of completion of the transaction or when unconditional contracts have been exchanged. There is therefore no unbilled revenue at each year end as revenue is only recognised once these performance obligations have been fulfilled.

### 2.9.3 *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

### 2.9.4 *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.

## 2.10 **Impairment of tangible and intangible assets**

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

amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 2.11 **Taxation**

The tax expense relates to the sum of tax currently payable and deferred tax in respect of the Partnership's subsidiary companies.

## 2.12 **Allocation of profits and drawings**

The Partnership's drawings policy allows each member to draw a proportion of their profit in twelve monthly instalments with the balance of their profits, net of tax retention, paid in the subsequent eighteen months. All payments are made subject to the cash requirements of the business. Tax retentions are paid to HMRC on behalf of members with any excess being released to members as appropriate. To the extent that interim profit allocations exceed drawings then the excess profit is included in the statement of financial position under "Other amounts due to members". Where drawings exceed the allocated profits then the excess is included in receivables. All profits are allocated in the year to which they relate.

## 2.13 **Employee benefits**

### 2.13.1 *Post-retirement benefits*

The Group operates defined contribution plans for its employees. A defined contribution plan is a post-employment benefit plan under which the Partnership 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 periods during which services are rendered by employees.

Members of the Partnership make their own pension provisions which are not reflected in these financial statements.

### 2.13.2 *Termination benefits*

Termination benefits are recognised immediately as an expense when the Partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## 2.14 **Provisions**

A provision is recognised in the statement of financial position 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.

In common with comparable businesses, the Group is involved in a number of disputes in the ordinary course of business which may give rise to claims. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The LLP carried professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Group.

## 2.15 **Operating leases**

The Group leases a number of properties in various locations around the UK from which it operates.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. This is 3.7 per cent. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

## 2.16 **Financing income and expenses**

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the statement of comprehensive income.

Financing income includes interest receivable on funds invested.

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

## 2.17 **Adoption of new and revised standards**

With effect from the earliest period, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

<i>Standard</i>	<i>Effective date, annual period beginning on or after</i>
Annual Improvements 2014-2016 cycle	1 January 2018
IFRS 9 <i>Financial Instruments</i>	1 January 2018
IFRS 15 <i>Revenue from Contracts with Customers</i> including amendments to IFRS 15: <i>Effective date of IFRS 15</i>	1 January 2018
Clarifications to IFRS 15 – <i>Revenue from Contracts with Customers</i>	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 2 (amendments) – <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
IFRS 4 (amendments) – <i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>	1 January 2018
IFRIC Interpretation 22 – <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to IAS 40 – <i>Transfers of Investment Property</i>	1 January 2018

### *IFRS 9 'Financial Instruments'*

IFRS 9 'Financial Instruments' replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities. The introduction of IFRS 9 impacts the Group's accounting policy for trade receivables, where the Group has moved to an expected loss method of providing for future impairment. This replaces the previous accounting policy to initially recognise trade receivables at fair value, and then subsequently state at amortised cost less allowances for estimated irrecoverable amounts. There was no reclassification adjustment upon transition to IFRS 9.

### *IFRS 15 'Revenue from Contracts with Customers'*

IFRS 15 introduces a new model for revenue recognition, which is based upon the transfer of control rather than the transfer of risks and rewards under IAS 18 'Revenue'. On all the Group's engagement types the point at which revenue is recognised has not changed, as the point of transfer of control under IFRS 15 (which determines revenue recognition) is the same as the point of transfer of risks and rewards (which determines revenue recognition under IAS 18). As such, there were no adjustments upon transition to IFRS 15.

### *IFRS 16 'Leases'*

IFRS 16 specifies how the Group will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. From 1 May 2016, for each lease the Group has recognised an asset reflecting the right to use the leased asset for the remaining lease term and a lease liability reflecting the obligation to make lease payments. Both the asset and the liability have been recognised on-balance sheet where previously they were off balance sheet. There has been no impact on cash flow but there has been an impact on the Statement of Comprehensive Income as the operating lease payments have been replaced with a depreciation charge on the leased asset and an interest expense on the lease liability.

The Group has taken advantage of the exemptions available under IFRS 16 not to apply the recognition and requirements of IFRS 16 to leases with a term of 12 months or less. The recognition of these exempted leases will therefore continue unchanged – a charge will be recognised in the income statement based on straight-line recognition of the lease payments payable on each lease, after adjustment for lease incentives received. These are also recognised in the operating profit note (note 6).

#### 2.18 **Standards issued but not yet effective:**

The following standards and interpretations relevant to the Group are in issue but are not yet effective and have not been applied in the Historical Financial Information. In some cases these standards and guidance have not been endorsed for use in the European Union.

<i>Standard</i>	<i>Effective date, annual period beginning on or after</i>
IFRIC Interpretation 23 – <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to IFRS 9 – <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to IAS 28 – <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual improvements 2015-2017 cycle	1 January 2019
Amendments to IAS 19: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 <i>Business Combinations</i>	1 January 2020
Amendments to IAS 1 and IAS 8: <i>Definition of Material</i>	1 January 2020
Interest Rate Benchmark Reform: <i>amendments to IFRS 9, IAS 39 and IFRS 7</i>	1 January 2020
IFRS 17 – <i>Insurance Contracts</i>	1 January 2021

### 3. **Critical accounting estimates and judgements**

The preparation of the Historical Financial Information requires the Directors and the Proposed Directors to make estimates and judgements that affect the reported amounts of assets, liabilities, costs and revenue in the Historical Financial Information. Actual results could differ from these estimates. Information about such judgements and estimates is contained in individual accounting policies. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are:

- **Unbilled revenue**

Time recorded for professional services work is regularly reviewed to ensure that only amounts which the members believe to be recoverable from the client are recognised as work in progress within unbilled revenue.

- **Impairment of goodwill and other intangibles**

Determining whether goodwill and other intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Details of cash generating units as well as further information about the assumptions made are disclosed in note 9.

#### 4. Operating segments

Throughout the period, the Group operated in one business segment, being the provision of specialist business advisory services. The Group's assets are held in the UK and all its capital expenditure arises in the UK. The Group's operations and markets are located in the UK.

#### 5. Members and employee information

	<i>Year ended 30 April 2017 Number</i>	<i>Year ended 30 April 2018 Number</i>	<i>Year ended 30 April 2019 Number</i>
The average number of members and employees each year were:			
Members	<u>37</u>	<u>45</u>	<u>49</u>
Fee earning employees	144	178	201
Non fee earning employees	<u>50</u>	<u>51</u>	<u>61</u>
The average number of employees (excluding members) during the year was:	<u>194</u>	<u>229</u>	<u>262</u>

The aggregate payroll costs of these persons were as follows:

	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>	<i>Year ended 30 April 2019 £'000</i>
Wages and salaries	9,382	12,092	14,135
Social security costs	846	1,105	1,257
Pension costs – defined contribution scheme	<u>116</u>	<u>191</u>	<u>412</u>
	<u>10,344</u>	<u>13,388</u>	<u>15,804</u>

Profits are shared amongst members in accordance with agreed profit sharing arrangements.

	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>	<i>Year ended 30 April 2019 £'000</i>
The share attributable to the member with the largest entitlement was:	<u>1,581</u>	<u>2,330</u>	<u>2,360</u>
The average profit per member was:	<u>531</u>	<u>579</u>	<u>495</u>

#### 6. Operating profit

Operating profit is arrived at after charging:

	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>	<i>Year ended 30 April 2019 £'000</i>
Auditor's remuneration:			
Audit	45	42	38
Other services	51	68	88
Operating lease rentals for land and buildings	59	–	–
Depreciation of property, plant and equipment	1,032	1,202	1,322
Amortisation	<u>8</u>	<u>4</u>	<u>3</u>

## 7. Finance income and expense

	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>	<i>Year ended 30 April 2019 £'000</i>
On short term deposits and investments	14	8	7
Total finance income	<u>14</u>	<u>8</u>	<u>7</u>
On bank loans and overdrafts measured at amortised cost	146	122	72
On lease liability	182	188	185
Total finance expense	<u>328</u>	<u>310</u>	<u>257</u>

## 8. Taxation

Income tax payable on the profits of the Partnership and other partnerships consolidated within the Group is solely the personal liability of the individual members of those partnerships and consequently is not dealt with in the Historical Financial Information. Corporation tax is charged on the profits of the companies within the Group.

	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>	<i>Year ended 30 April 2019 £'000</i>
<b>Current tax</b>			
UK corporation tax	–	4	4
Adjustment in respect of prior periods	1	4	–
	<u>1</u>	<u>8</u>	<u>4</u>
<b>Deferred tax</b>			
Origination of timing differences	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
<b>Total tax expense</b>	<u>1</u>	<u>8</u>	<u>4</u>

## 9. Intangible assets and goodwill

	<i>Computer software £'000</i>	<i>Goodwill £'000</i>	<i>Total £'000</i>
<b>Cost</b>			
At 1 May 2016	43	750	793
Additions	–	–	–
At 30 April 2017	43	750	793
At 1 May 2017	43	750	793
Additions	3	–	3
At 30 April 2018	46	750	796
At 1 May 2018	46	750	796
Additions	–	–	–
Disposals	(36)	–	(36)
At 30 April 2019	10	750	760
<b>Amortisation</b>			
At 1 May 2016	(29)	–	(29)
Charge for the period	(8)	–	(8)
At 30 April 2017	(37)	–	(37)
At 1 May 2017	(37)	–	(37)
Charge for the period	(4)	–	(4)
At 30 April 2018	(41)	–	(41)
At 1 May 2018	(41)	–	(41)
Charge for the period	(3)	–	(3)
Disposals	36	–	36
At 30 April 2019	(8)	–	(8)
<b>Net book value</b>			
At 30 April 2017	6	750	756
At 30 April 2018	5	750	755
At 30 April 2019	2	750	752

Goodwill relates to the acquisition of Litmus Advisory Limited on 29 January 2016. Goodwill was calculated as the fair value of initial consideration paid less the fair value of assets at the date of the acquisition. After the payment of initial consideration, further payments were made following certain conditions being met, resulting in a charge to the income statement in accordance with IFRS 3.

### 9.1 Impairment review

The breakdown of goodwill by entity is listed below:

	<i>Date of acquisition</i>	<i>£'000</i>
Litmus Advisory Limited	29 January 2016	750
		750

Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at cost less accumulated impairment losses. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed.

Goodwill arising on acquisitions before the date of the Group's transition to IFRS has been retained at the previous amounts computed under UK GAAP, subject to being tested for impairment at that date and at least annually thereafter.

There are three steps to performing an impairment review:

1. Allocating the goodwill to the relevant cash generating unit (CGU) or multiple CGUs.
2. Determining the recoverable amount of the CGU to which the goodwill belongs.
3. Recognising any impairment losses after performing an impairment review of the CGU or CGUs.

Goodwill acquired in a business combination represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised. Goodwill does not generate cash flows independently from other assets or groups of assets and so the recoverable amount of goodwill as an individual asset cannot be determined. However, goodwill often contributes to the cash flows of individual or multiple CGUs. Therefore, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination.

The definition of a CGU is "the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets" (per IAS 36).

In practice CGU's could represent:

- An entire entity (parent or subsidiary entities within a group)
- Departments or business units within an entity
- Production lines within a department, or within an entity
- Groups of items of property, plant and equipment within a production line, department and entity

In accordance with IAS 36, a CGU to which goodwill has been allocated shall be tested for impairment annually and whenever there is indication of impairment by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit.

If the recoverable amount of the unit exceeds the carrying amount of the unit, the unit and the goodwill allocated to that unit shall be regarded as not impaired. If the carrying amount of the unit exceeds the recoverable amount of the unit, the entity shall recognise an impairment loss.

The recoverable amount is the higher of a CGU's fair value less costs to sell and its value in use. In brief the fair value less costs to sell is likely to involve a valuation of the CGU if sold at an arm's length and deducting the costs of disposal.

The value in use will involve a discounted cash flow ('DCF') calculation estimating the future cash inflows and outflows to be derived from the continuing use of the CGU, The DCF calculation would include the estimated net cash flows, if any, to be received for the disposal of the CGU at the end of its useful life.

#### *Key assumptions used in value in use calculation*

The key assumptions for the value in use calculation are those regarding:

- number of years of cash flows used and budgeted EBITDA growth rate;
- discount rate; and
- terminal growth rate.

The carrying value of intangible assets arising on acquisitions is £750,000, being the initial consideration paid for the acquisition of Litmus Debt Advisory Limited.

#### *Number of years of cash flows used and budgeted growth rate*

The recoverable amount of the CGU is based on a value in use calculation using specific cash flow projections over a 5 year period and a terminal growth rate thereafter. The cash flow projections for the five year period assume an average growth rate of 2 per cent.

The five year forecast is prepared considering members' expectations based on market knowledge, numbers of new engagements and the pipeline of opportunities.

*Discount rate*

The group's post-tax weighted average cost of capital has been used to calculate a group pre-tax discount rate of 10.45 per cent., which reflects current market assessments of the time value of money for the period under review and the risks specific to the Group.

*Terminal growth rate*

A terminal growth rate of 2 per cent. is used. This is derived from members' expectations based on market knowledge, numbers of new engagements, and the pipeline of opportunities.

*Sensitivity to changes in assumptions*

With regard to the value in use assumptions, the Directors and the Proposed Directors believe that reasonably possible changes in any of the above key assumptions would not cause the carrying value of the unit to exceed its recoverable amount.

## 10. Property, plant and equipment

	<i>Right of use asset £'000</i>	<i>Computer equipment £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
<b>Cost</b>						
At 1 May 2016	4,519	966	378	491	4	6,358
Additions	1,146	180	68	323	–	1,717
Transition adjustments	50	–	–	–	–	50
At 30 April 2017	5,715	1,146	446	814	4	8,125
At 1 May 2017	5,715	1,146	446	814	4	8,125
Additions	538	375	123	262	7	1,305
Disposals	–	(480)	(58)	(120)	(4)	(662)
Transition adjustments	76	–	–	–	–	76
At 30 April 2018	6,329	1,041	511	956	7	8,844
At 1 May 2018	6,329	1,041	511	956	7	8,844
Additions	869	364	133	442	–	1,808
Disposals	–	–	(112)	–	–	(112)
Transition adjustments	11	–	–	–	–	11
At 30 April 2019	7,209	1,405	532	1,398	7	10,551
<b>Depreciation</b>						
At 1 May 2016	–	(677)	(162)	(287)	(4)	(1,130)
Depreciation charge for the period	(735)	(142)	(59)	(96)	–	(1,032)
At 30 April 2017	(735)	(819)	(221)	(383)	(4)	(2,162)
At 1 May 2017	(735)	(819)	(221)	(383)	(4)	(2,162)
Depreciation charge for the period	(828)	(183)	(69)	(122)	–	(1,202)
Disposals	–	480	58	120	4	662
At 30 April 2018	(1,563)	(522)	(232)	(385)	–	(2,702)
At 1 May 2018	(1,563)	(522)	(232)	(385)	–	(2,702)
Depreciation charge for the period	(860)	(228)	(78)	(154)	(2)	(1,322)
Disposals	–	–	112	–	–	112
At 30 April 2019	(2,423)	(750)	(198)	(539)	(2)	(3,912)
<b>Net book value</b>						
At 30 April 2017	4,980	327	225	431	–	5,963
At 30 April 2018	4,766	519	279	571	7	6,142
At 30 April 2019	4,786	655	334	859	5	6,639

## 11. Investments in subsidiaries

The undertakings in which the Partnership's interest at the year end is 20 per cent. or more are as follows:

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Shareholding</i>		
			<i>At 30 April 2017</i>	<i>At 30 April 2018</i>	<i>At 30 April 2019</i>
<i>Held directly:</i>					
Apex Debt Solutions LLP	England & Wales	Professional services	99.6%	99.6%	99.6%
FRP Corporate Finance Limited	England & Wales	Corporate finance advice	100%	100%	100%
FRP Debt Advisory Limited	England & Wales	Financial consultancy	0%	100%	100%
Litmus Advisory Limited	England & Wales	Dormant	100%	100%	100%

## 12. Trade and other receivables

	<i>As at 30 April 2017 £'000</i>	<i>As at 30 April 2018 £'000</i>	<i>As at 30 April 2019 £'000</i>
Trade receivables	2,724	3,070	3,229
Other receivables	1,111	1,371	1,527
Unbilled revenue	18,978	20,843	26,314
	<u>22,813</u>	<u>25,284</u>	<u>31,070</u>

All of the trade receivables were non-interest bearing and receivable under normal commercial terms. The members consider that the carrying value of trade and other receivables approximates to their fair value.

The expected loss provision for trade receivables is calculated on the gross carrying amount of trade receivables less any specific loss allowance, and is detailed below:

### As at 30 April 2017

	<i>&lt; 30 days £'000</i>	<i>&lt; 60 days £'000</i>	<i>&lt; 90 days £'000</i>	<i>&lt; 180 days £'000</i>	<i>&gt; 180 days £'000</i>	<i>Total £'000</i>
Expected loss rate	0%	0%	0%	0%	-14%	-14%
Gross carrying amount	1,217	479	202	390	508	2,796
Expected credit loss provision	-	-	-	-	(72)	(72)
Total	<u>1,217</u>	<u>479</u>	<u>202</u>	<u>390</u>	<u>436</u>	<u>2,724</u>

### As at 30 April 2018

	<i>&lt; 30 days £'000</i>	<i>&lt; 60 days £'000</i>	<i>&lt; 90 days £'000</i>	<i>&lt; 180 days £'000</i>	<i>&gt; 180 days £'000</i>	<i>Total £'000</i>
Expected loss rate	0%	0%	0%	0%	-21%	-21%
Gross carrying amount	1,555	599	162	295	584	3,195
Expected credit loss provision	-	-	-	-	(125)	(125)
Total	<u>1,555</u>	<u>599</u>	<u>162</u>	<u>295</u>	<u>459</u>	<u>3,070</u>

### As at 30 April 2019

	<i>&lt; 30 days £'000</i>	<i>&lt; 60 days £'000</i>	<i>&lt; 90 days £'000</i>	<i>&lt; 180 days £'000</i>	<i>&gt; 180 days £'000</i>	<i>Total £'000</i>
Expected loss rate	0%	0%	0%	0%	-38%	-38%
Gross carrying amount	1,732	400	278	550	434	3,395
Expected credit loss provision	-	-	-	-	(166)	(166)
Total	<u>1,732</u>	<u>400</u>	<u>278</u>	<u>550</u>	<u>268</u>	<u>3,229</u>

### 13. Cash and cash equivalents

	<i>As at 30 April 2017 £'000</i>	<i>As at 30 April 2018 £'000</i>	<i>As at 30 April 2019 £'000</i>
Cash at bank and in hand	<u>7,813</u>	<u>10,756</u>	<u>4,946</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

### 14. Trade and other payables

	<i>As at 30 April 2017 £'000</i>	<i>As at 30 April 2018 £'000</i>	<i>As at 30 April 2019 £'000</i>
<b>Current liabilities</b>			
Trade payables	659	758	662
Other taxes and social security costs	1,853	2,483	1,683
Other payables and accruals	<u>2,850</u>	<u>4,651</u>	<u>5,355</u>
	<u>5,362</u>	<u>7,892</u>	<u>7,700</u>
	<i>As at 30 April 2017 £'000</i>	<i>As at 30 April 2018 £'000</i>	<i>As at 30 April 2019 £'000</i>
<b>Non-current liabilities</b>			
Other payables and accruals	<u>430</u>	<u>215</u>	<u>–</u>
	<u>430</u>	<u>215</u>	<u>–</u>

The fair value of trade and other payables approximates to book value at each year end. Trade payables are non-interest bearing and are normally settled monthly.

### 15. Loans and borrowings

	<i>As at 30 April 2017 £'000</i>	<i>As at 30 April 2018 £'000</i>	<i>As at 30 April 2019 £'000</i>
<b>Current borrowings</b>			
Bank loan	358	358	358
Lease liability	<u>916</u>	<u>950</u>	<u>1,020</u>
	<u>1,274</u>	<u>1,308</u>	<u>1,378</u>
<b>Non-current interest-bearing loans and borrowings</b>			
Bank loan	3,037	629	3,284
Lease liability	<u>4,243</u>	<u>3,995</u>	<u>4,028</u>
	<u>7,280</u>	<u>4,624</u>	<u>7,312</u>

At 30 April 2017, two long term loans were in place. Interest on the bank loan was charged at 2.5 per cent. (over LIBOR) and interest on the term loan was fixed at 4.66 per cent. per annum. The bank loan and overdraft are secured by fixed and floating charges over the assets of the Partnership. Cross guarantees and debentures exist between FRP Advisory LLP, Apex Debt Solutions LLP and Litmus Advisory Limited.

At 30 April 2018, two long term loans were in place. Interest on the bank loan was charged at 2.5 per cent. per annum over LIBOR. This loan was fully repaid in the year to 30 April 2018. Interest on the term loan was fixed at 4.66 per cent. per annum. The bank loan and overdraft are secured by fixed and floating charges over the assets of the Partnership. Cross guarantees and debentures exist between FRP Advisory LLP, Apex Debt Solutions LLP and Litmus Advisory Limited.

At 30 April 2019, interest on the term loan was fixed at 4.66 per cent. per annum. The bank loan is secured by cross guarantees and debentures between FRP Advisory LLP, Apex Debt Solutions LLP and Litmus Advisory Limited. Also included within non-current loans and borrowings at 30 April 2019 are amounts due under a revolving credit facility on which interest is charged at 1.5 per cent. per annum over LIBOR. The final repayment date is April 2021 but amounts may be repaid sooner depending on working capital requirements.

## 16. Financial risk management

The Group is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. All of the Group's financial instruments are classified as loans and receivables.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

### 16.1 Credit risk

Generally the Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below.

	<i>As at</i> <i>30 April</i> <i>2017</i> <i>£'000</i>	<i>As at</i> <i>30 April</i> <i>2018</i> <i>£'000</i>	<i>As at</i> <i>30 April</i> <i>2019</i> <i>£'000</i>
Trade receivables	2,724	3,070	3,229
Cash and cash equivalents	7,813	10,756	4,946
	<u>10,537</u>	<u>13,826</u>	<u>8,175</u>

Credit risk is the risk of financial risk to the Group if a counter party to a financial instrument fails to meet its contractual obligation. The nature of the Group's debtor balances, the time taken for payment by clients and the associated credit risk are dependent on the type of engagement.

On formal insolvency appointments, which form the majority of the Group's activities, invoices are generally raised having achieved approval from creditors to draw fees. They are typically settled on a timely basis from case funds. The credit risk on these engagements is therefore considered to be extremely low.

The Group's trade and other receivables are actively monitored. The ageing profile of trade receivables that were not impaired is detailed in note 12. The Group does not believe it is exposed to any material concentrations of credit risk.

Unbilled revenue is recognised by the Group only when all conditions for revenue recognition have been met in line with the Group's accounting policies.

### 16.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group seeks to manage financial risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility has been achieved in the year ended 30 April 2019 through the use of a revolving credit facility of £5,000,000 on which interest is charged at 1.5 per cent. over LIBOR. This facility has been increased to £10,000,000 after 30 April 2019.

The contractual maturities of borrowings and other financial liabilities are set out below.

Contractual maturities of financial lease liabilities are as follows:

	<i>As at</i> <i>30 April</i> <i>2017</i> <i>£'000</i>	<i>As at</i> <i>30 April</i> <i>2018</i> <i>£'000</i>	<i>As at</i> <i>30 April</i> <i>2019</i> <i>£'000</i>
Within 1 year	740	783	850
Within 2-5 years	3,008	2,990	3,158
Beyond 5 years	1,410	1,172	1,039
	<u>5,158</u>	<u>4,945</u>	<u>5,047</u>

### 16.3 **Interest rate risk**

The loan facilities that the Group has in place (see note 15) are exposed to interest rate risk. Included within non-current bank loans and borrowings as at 30 April 2019 is a revolving credit facility that the Group had in place during the year ended 30 April 2019, which is exposed to interest rate risk as interest is charged on the revolving credit facility at 1.5 per cent. over LIBOR. As at 30 April 2019 the balance drawn down on the revolving credit facility was £3,000,000.

In the years ended 30 April 2017 and 2018, the Group had a bank loan on which interest was charged at 2.5 per cent. over LIBOR. This was repaid during the year ended 30 April 2018.

The Group also had a term loan on which interest is fixed at 4.66 per cent. per annum in place for the years ended 30 April 2017, 2018 and 2019.

The following table illustrates the sensitivity of the (loss)/profit for the year and equity to a possible change in interest rates of +1 percentage point or -0.5 percentage point with effect from the beginning of the year.

	<i>Year ended</i> <i>30 April</i> <i>2019</i>	<i>Year ended</i> <i>30 April</i> <i>2019</i>
	+1%	-0.5%
Increase/(Decrease) in (loss)/profit for the year and equity (£)	<u>6,658</u>	<u>(1,905)</u>

### 16.4 **Foreign currency risk**

There is no material risk associated with foreign currency transactions or overseas subsidiaries.

### 16.5 **Fair values of financial instruments**

The fair values of all financial assets and liabilities approximates their carrying value.

## 17. **Related parties**

### 17.1 **Remuneration of key management personnel**

Key management personnel are considered to be the members of the Management Board, who are not members of the Partnership, together with Heads of Department. The members of the Management Board who are members of the Partnership are remunerated via a share of profit.

The total remuneration of key management personnel during the years ended 30 April 2017, 30 April 2018 and 30 April 2019 was as follows:

	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>	<i>Year ended 30 April 2019 £'000</i>
Aggregate emoluments including short term employee benefits	638	850	1,071
Other benefits	15	21	28
Pension	14	17	31
	<u>667</u>	<u>888</u>	<u>1,130</u>

## 18. Control

No one entity or individual has ultimate control over the Partnership.

## 19. Capital management

The Partnership manages its capital structure – in the form of debt, partner capital and amounts due to or from partners by reference to management’s assessment of the operational needs of the Partnership from time to time. Adjustments will be made considering changes in economic conditions and business requirements.

There are no externally imposed capital requirements.

## 20. Acquisitions

During the year ended 30 April 2018 the Partnership made trade and asset acquisitions for total consideration of £1.714 million. There were no acquisitions in the years ended 30 April 2017 or 30 April 2019.

	<i>Book Value £'000</i>	<i>Fair Value £'000</i>
Net assets	1,714	<u>1,714</u>
Total consideration		<u>1,714</u>
Satisfied by:		
Cash		1,039
Members’ capital (classified as a liability)		150
Transfer of partners’ current account		<u>525</u>
		<u>1,714</u>

## 21. Subsequent events

On 2 September 2019 the revolving credit facility has been increased from £5 million to £10 million.

As part of the Admission process, the Group has undertaken a number of steps to reorganise itself in order to make FRP Advisory Group plc the holding company of the Group and to change the governance and Partner remuneration structures. Further details are set out in paragraph 8 of Part 1 and paragraphs 11 and 14.4 to 14.7 of Part 4 of this document.

**SECTION C: UNAUDITED INTERIM FINANCIAL INFORMATION**  
**SIX MONTHS ENDED 31 OCTOBER 2019**

**FRP ADVISORY LLP**

**Unaudited Consolidated Statement of Comprehensive Income**

*For the six months ended 31 October 2019*

	<i>Six-months ended 31 October 2018 £'000 (unaudited)</i>	<i>Six-months ended 31 October 2019 £'000 (unaudited)</i>
<b>Revenue</b>	25,972	31,358
Personnel costs	(7,807)	(9,045)
Depreciation and amortisation	(581)	(632)
Other operating expenses	(5,491)	(6,498)
	<u>(13,879)</u>	<u>(16,175)</u>
<b>Operating profit</b>	12,093	15,183
Net finance costs	(112)	(159)
<b>Profit before tax</b>	11,981	15,024
Taxation	—	—
	<u>11,981</u>	<u>15,024</u>
<b>Profit and total comprehensive income for the period before members' remuneration and profit shares</b>	<u>11,981</u>	<u>15,024</u>
Members' remuneration charged as an expense	<u>(3,947)</u>	<u>(4,161)</u>
<b>Profit and total comprehensive income for the period available for discretionary division among members</b>	<u>8,034</u>	<u>10,863</u>

All operations are continuing operations.

There were no elements of other comprehensive income for any of the financial periods above other than those included in the income statements.

**FRP ADVISORY LLP****Unaudited Consolidated Statement of Financial Position***As at 31 October 2019*

		<i>As at</i> <i>30 April</i> <i>2019</i> <i>£'000</i> <i>(audited)</i>	<i>As at</i> <i>31 October</i> <i>2019</i> <i>£'000</i> <i>(unaudited)</i>
<b>Non-current assets</b>			
Intangible assets	5	752	750
Property, plant and equipment	6	6,639	6,161
<b>Total non-current assets</b>		<u>7,391</u>	<u>6,911</u>
<b>Current assets</b>			
Trade and other receivables	7	31,070	29,467
Cash and cash equivalents		4,946	7,783
<b>Total current assets</b>		<u>36,016</u>	<u>37,250</u>
<b>Total assets</b>		<u>43,407</u>	<u>44,161</u>
<b>Current liabilities</b>			
Trade and other payables		7,700	6,644
Loans and borrowings	8	1,378	1,414
<b>Total current liabilities</b>		<u>9,078</u>	<u>8,058</u>
<b>Non-current liabilities</b>			
Loans and borrowings	8	7,312	4,690
<b>Total non-current liabilities</b>		<u>7,312</u>	<u>4,690</u>
<b>Total liabilities</b>		<u>16,390</u>	<u>12,748</u>
<b>Net assets</b>		<u>27,017</u>	<u>31,413</u>
<b>Total members' interests</b>			
Members' capital		4,625	4,926
Other amounts due to members		22,392	26,487
<b>Total members' interests</b>		<u>27,017</u>	<u>31,413</u>

**FRP ADVISORY LLP****Unaudited Consolidated Statement of Members' Interests***For the six months ended 31 October 2019*

	<i>Members' capital £'000</i>	<i>Other amounts £'000</i>	<i>Total members' interests £'000</i>
<b>Balance at 1 May 2018</b>	4,800	24,098	28,898
Members' remuneration charged as an expense	–	3,947	3,947
Profit for the period available for discretionary division among members	–	8,034	8,034
Repayment of capital to former members	(300)	–	(300)
Members' capital introduced	275	–	275
Transition movements	1	60	61
Drawings and distributions	–	(11,774)	(11,774)
<b>Balance at 31 October 2018</b>	<u>4,776</u>	<u>24,365</u>	<u>29,141</u>
<b>Balance at 1 May 2019</b>	4,625	22,392	27,017
Members' remuneration charged as an expense	–	4,161	4,161
Profit for the period available for discretionary division among members	–	10,863	10,863
Repayment of capital to former members	(100)	–	(100)
Members' capital introduced	400	–	400
Transition movements	1	244	245
Drawings and distributions	–	(11,173)	(11,173)
<b>Balance at 31 October 2019</b>	<u>4,926</u>	<u>26,487</u>	<u>31,413</u>

**FRP ADVISORY LLP****Unaudited Consolidated Statement of Cash Flows***For the six months ended 31 October 2019*

	<i>Six-months ended 31 October 2018 £'000 (unaudited)</i>	<i>Six-months ended 31 October 2019 £'000 (unaudited)</i>
<b>Cash flows from operating activities</b>		
Profit for the period available for discretionary distribution	8,034	10,863
Members remuneration	3,947	4,161
Depreciation, amortisation and impairment	581	632
Net finance expense	112	159
(Increase)/decrease in trade and other receivables	(2,445)	1,603
Decrease in trade and other payables	(2,634)	(665)
<b>Net cash from operating activities</b>	<u>7,595</u>	<u>16,753</u>
<b>Cash flows from investing activities</b>		
Cash paid on acquisitions	(421)	(525)
Purchase of tangible assets	(517)	(169)
Purchase of intangible assets	–	(75)
Interest received	4	4
<b>Net cash used in investing activities</b>	<u>(934)</u>	<u>(765)</u>
<b>Cash flows from financing activities</b>		
Capital introduced by members	275	400
Interest paid	(115)	(164)
Principal elements of lease payments	(400)	(405)
Drawdown of new loans	451	(1,709)
Repayment of capital to members	(300)	(100)
Members' drawings	(11,774)	(11,173)
<b>Net cash used in financing activities</b>	<u>(11,863)</u>	<u>(13,151)</u>
Net (decrease)/increase in cash and cash equivalents	(5,202)	2,837
Cash and cash equivalents at the beginning of the period	10,756	4,946
<b>Cash and cash equivalents at the end of the period</b>	<u><u>5,554</u></u>	<u><u>7,783</u></u>

## **FRP ADVISORY LLP**

### **Notes to the Unaudited Interim Financial Information**

*For the six months ended 31 October 2019*

#### **1. General information**

FRP Advisory LLP (the “Partnership”) and its subsidiaries’ (together the “Group”) principal activities include the provision of specialist business advisory services for a broad range of clients, including restructuring and insolvency services, corporate finance, debt advisory, forensic services and pensions advisory.

The Partnership is a limited liability partnership incorporated in England and Wales and domiciled in the UK. The functional and presentational currency of the Partnership is pounds sterling. The address of the registered office is 110 Cannon Street, London, EC4N 6EU and the limited liability partnership number is OC355680.

#### **2. Basis of accounting and accounting policies**

The unaudited interim financial information has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Standards Interpretations Committee (“IFRIC”) as adopted by the European Union (“IFRS”), and with those parts of the Companies Act 2006 applicable to limited liability partnerships reporting under IFRS.

The unaudited interim financial information for the six months ended 31 October 2019 has not been audited nor subject to an interim review by the auditors. IAS 34 ‘Interim financial reporting’ is not applicable to the unaudited interim financial information and has therefore not been applied.

The unaudited interim financial information has been prepared on the historical cost basis. The principal accounting policies adopted are consistent with those adopted in the Historical Financial Information as set out in Section B, Part 3 of this document.

#### **3. Significant accounting policies**

The principal accounting policies adopted in the preparation of the unaudited interim financial information of the Group, which have been applied consistently to all periods presented, are set out below. The directors of FRP Advisory Group plc (the “Directors”) and the proposed directors (the “Proposed Directors”) are responsible for the unaudited interim financial information.

##### **Revenue recognition**

Revenue is recognised when control of a service or product provided by the Group is transferred to the customer, in line with the Group’s performance obligations in the contract, and at an amount reflecting the consideration the Group expects to receive in exchange for the provision of services.

There are no significant judgements required in determining the Group’s performance obligations in its contracts as the significant majority of contracts contain only one performance obligation.

Where work is contingent, fees are fully provided for until billing.

The Group recognises revenue from the following activities:

- insolvency and advisory services;
- debt advisory services; and
- corporate finance services.

##### *Insolvency and advisory services*

For the Group’s formal insolvency appointments and other advisory engagements, where remuneration is typically determined based on hours worked by professional partners and staff, the Group transfers control of its services over time and recognises revenue over time if the Partnership:

- provides services for which it has no alternative use or means of deriving value; and
- has an enforceable right to payment for its performance completed to date, and for formal insolvency appointments has approval from creditors to draw fees which will be paid from asset realisations.

Progress on each assignment is measured using an input method based on costs incurred to date as a percentage of total anticipated costs.

In determining the amount of revenue and the related balance sheet items (such as trade receivables, unbilled income and deferred income) to recognise in the period, management is required to form a judgement on each individual contract of the total expected fees and total anticipated costs. These estimates and judgements may change over time as the engagement completes and this will be recognised in the consolidated statement of comprehensive income in the period in which the revision becomes known. These judgements are formed over a large portfolio of contracts and are therefore unlikely to be individually material.

Invoices on formal insolvency appointments are generally raised having achieved approval from creditors to draw fees. This is typically settled on a timely basis from case funds. On advisory engagements, invoices are generally raised in line with contract terms.

Where revenue is recognised in advance of the invoice being raised (in line with the recognition criteria above) this is disclosed as unbilled income within trade and other receivables. Where an invoice is raised in advance of the revenue being recognised, this is disclosed as deferred income within trade and other payables.

#### *Debt advisory services*

Contracts at engagement are split into several independent stages, where each stage is deemed a separate performance obligation. Revenue is recognised at a point in time following satisfaction of the performance obligation(s) at each stage in the contract, at which point the Group is entitled to invoice the customer, and payment will be due.

#### *Corporate finance services*

Revenue is recognised at a point in time on the date of completion of the transaction or when unconditional contracts have been exchanged. Fees typically comprise a non-refundable retainer and a success fee based on a fixed percentage of the transaction value. Retainer fees are invoiced to the client and are payable in the first three to four months. Retainer fees are deferred and recognised on completion.

### **Operating leases**

The Group leases a number of properties in various locations around the UK from which it operates.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. This is 3.7 per cent. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option;

Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and

The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

### **Allocation of profits and drawings**

The Partnership's drawings policy allows each member to draw a proportion of their profit in twelve monthly instalments with the balance of their profits, net of tax retention, paid in the subsequent eighteen months. All payments are made subject to the cash requirements of the business. Tax retentions are paid to HMRC on behalf of members with any excess being released to members as appropriate. To the extent that interim profit allocations exceed drawings then the excess profit is included in the statement of financial position under "Other amounts due to members". Where drawings exceed the allocated profits then the excess is included in receivables. All profits are allocated in the year to which they relate.

### **Provisions**

A provision is recognised in the statement of financial position 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.

In common with comparable businesses, the Group is involved in a number of disputes in the ordinary course of business which may give rise to claims. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The LLP carried professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the Group.

## **4. Critical accounting estimates and judgements**

The preparation of the unaudited interim financial information requires the Directors and the Proposed Directors to make estimates and judgements that affect the reported amounts of assets and liabilities at the reporting date of the unaudited interim financial information and the reported amounts of costs and revenue during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimates is contained in individual accounting policies. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are:

- Unbilled revenue

Time recorded for professional services work is regularly reviewed to ensure that only amounts which the Directors and the Proposed Directors believe to be recoverable from the client are recognised as work in progress within unbilled revenue.

- Impairment of goodwill and other intangibles

Determining whether goodwill and other intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

## 5. Intangible assets and goodwill

	<i>Goodwill</i> £'000	<i>Computer software</i> £'000	<i>Total</i> £'000
<b>Cost</b>			
At 1 May 2018 and 31 October 2018	750	46	796
Disposals	—	(36)	(36)
At 1 May 2019 and 31 October 2019	750	10	760
<b>Amortisation</b>			
At 1 May 2018	—	(41)	(41)
Amortisation for the period	—	(2)	(2)
At 31 October 2018	—	(43)	(43)
Amortisation for the period	—	(1)	(1)
Disposals	—	36	36
At 1 May 2019	—	(8)	(8)
Amortisation for the period	—	(2)	(2)
At 31 October 2019	—	(10)	(10)
<b>Net book value</b>			
At 31 October 2018	750	4	754
At 30 April 2019	750	2	752
At 31 October 2019	750	—	750

## 6. Property, plant and equipment

	<i>Right of use asset £'000</i>	<i>Computer equipment £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Leasehold improve- ments £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
<b>Cost</b>						
At 1 May 2018	6,329	1,041	511	956	7	8,844
Additions	726	178	40	208	–	1,152
Transition adjustments	7	–	–	–	–	7
At 31 October 2018	<u>7,062</u>	<u>1,219</u>	<u>551</u>	<u>1,164</u>	<u>7</u>	<u>10,003</u>
Additions	143	186	93	234	–	656
Disposals	–	–	(112)	–	–	(112)
Transition adjustments	4	–	–	–	–	4
At 30 April 2019	<u>7,209</u>	<u>1,405</u>	<u>532</u>	<u>1,398</u>	<u>7</u>	<u>10,551</u>
Additions	–	169	–	–	–	169
Transition adjustments	37	–	–	–	–	37
At 31 October 2019	<u>7,246</u>	<u>1,574</u>	<u>532</u>	<u>1,398</u>	<u>7</u>	<u>10,757</u>
<b>Depreciation</b>						
At 1 May 2018	(1,563)	(522)	(232)	(385)	–	(2,702)
Depreciation charge for the period	(425)	(108)	(39)	(68)	(1)	(641)
At 31 October 2018	<u>(1,988)</u>	<u>(630)</u>	<u>(271)</u>	<u>(453)</u>	<u>(1)</u>	<u>(3,343)</u>
Depreciation charge for the period	(435)	(120)	(39)	(86)	(1)	(681)
Disposals	–	–	112	–	–	112
At 30 April 2019	<u>(2,423)</u>	<u>(750)</u>	<u>(198)</u>	<u>(539)</u>	<u>(2)</u>	<u>(3,912)</u>
Depreciation charge for the period	(425)	(133)	(39)	(86)	(1)	(684)
At 31 October 2019	<u>(2,848)</u>	<u>(883)</u>	<u>(237)</u>	<u>(625)</u>	<u>(3)</u>	<u>(4,596)</u>
<b>Net book value</b>						
At 31 October 2018	5,074	589	280	711	6	6,660
At 30 April 2019	4,786	655	334	859	5	6,639
At 31 October 2019	<u>4,398</u>	<u>691</u>	<u>295</u>	<u>773</u>	<u>4</u>	<u>6,161</u>

## 7. Trade and other receivables

	<i>As at</i> <i>30 April</i> <i>2019</i> <i>£'000</i>	<i>As at</i> <i>31 October</i> <i>2019</i> <i>£'000</i>
Trade receivables	3,229	3,659
Other receivables	1,527	1,080
Unbilled revenue	26,314	24,728
	<u>31,070</u>	<u>29,467</u>

All of the trade receivables were non-interest bearing and receivable under normal commercial terms. The members consider that the carrying value of trade and other receivables approximates to their fair value.

## 8. Loans and borrowings

	<i>As at</i> <i>30 April</i> <i>2019</i> <i>£'000</i>	<i>As at</i> <i>31 October</i> <i>2019</i> <i>£'000</i>
<b>Current borrowings</b>		
Bank loan	358	358
Lease liability	1,020	1,056
	<u>1,378</u>	<u>1,414</u>
<b>Non-current interest-bearing loans and borrowings</b>		
Bank loan	3,284	1,106
Lease liability	4,028	3,584
	<u>7,312</u>	<u>4,690</u>

At 31 October 2019, interest on the term loan was fixed at 4.66 per cent. per annum (30 April 2019: 4.66 per cent.). The bank loan is secured by cross guarantees and debentures between FRP Advisory LLP, Apex Debt Solutions LLP and Litmus Advisory Limited. Also included within non-current loans and borrowings at 30 April 2019 and 31 October 2019 are amounts due under a revolving credit facility on which interest is charged at 1.5 per cent. over LIBOR. The final repayment date is April 2021 but amounts may be repaid sooner depending on working capital requirements.

## 9. Subsequent events

As part of the Admission process, the Group has undertaken a number of steps to reorganise itself in order to make FRP Advisory Group plc the holding company of the Group and to change the governance and Partner remuneration structures. Further details are set out in paragraph 8 of Part 1 and paragraphs 11 and 14.4 to 14.7 of Part 4 of this document.

## **SECTION D: FRP ADVISORY GROUP PLC**

FRP Advisory Group plc was incorporated and registered in England and Wales on 14 November 2019 as a private limited company under registered number 12315862 and re-registered as a public company on 25 February 2020. Since the date of its incorporation, FRP Advisory Group plc has not yet commenced operations and it has no material assets or liabilities, and therefore no financial statements have been prepared as at the date of this document, and no separate historical financial information on FRP Advisory Group plc is presented in this document.

Before Admission FRP Advisory Group plc will acquire the entire issued share capital of FRP Advisory Trading Limited as part of the Reorganisation. At such time, FRP Advisory Trading Limited will have acquired the business and undertakings of the Partnership. Details of these transactions are included in paragraph 11 of Part 4 of this document.

## PART 4

### ADDITIONAL INFORMATION

#### 1. INCORPORATION AND STATUS OF THE COMPANY

- 1.1 The Company was incorporated and registered in England and Wales on 14 November 2019 under the 2006 Act with registered no. 12315862 as a private company limited by shares with the name FRP Advisory Group Limited. Pursuant to a special resolution passed on 25 February 2020, the Company was re-registered as a public company limited by shares and the Company's name was changed to FRP Advisory Group plc.
- 1.2 The principal legislation under which the Company operates is the 2006 Act.
- 1.3 The Company's legal and commercial name is FRP Advisory Group plc.
- 1.4 The registered office of the Company is at 110 Cannon Street, London, United Kingdom, EC4N 6EU. The telephone number of the Company's registered office is 020 3005 4000.
- 1.5 The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is [www.frpadvisory.com](http://www.frpadvisory.com).
- 1.6 The Company's legal entity identifier is 213800IPCG6DE1CVLY36.

#### 2. SHARE CAPITAL

- 2.1 As at the Latest Practicable Date the issued share capital of the Company is:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued <sup>(i)</sup></i>	
		<i>£</i>	<i>number</i>
ordinary shares	£0.001	51,810.00	51,810,000

- 2.2 The issued share capital of the Company immediately following Admission will be:

<i>Class of shares</i>	<i>Nominal value</i>	<i>Issued <sup>(i)</sup></i>	
		<i>£</i>	<i>number</i>
Ordinary Shares	£0.001	237,500	237,500,560

(i) All shares are or will be fully paid

- 2.3 On incorporation, the share capital of the Company was £2.00, being 2 issued shares of £1.00 each, issued to the initial subscriber credited as fully paid.

On 21 February 2020 the Company allotted and issued to the Partnership 51,808 shares of £1.00 each, issued credited as fully paid up in cash, which were then sub-divided into 1,000 Ordinary Shares on 25 February 2020.

Pursuant to the Reorganisation, before Admission: (a) the Company will allot and issue to the Partnership a further 141,940,560 Ordinary Shares, credited as fully paid in consideration of the transfer to the Company of the entire issued share capital of FRP Advisory Trading Limited; and (b) there will be 18,750,000 Ordinary Shares issued to the EBT.

- 2.4 Prior to Admission, resolutions have been passed as follows:

- (a) that in addition to all existing authorities under section 551 of the 2006 Act the directors be generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot New Shares in the Company up to a maximum aggregate nominal amount of £25,143.75 in connection with the Placing and the NED Awards; and
- (b) that the directors be empowered, pursuant to section 570 of the 2006 Act, to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority

conferred by paragraph 2.4(a) as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities pursuant to the Placing and the NED Awards,

such authorities to expire at the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

2.5 Prior to Admission, further resolutions have been passed, conditional on Admission in the case of 2.5(a) and 2.5(b) below:

(a) that in addition to all existing authorities under section 551 of the 2006 Act the directors be generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot shares in the Company:

(i) up to a maximum aggregate nominal amount of £79,166.85; and

(ii) up to a further amount of £79,166.85 in connection with a rights issue; and

(b) that the directors be empowered, pursuant to section 570 of the 2006 Act, to allot equity securities (within the meaning of section 560 of the 2006 Act) or sell treasury shares for cash as if section 561(1) of the 2006 Act did not apply to any such allotment:

(i) pursuant to the authority conferred by paragraph 2.5(a)(ii); and

(ii) otherwise than under paragraph (a) above up to an aggregate nominal amount of £23,750.06,

such authorities to expire at the conclusion of the next annual general meeting of the Company but so that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to such an offer or agreement as if this authority had not expired; and

(c) to adopt the Articles.

2.6 There are no acquisition rights or obligations of the Company over authorised but unissued capital or any undertaking to increase the Company's capital.

2.7 The Company does not have in issue any securities not representing share capital.

2.8 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

2.9 Save as disclosed in this paragraph 2, there has been no issue of share or loan capital of the Company or any other member of the Group (other than intra-group issues by wholly owned subsidiaries) in the three years immediately preceding the date of this document and, other than pursuant to the Placing and the NED Awards, no such issues are proposed.

2.10 Save as disclosed in paragraph 12 of Part 1 of this document, on Admission no share or loan capital of the Company or any other member of the Group will be under option or has been agreed conditionally or unconditionally to be put under option.

2.11 Other than pursuant to the Placing, none of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.

2.12 The Ordinary Shares will be in registered form. No temporary documents of title will be issued and prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the Ordinary Shares not to be held through CREST will be posted to Placees within 10 days after Admission. Ordinary Shares to be held through CREST will be credited to CREST accounts on Admission.

### **3. ARTICLES OF ASSOCIATION**

The Articles have been adopted conditional on Admission. The Company's objects are not restricted by its Articles, accordingly, pursuant to section 31(1) of the 2006 Act, the Company's objects are unrestricted. The liability of the members is limited to the amount, if any, unpaid on the Ordinary Shares respectively held by them. The Articles will contain provisions to the following effect:

#### **3.1 Voting rights**

Subject to the rights or restrictions referred to in paragraph 3.3 below and subject to any special rights or restrictions as to voting for the time being attached to any shares, on a show of hands (i) every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and (ii) every proxy appointed by a member shall have one vote save that every proxy appointed by one or more members to vote for the resolution and by one or more other members to vote against the resolution, has one vote for and one vote against.

#### **3.2 Rights attached to shares**

Any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the board may decide.

#### **3.3 Restrictions on voting**

A member of the Company is not entitled, either in person or by proxy, in respect of any share held by him, to be present at any general meeting of the Company unless all calls and other sums payable by him in respect of that share have been paid.

A member of the Company shall not, if the directors determine, be entitled to attend general meetings and vote or to exercise rights of membership if he or another person appearing to be interested in the relevant shares has failed to comply with a notice given under section 793 of the 2006 Act within 14 days. The restrictions will continue for the period specified by the board provided that such period shall end not later than seven days after the earliest of (i) due compliance to the satisfaction of the board with the section 793 notice; or (ii) receipt by the Company of notice that the shareholding has been sold to a third party pursuant to an arm's length transfer.

#### **3.4 Dividends**

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits. The directors may pay such interim dividends as appear to the board to be justified by the financial position of the Company. No dividends payable in respect of an Ordinary Share shall bear interest. The directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid instead of cash in respect of all or part of a dividend (a "scrip dividend"). The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, withhold dividends or other sums payable in respect of shares which are the subject of a notice under section 793 of the 2006 Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice and the member holding those shares may not elect, in the case of a scrip dividend, to receive shares instead of that dividend.

The Company or its directors may fix a date as the record date for a dividend and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared. A dividend unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and cease to remain owing by the Company.

#### **3.5 Return of capital**

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may with the same sanction, vest the whole or any part of the assets in trustees on trusts for the benefit

of the members as the liquidator, with the same sanction, thinks fit but no member shall be compelled to accept any assets on which there is any liability.

### **3.6 Variation of rights**

All or any of the rights attaching to a class of shares in the Company may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of the class (excluding any shares of the class held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of the relevant class. The quorum for the separate general meeting shall be two persons holding, or represented by proxy, not less than one-third in nominal value of the issued shares of the relevant class (excluding any shares of the class held as treasury shares).

### **3.7 Transfer of shares**

Subject to the restriction set out in this paragraph, any member may transfer all or any of his shares in any manner which is permitted by the Statutes (as defined in the Articles) or in any other manner approved by the board. A transfer of a certificated share shall be in writing in the usual common form or in any other form permitted by the Statutes or approved by the board. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of the relevant system or in any other manner which is permitted by the Statutes and is from time to time approved by the board.

The directors have a discretion to refuse to register a transfer of a certificated share which is not fully paid (provided that this does not prevent dealings in the shares from taking place on an open and proper basis). The directors may also decline to register a transfer of shares in certificated form unless (i) the instrument of transfer is duly stamped or duly certified or otherwise shown to the satisfaction of the board to be exempt from stamp duty and is deposited at the office of the Company or such other place as the board may appoint, accompanied by the certificate for the shares to which it relates if it has been issued and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer; (ii) the instrument of transfer is in respect of only one class of share as in favour of no more than four transferees. The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under section 793 of the 2006 Act and which represent at least 0.25 per cent. of the issued shares of their class, and in respect of which the required information has not been received by the Company within 14 days after service of the notice.

Save as aforesaid, the Articles contain no restrictions as to the free transferability of fully paid shares.

### **3.8 Alteration of capital and purchase of own shares**

The Company may alter its share capital in accordance with the provisions in any manner permitted by the Statutes.

## **4. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Ordinary Shares will be made eligible for settlement in CREST by means of a resolution of the board to be passed prior to Admission. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST, from Admission.

## **5. INCENTIVE ARRANGEMENTS**

### **5.1 Overview**

The EIP is a discretionary share plan that may be used to grant long term incentive awards and to defer a portion of bonuses earned by Partners (including the Executive Directors) and other senior staff.

Awards under the EIP may be satisfied by new Ordinary Shares, Ordinary Shares purchased in the market or by the transfer of treasury shares. The EBT can be used for the purpose of providing

benefits to employees, including engaging with the Company as necessary to satisfy awards under the EIP. The EBT can either subscribe for the requisite Ordinary Shares or, to the extent that funds are provided by Group companies, purchase such shares in the market. At Admission the EBT will subscribe at nominal value for Ordinary Shares having a value at the Placing Price of up to £14 million.

## 5.2 **Principal features of the EIP**

### 5.2.1 **Remuneration Committee**

The Remuneration Committee will be responsible for determining the basis on which the Partners (including the Executive Directors) and other selected senior executives participate in the EIP from time to time.

### 5.2.2 **Structure of awards**

Awards can take the form of:

- (a) a conditional right to Ordinary Shares which will be receivable at the end of a specified period; or
- (b) an option which becomes exercisable at the end of a specified period. An option may be nil-cost or require payment of an exercise price; or
- (c) an up-front allocation of Ordinary Shares, which are at risk of forfeiture until the end of a specified period ("**Restricted Share Award**" or "**RSA**"); or
- (d) such other form which as a substantially similar purpose of effect.

The Remuneration Committee can decide to satisfy an award (other than an RSA) by a sum equivalent to the cash equivalent of the number of Ordinary Shares under the award, or by a combination of cash and Ordinary Shares.

The vesting of awards may be subject to the achievement of performance conditions set at the time of grant. Awards can be satisfied by new issue, treasury or market purchase Ordinary Shares subject to the share dilution limits explained below.

Awards are not transferable (other than on death) and are not pensionable.

### 5.2.3 **Eligibility**

Awards may be made under the EIP to Partners (including the Executive Directors) and employees of the Group.

### 5.2.4 **Dilution limits**

In any 10-year period, not more than 10 per cent. of the issued ordinary share capital of the Company may be issued or committed to be issued under the EIP.

Ordinary Shares issued to the EBT on or before Admission will not count towards this limit.

### 5.2.5 **Timing of operation**

Grants under the EIP may only be made within six weeks of the adoption of the EIP, the announcement of the Company's results for any period, any change to legislation governing share plans, in respect of a participant the date on which the participant is first employed, in exceptional circumstances or the day dealing restrictions are lifted which prevented an award being made. No awards can be made under the EIP after the tenth anniversary of its adoption by the Board.

### 5.2.6 **Leaving employment**

Unvested awards will normally lapse when the participant ceases to be employed. However, if employment ends because of ill health, injury or disability (evidenced to the Remuneration Committee's satisfaction), retirement with the agreement of the Company, the sale or transfer of the company or business in which the participant works or for other reasons specifically approved by the Remuneration Committee, the award will continue.

Unless the Remuneration Committee decides otherwise, awards will vest on the original vesting date, subject to the satisfaction of any applicable performance conditions over the performance period. For awards other than deferred bonus awards, there will be a *pro rata* reduction in the number of Ordinary Shares vesting to take account of the proportion of the vesting period during which the participant was not in employment unless and to the extent that the Remuneration Committee determines otherwise.

In the event of death, unvested awards will normally vest at the date of death subject to any applicable performance testing and time pro rating unless and to the extent that the Remuneration Committee determines otherwise.

#### 5.2.7 **Retention period**

Awards may be made subject to a post-vesting retention period. In which case Ordinary Shares may not be sold during the retention period other than to cover any tax charge. The retention period will come to an end if there is a change of control or similar event or the Remuneration Committee so determines in any other circumstances.

#### 5.2.8 **Change of control, demerger or other reorganisation**

If there is a change of control (such as a takeover or scheme of arrangement) or other corporate reorganisation of the Company, participants may be allowed (or on a reorganisation, may be required) to exchange their awards (in whole or in part) for equivalent awards in the acquiring company. Alternatively, awards may vest immediately and any applicable performance conditions will be applied. Except in respect of those awards granted at the time of Admission, there will be a *pro rata* reduction in the number of Ordinary Shares vesting to take account of the proportion of the vesting period falling after the change of control or other event unless and to the extent that the Remuneration Committee determines otherwise.

If there is a demerger, dividend in specie, special dividend or other transaction which will adversely affect the current or future value of any awards then the Remuneration Committee, in its discretion, may allow awards to vest.

#### 5.2.9 **Variation of share capital**

In the event of a variation in the share capital of the Company, a demerger, or any other exceptional event which in the reasonable opinion of the Remuneration Committee justifies an adjustment, the Remuneration Committee may adjust awards under the EIP as they consider appropriate. Participants holding Ordinary Shares under RSAs will have the same rights as other shareholders in relation to the corporate event, however any shares, securities or rights allotted will normally be held subject to the EIP.

#### 5.2.10 **Amendments**

The rules of the EIP may be altered by the Board. Separate employee share plans or schedules to the EIP may be adopted for participants based outside of the United Kingdom.

#### 5.2.11 **Other provisions**

Excluding RSAs, participants will not have dividend or voting rights in respect of Ordinary Shares under awards or options until such Ordinary Shares have been issued or transferred to them. The Remuneration Committee has flexibility to decide that on the vesting of awards (or in the case of options, exercise), participants may receive a payment in cash or Ordinary Shares equal to the value of dividends which would have been payable on the vested Ordinary Shares during the period from the date of grant to the date of vesting or, in the case of options, if so determined by the Remuneration Committee at the time of grant, exercise.

Unless the Remuneration Committee determines otherwise, participants will have all the rights of a shareholder in relation to Ordinary Shares subject to RSAs, including dividend and voting rights. Participants will not be entitled to receive any dividend equivalent in respect of RSAs.

Ordinary Shares issued under the EIP will rank equally in all respects with Ordinary Shares in issue on the date of allotment, except in respect of rights by reference to a record date prior to the date of allotment.

The Remuneration Committee can decide to prevent the vesting of all or part of an award and/or, in some cases, may clawback vested awards in certain circumstances including those relating to material misstatement of accounts, material loss which should have been prevented by adequate risk management, errors in calculating the award and a participant's misconduct.

#### 5.2.12 **Deferred Bonus Awards under the EIP**

Where bonuses are deferred into Ordinary Shares no further performance conditions will attach to deferred bonus awards. Discretion to operate malus and clawback as above, will apply.

## 6. DIRECTORS', SELLING SHAREHOLDERS' AND OTHER INTERESTS

- 6.1 As at the Latest Practicable Date and as expected to be held immediately following Admission and the Placing, the interests (all of which are beneficial) of the Directors (including any interest known to that Director or which could with reasonable diligence be ascertained by him or any person connected with a Director within the meaning of section 252 to 255 of the 2006 Act) in the Company's issued share capital are or are expected to be as follows:

<i>Director</i>	<i>Latest Practicable Date</i>		<i>Following Admission and the Placing</i>		<i>Number of Ordinary Shares under option</i>
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	
David Adams	Nil	Nil	312,500	0.13%	62,500
David Chubb	Nil	Nil	62,500	0.03%	6,250
Jeremy French	Nil	Nil	7,563,730	3.18%	Nil
Nigel Guy	Nil	Nil	25,000	0.01%	68,750
Geoff Rowley	Nil	Nil	9,454,663	3.98%	Nil
Kate O'Neill	Nil	Nil	12,500	0.01%	6,250

- 6.2 As at the Latest Practicable Date and as expected to be held immediately following Admission and Placing, the Company is aware of the following existing Shareholders (other than any Director) who by virtue of the notifications made to it pursuant to the 2006 Act and/or the DTRs, are or will be immediately following Admission and the Placing be interested, directly or indirectly, in 3 per cent. or more of the Company's issued share capital:

<i>Name</i>	<i>Latest Practicable Date</i>		<i>Following Admission and the Placing</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued capital</i>
The Partnership	5,180	100%	Nil	Nil
The EBT	Nil	Nil	18,750,000	7.9%
Premier Miton Investors	Nil	Nil	18,281,025	7.7%
Liontrust Investment Management Limited	Nil	Nil	17,550,000	7.4%
Geoff Rowley	Nil	Nil	9,454,663	4.0%
Jeremy French	Nil	Nil	7,563,730	3.2%

6.3 The following Partners as Selling Shareholders are selling in the Placing the number of Sale Shares set out in the table below. The business address of each of the Selling Shareholders is the Company's registered office.

<i>Selling Shareholder</i>	<i>Number of Sale Shares</i>
David Acland	1,592,356
Adrian Alexander	398,090
Paul Allen	1,990,445
Phillip Armstrong	1,592,356
Paul Atkinson	2,388,535
Jason Baker	2,786,624
Anthony Barrell	796,179
Lionel Blackledge	1,990,445
Callum Carmichael	79,618
Geoffrey Carton-Kelly	2,388,535
Simon Carvill-Biggs	79,618
Anthony Collier	1,990,445
Thomas Cox	796,179
Andrew Dimmock	1,194,267
David Edwards	1,194,268
Matthew Flower	1,592,356
Alexander Fraser	1,990,445
Jeremy French	4,777,070
Simon Glyn	1,592,356
Nicholas Grainger	1,194,268
Chad Griffin	796,179
Andrew Haslam	796,179
John Lowe	796,179
Thomas MacLennan	2,388,535
Alastair Massey	1,990,445
Rajnish Mittal	1,990,445
Nishad Morjaria	398,090
Gareth Morris	796,179
Glyn Mummery	2,388,535
Christopher Naughton	796,179
Miles Needham	796,179
Christopher Osborne	1,592,356
Philip Pierce	796,179
Martyn Pullin	796,179
Philip Reynolds	398,090
Martyn Rickels	1,194,268
Geoffrey Rowley	5,971,337
Andrew Sheridan	1,592,356
Arvindar Jit Singh	796,179
Gerald Smith	796,179
Christopher Stevens	1,990,445
Lila Thomas	1,194,268
Colin Vickers	796,179
Philip Watkins	1,592,356
Paul Whitwam	1,194,268
Steven Williams	1,592,356
David Willis	398,090
David Wood	1,592,356
Ben Woolrych	2,388,535
Anthony Wright	1,990,445

6.4 Save as disclosed in paragraphs 6.1 and 6.2 above, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is

it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

- 6.5 The persons including the Directors, referred to in paragraphs 6.1 to 6.3 above, do not have voting rights that differ from those of other Shareholders.
- 6.6 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.7 The Directors currently hold, and have during the five years preceding the date of this document held, the following directorships or partnerships:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
David Adams	FRP Corporate Finance Limited	Yeates Advisory Limited (dissolved) South London Residential 1 Limited Holmshaw (2013) Limited (dissolved) Mo Capital Advisers LLP Core VCT IV plc
David Chubb	None	PricewaterhouseCoopers LLP Association of Business Recovery Specialists
Geoffrey Rowley	Apex Debt Solutions LLP GCCR Investments Limited Litmus Advisory Limited FRP Advisory LLP FRP Advisory Trading Limited FRP Debt Advisory Limited The Company	Shendish CP Limited (dissolved)
Jeremy French	The Company FRP Advisory Trading Limited FRP Corporate Finance Limited FRP Debt Advisory Limited Litmus Advisory Limited Apex Debt Solutions LLP FRP Advisory LLP	Shendish CP Limited (dissolved) The Upminster Golf Company, Limited
Nigel Guy	Timberline Partners LLP	Azzurri Capital Limited (dissolved) Azzurri Communications Limited Azzurri Holdings Limited (dissolved) Elan Homes Holdings Limited London Linen Supply Limited Northern Investors Company plc (in liquidation) Warden Holdco Limited
Kate O'Neill	None	None

- 6.8 None of the Directors have any unspent convictions in relation to indictable offences.
- 6.9 None of the Directors have been the subject of any public criticism by any statutory or regulatory authority (including a recognised professional body).
- 6.10 Save as provided in this paragraph 6.10, none of the Directors has been a director of a company at the time of, or within the 12 months preceding the date of, that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors.
- 6.10.1 Nigel Guy was non-executive chairman of The Cornhill Partnership Limited ("TCPL"), which acted as the holding company for a group of companies in the recruitment industry, from his appointment in June 2011 until his resignation in July 2013. TCPL was placed into

creditors' voluntary liquidation in August 2013 in order to realise assets of the company with a view to paying claims received from creditors, which stood at £450,768.52. £425,871.52 of these claims constituted rent arrears owed to a single landlord in respect of TCPL's leasehold premises. No distributions were made and TCPL was dissolved in December 2015, the liquidators noting that there were no asset recovery or conduct matters which justified further investigation.

- 6.10.2 Nigel Guy also acted as a non-executive director of Pindar Systems Holdings Limited ("**PSHL**"), a content management software business, from his appointment in May 2002 until PSHL was put into administration in March 2004 at the request of a secured lender (who was also the majority shareholder). The purpose of the administration was to realise the investment made in PSHL and its subsidiaries predominantly by way of sale of the intellectual property behind the software produced by the group of companies. This was achieved and PSHL was summarily wound up by way of creditors' voluntary liquidation and dissolved in September 2007.
- 6.11 None of the Directors has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership.
- 6.12 No asset of any Director has at any time been the subject of a receivership.
- 6.13 None of the Directors is or has been bankrupt nor been the subject of any form of individual voluntary arrangement.
- 6.14 None of the Directors is or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

## **7. DIRECTORS' SERVICE AGREEMENTS**

### **7.1 Executive Directors**

As described in paragraph 12 of Part 1 of this document, the Executive Directors (who are Partners) will not receive any additional remuneration or other benefit from acting as a director of the Company or any other Group company and will instead derive all of their remuneration in accordance with the arrangements applicable to other Partners and from dividends.

As members of New LLP, Geoff Rowley and Jeremy French are entitled to basic profit shares of £315,000 each per annum, 30 working days holiday in each calendar year (together with the usual statutory and similar holidays), life assurance cover, critical illness insurance and permanent health insurance. Under the terms of the members' deed of New LLP, Mr Rowley and Mr French are both subject to 12 months' notice and to restrictive covenants during (but not after) their membership of New LLP. If either Mr Rowley or Mr French ceased to be a member of New LLP, under the terms of the New LLP's members agreement, he would be entitled to the return of his capital contributions and member loans to New LLP together with all amounts standing to the credit of his New LLP current (income) account, such sums to be paid in six equal instalments on 1 January and 1 July in the three years following his leaving date.

The following agreements have been entered into between the Directors and the Company, in each case conditional on and commencing from Admission:

- (a) A letter of appointment dated 26 February 2020 between (1) the Company and (2) Mr Rowley pursuant to which Mr Rowley is to be appointed as Chief Executive Officer of the Company. The service agreement will terminate at the same time as Mr Rowley ceases to be a member of New LLP and in certain other customary circumstances involving a breach, default or wrongdoing on the part of Mr Rowley.
- (b) A letter of appointment dated 26 February 2020 between (1) the Company and (2) Mr French pursuant to which Mr French is to be appointed as Chief Operating Officer of the Company. The service agreement will terminate at the same time as Mr French ceases to be a member of

New LLP and in certain other customary circumstances involving a breach, default or wrongdoing on the part of Mr French.

## 7.2 Non-executive Directors

The following agreements have been entered into between the Non-Executive Directors and the Company, in each case conditional on and commencing from Admission:

- (a) Nigel Guy has entered into an appointment letter dated 26 February 2020. Under the terms of his appointment letter, Nigel will be Non-Executive Chairman of the Company. The appointment letter is subject to termination by either party on not less than three months' notice, such notice not to expire before the first anniversary of Admission. Nigel is entitled to an annual fee of £75,000. He will be reimbursed for all proper and reasonable expenses incurred in performing his duties. He is not entitled to pension contributions or to participate in any of the Company's benefit arrangements.
- (b) David Adams has entered into an appointment letter with the Company dated 26 February 2020. Under the terms of his appointment letter, David will be a Non-Executive Director of the Company. In addition, David also serves as a non-executive director of FRP Corporate Finance Limited. The appointment letter with the Company is subject to termination by either party on not less than three months' notice, such notice not to expire before the first anniversary of Admission. No notice period is applicable to his directorship with FRP Corporate Finance Limited. David is entitled to an annual fee of £55,000. He will be reimbursed for all proper and reasonable expenses incurred in performing his duties. He is not entitled to pension contributions or to participate in any of the Company's benefit arrangements.
- (c) David Chubb has entered into an appointment letter dated 26 February 2020. Under the terms of his appointment letter, David will be a Non-Executive Director of the Company. The appointment letter is subject to termination by either party on not less than three months' notice, such notice not to expire before the first anniversary of Admission. David is entitled to an annual fee of £55,000. He will be reimbursed for all proper and reasonable expenses incurred in performing his duties. He is not entitled to pension contributions or to participate in any of the Company's benefit arrangements.
- (d) Kate O'Neill has entered into an appointment letter dated 26 February 2020. Under the terms of her appointment letter, Kate will be a Non-Executive Director of the Company. The appointment letter is subject to termination by either party on not less than three months' notice, such notice not to expire before the first anniversary of Admission. Kate is entitled to an annual fee of £55,000. She will be reimbursed for all proper and reasonable expenses incurred in performing his duties. She is not entitled to pension contributions or to participate in any of the Company's benefit arrangements.

## 8. THE COMPANY AND ITS SUBSIDIARIES

- 8.1 The Company will, following the Reorganisation, be the holding company of the Group and will on Admission have the following subsidiaries:

<i>Name</i>	<i>Country of registration or incorporation</i>	<i>Percentage of issued share capital held by the Company and (if different) proportion of voting power held</i>
FRP Advisory Trading Limited	England & Wales	100%
New LLP	England & Wales	99.9%
FRP Corporate Finance Limited	England & Wales	100%
FRP Debt Advisory Limited	England & Wales	100%
Litmus Advisory Limited	England & Wales	100%
Apex Debt Solutions LLP	England & Wales	99.6%

## 9. PLACING ARRANGEMENTS

Under an agreement dated 2 March 2020 (the “**Placing Agreement**”) and made between the Company, the Directors, the Selling Shareholders and Cenkos, Cenkos has agreed (conditionally, *inter alia*, on Admission taking place not later than 20 March 2020) as agent for the Company to use its reasonable endeavours to procure subscribers for the New Shares and as agent for the Selling Shareholders to procure purchasers for the Sale Shares, in each case at the Placing Price.

Under the Placing Agreement and subject to its becoming unconditional:

- (a) the Company has agreed to pay Cenkos commissions of 5 per cent. of the aggregate value of the New Shares at the Placing Price together with a corporate finance fee of £175,000; and
- (b) the Selling Shareholders have agreed to pay Cenkos commissions of 5 per cent. of the aggregate value of the Sale Shares at the Placing Price,

together in each case with any applicable VAT.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

The Placing Agreement contains representations, warranties and indemnities given by the Company and representations and warranties given by the Directors to Cenkos as to the accuracy of the information contained in this document and other matters relating to the Group and its business. Cenkos is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

The Company has agreed that, during the period commencing on 2 March 2020 and ending 365 days after 6 March 2020, it will not without the prior written consent of Cenkos allot or issue, or enter into any agreement or arrangement which would give rise to an obligation or an increased obligation (in each case whether contingent or otherwise) to allot or issue, any share in the capital of the Company (save for the allotment and issue of: (i) Ordinary Shares pursuant to the Placing; and (ii) the grant and exercise of options pursuant to EIP described in paragraph 5 of this Part 4).

## 10. LOCK-IN ARRANGEMENTS

Each of the Selling Shareholders has agreed to certain lock-up arrangements in respect of the Ordinary Shares they hold immediately following Admission.

### 10.1 Lock-in between Selling Shareholders, the Company and Cenkos

The Selling Shareholders have agreed that, subject to the exceptions described below, during the period of 24 months from the date of Admission, they will not, without the prior written consent of Cenkos, directly or indirectly, mortgage, assign, charge, pledge, sell, transfer or otherwise dispose of, any Ordinary Shares they hold immediately following Admission and the Placing, including but not limited to any shares or warrants in the Company which convert or are converted into, Ordinary Shares, save that the above restrictions shall not prohibit:

- (a) a Selling Shareholder from accepting a general offer made to all holders of issued and allotted Ordinary Shares for the time being (other than Ordinary Shares held by the offeror);
- (b) a Selling Shareholder from executing an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Ordinary Shares or any interest therein) as is referred to in sub paragraph (b) above;
- (c) a Selling Shareholder from selling or otherwise disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares in the Company;
- (d) a Selling Shareholder from disposing of Ordinary Shares pursuant to any compromise or arrangement under Part 26 of the 2006 Act which is agreed by the requisite majority of the members of the Company and sanctioned by the court;

- (e) a Selling Shareholder from disposing of Ordinary Shares pursuant to any sale, transfer or arrangement under section 110 of the Insolvency Act 1986 in relation to the Company;
- (f) a Selling Shareholder from transferring Ordinary Shares to any Associate (within the meaning of paragraph (c) of the definition of “related party” in the AIM Rules) or any family or charitable trust provided that, prior to any such transfer, the relevant transferee has entered into an undertaking with the Company and Cenkos in substantially the same form;
- (g) a Selling Shareholder from transferring Ordinary Shares where a disposal is required by law or by any competent authority or by order of a court of competent jurisdiction; or
- (h) a transfer of Ordinary Shares by the personal representatives after the death of a Selling Shareholder; or
- (i) a Selling Shareholder disposing of Ordinary Shares so as to comply with the terms of the Lock-in, Clawback and Forfeiture Deed.

## 10.2 Lock-in, Clawback and Forfeiture Deed

In addition to the lock-in arrangements described in paragraph 10.1 above, the Partners have entered into a further lock-in agreement with the Company pursuant to which the Partners have agreed that, during the period from Admission until the third anniversary of Admission, they will not, without the prior written consent of the Remuneration Committee, sell or contract to sell, grant any option over or otherwise dispose of or encumber any Ordinary Shares they hold immediately following Admission and the Placing (or any interest therein). The lock-in arrangements in the Lock-in, Clawback and Forfeiture Deed otherwise are subject to the same exceptions as apply to the lock-in arrangements described in paragraph 10.1.

If a Partner becomes a leaver (otherwise than as a “good leaver”) during the three year period referred to above, he will forfeit for no consideration all or part of his Ordinary Shares and net Placing proceeds as follows:

<i>Date on which he becomes a leaver</i>	<i>% forfeited</i>
Before the first anniversary of Admission	100%
Between the first and second anniversaries of Admission	90%
Between the second and third anniversaries of Admission	80%

Forfeiture of Ordinary Shares will be effected through a transfer of such shares to the EBT and forfeiture of net Placing proceeds will be effected by requiring the relevant Partner to make a payment in cash to the Company.

If a relevant Partner becomes a “good leaver”, the Ordinary Shares in which he is interested will be released from the lock-in and forfeiture provisions in the Lock-In, Clawback and Forfeiture Deed (but not from the lock-in arrangements described in paragraph 10.1 above).

An individual is a “good leaver” for the purposes of the Lock-In, Clawback and Forfeiture Deed only if he ceases to be a member of New LLP due to his death, permanent incapacity due to injury or ill-health in certain circumstances or if the Remuneration Committee otherwise determines.

## 11. REORGANISATION

The Reorganisation involves the following principal steps, each of which will be entered into before Admission and become effective order in accordance with the terms of a group reorganisation and framework agreement entered into between, amongst others, the Partnership, the members of the Partnership and the Company dated 26 February 2020:

- (a) the sale of all the assets (other than certain cash) of the Partnership to FRP Advisory Trading Limited and the assumption of all the liabilities (other than the assumption of capital contributions made by the Partnership’s members and certain liabilities relating to the current accounts of the members of the Partnership) of the Partnership by FRP Advisory Trading Limited pursuant to a business and assets sale agreement to be entered into before Admission between those parties in consideration for the issue by FRP Advisory Trading Limited to the Partnership of shares in FRP Advisory Trading Limited;

- (b) the entering into by the Partnership of a new revolving credit facility (“**RCF**”) with Barclays Bank PLC (“**Barclays**”) and related security arrangements, the cancellation of the Partnership’s existing facilities and release of related security and the novation to FRP Advisory Trading Limited of the new RCF in partial consideration of the transfer of the Partnership’s trade and assets described in paragraph 11(a) above;
- (c) the sale by the Partnership to the Company of all of the shares in FRP Advisory Trading Limited in consideration for the issue by the Company of new shares to the Partnership;
- (d) the sub-division of the share capital of the Company into the Ordinary Shares of 0.1 pence each;
- (e) the distribution by the Partnership to its members of the entire issued share capital of the Company;
- (f) the members of the Partnership resigning and becoming Partners in New LLP;
- (g) the repayment to the Partners of their existing partner contribution loans from Barclays relating to the Partnership, the drawing of new partner contribution loans from Barclays relating to Partners’ contributions to New LLP and the making of such contributions to the New LLP; and
- (h) the repayment to the Partners of their existing current accounts as entitled under the members agreement relating to the Partnership, the making of new partner loans by the Partners to New LLP and the on-lending of the proceeds of such partner loans by New LLP to FRP Advisory Trading Limited.

## **12. UK TAXATION**

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. The following statements are based on current UK legislation and what is understood to be the current practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident (and, in the case of individual Shareholders, domiciled) for UK tax purposes in (and only in) the UK, who hold their Ordinary Shares as an investment (other than under tax exempt arrangements such as individual savings accounts), and who are the absolute beneficial owners of both their Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring Ordinary Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) or trustees and beneficiaries as regards shares held in trust is not considered.

**Any person who is in any doubt about their taxation position or who may be subject to tax in a jurisdiction other than the UK is strongly recommended to consult their own professional advisers.**

### **12.1 Taxation of Chargeable Gains**

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing is regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Ordinary Shares allotted to them, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the tax base cost of a Shareholder’s holding.

A disposal of all or any of the Ordinary Shares by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on the circumstances of the relevant shareholder, give rise to a liability to UK taxation on chargeable gains.

#### **12.1.1 UK tax resident individual Shareholders**

Where an individual Shareholder disposes of Ordinary Shares at a gain, CGT will be levied to the extent that the gain exceeds the annual exemption and after taking account of any other available reliefs, such as capital losses.

For such individuals, CGT will be charged at 10 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, CGT will be charged at 20 per cent.

For trustees and personal representatives of deceased persons, CGT on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

#### 12.1.2 ***UK resident corporate Shareholders***

Where a Shareholder is within the charge to UK corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss), depending on the circumstances and subject to any available exemption or relief.

Subject to certain exemptions, the corporation tax rate applicable to a UK resident corporate Shareholder on taxable profits is currently 19 per cent., falling to 17 per cent. after 1 April 2020 (subject to any change in government policy).

### 12.2 **Taxation of Dividends**

#### 12.2.1 ***Withholding tax on dividends***

The Company is not required to withhold tax when paying a dividend.

#### 12.2.2 ***Dividends paid to UK tax resident individuals***

An individual shareholder who is resident for tax purposes in the UK is entitled to a tax-free dividend allowance. This allowance effectively exempts from tax the first £2,000 of dividend income received by such an individual in the tax year 2018-2019 and subsequent tax years. However, dividends within the allowance will count as taxable income when determining how much of the basic rate band or higher rate band has been used.

Dividend income in excess of £2,000 will be taxable at the rate of 7.5 per cent. to the extent it falls within an individual's basic rate band, 32.5 per cent. to the extent it falls within an individual's higher rate band and 38.1 per cent. to the extent it is taxed as additional rate income. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of the individual's total income.

#### 12.2.3 ***Dividends paid to UK tax resident companies***

A UK resident corporate Shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009 (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not met, or cease to be satisfied, or such a corporate Shareholder elects for an otherwise exempt dividend to be taxable, then the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (or 17 per cent. from 1 April 2020).

### 12.3 **UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

12.3.1 No stamp duty or SDRT should arise on the issue or allotment of New Shares by the Company pursuant to the Placing. For as long as Ordinary Shares are admitted to trading on AIM (and are not listed on any market), no stamp duty or SDRT will arise on transfers or agreements to transfer Ordinary Shares by virtue of the exemption from 28 April 2014 from stamp duty and SDRT on shares traded on AIM (and not listed on any market). If the Ordinary Shares cease to qualify for this exemption their transfer on sale will be subject to stamp duty and/or SDRT (generally at the rate of 0.5 per cent. of the consideration subject to a de minimis threshold for stamp duty), save in respect of shares held in a clearance

service or in a depositary receipt arrangement in respect of which other provisions may apply.

- 12.3.2 The statements in this paragraph 12.3 apply to any holders of Ordinary Shares irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to persons such as, amongst others, intermediaries and persons connected with depositary arrangements or clearance services.

**THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.**

### **13. MATERIAL CONTRACTS**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by any member of the Group and which contain any provision under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document or at Admission:

- (a) the Placing Agreement, details of which are set out in paragraph 9 above;
- (b) the lock-in arrangements, details of which are set out in paragraph 10 above;
- (c) the nomad and broker agreement dated 26 February 2020 made between (1) the Company, and (2) Cenkos, whereby, conditional upon Admission, Cenkos has agreed to act as nominated adviser and broker to the Company for an annual fee of £75,000 plus VAT (together with out of pocket expenses) for a minimum period of 12 months from Admission. The agreement is subject to termination on 3 months' notice by either party at any time after the initial 12 month period;
- (d) the business and assets sale agreement and the share for share exchange agreement each entered into in connection with the Reorganisation and summarised in paragraphs 11(a) and 11(c) of this Part 4;
- (e) the Existing RCF, details of which are set out in paragraph 14 below;
- (f) the Existing Term Loan, details of which are set out in paragraph 14 below;
- (g) the New RCF, details of which are set out in paragraph 14 below; and
- (h) the Relationship Agreement, details of which are set out in paragraph 13.6 of Part 1 of this document.

### **14. FINANCE FACILITIES**

- 14.1 On 28 January 2016, the Partnership entered into a term loan facility agreement with Barclays Bank PLC ("**Barclays**") under which a £1,714,000 term loan was made available to the Partnership (the "**Existing Term Loan**"). The Existing Term Loan has a fixed interest rate of 4.66 per cent. per annum.
- 14.2 On 26 April 2018 a revolving facility agreement was entered into by the Partnership with Barclays under which a £5,000,000 revolving credit facility was made available to the Partnership, with the commitment under that facility subsequently being extended to £10,000,000 on 2 September 2019 (the "**Existing RCF**"). The Existing RCF has a floating interest rate of 1.5 per cent. per annum above LIBOR.

- 14.3 The Existing Term Loan and the Existing RCF each:
- (a) are subject to certain financial covenants relating to net tangible assets, leverage, gross borrowing gearing and debt service;
  - (b) contain certain other covenants and events of default that are customary for agreements of the nature of the Existing Term Loan and the Existing RCF; and
  - (c) are secured by a cross-guarantee and debenture dated 19 February 2013 granted in favour of Barclays by the Partnership (as acceded to by Apex Debt Solutions LLP on 26 March 2014 and by FRP Debt Advisory Limited on 15 June 2016).
- 14.4 On the day before Admission, the Partnership, FRP Advisory Trading Limited and the Company, amongst others, will enter into a new revolving credit facility agreement with Barclays under which a £25,372,698 revolving credit facility will be made available (the “**New RCF**”). The New RCF has a floating interest rate of 1.50 per cent. above LIBOR.
- 14.5 The New RCF will be drawn down by the Partnership as part of the Reorganisation to refinance amounts outstanding under the Existing Term Loan and the Existing RCF being repaid and cancelled and the New RCF will then be novated as part of the Reorganisation to FRP Advisory Trading Limited as described in paragraph 11(b) of this Part 4. The existing security granted by the Partnership will be released and FRP Advisory Trading Limited, together with the Partnership, the Company and others as guarantors, will grant a debenture in favour of Barclays relating to the amounts outstanding under the New RCF.
- 14.6 It has been agreed with Barclays that £20,000,000 of the New RCF will be repaid 7 days after Admission with the corresponding commitment under the New RCF being cancelled. This will leave a remaining commitment under the New RCF of £5,372,698 as the outstanding indebtedness to Barclays of FRP Advisory Trading Limited. That remaining amount available under the New RCF will be reduced to £5,000,000 on 29 January 2021 with the final repayment being due on 5 March 2023.
- 14.7 The New RCF is subject to certain financial covenants relating to net tangible assets, leverage, gross borrowing gearing and debt service. The New RCF contains certain other covenants and events of default that are customary for an agreement of the nature of the New RCF.

## **15. RELATED PARTY TRANSACTIONS**

Details of related party transactions entered into by members of the Group up to 30 April 2019 are set out in Part 3 “Financial Information”.

## **16. WORKING CAPITAL**

The Directors and the Proposed Directors are of the opinion (having made due and careful enquiry) that, after taking into account the financing facilities available and the net proceeds of the Placing receivable by the Company, the working capital available to the Group will be sufficient for its present requirements, that is, for at least the period of 12 months from the date of Admission.

## **17. LITIGATION**

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group’s financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

Without limiting the foregoing, the Group continues to receive claims in the ordinary course of business and is currently defending the following two claims:

- (a) Geoff Rowley and Jason Baker, partners of the Group and the former joint administrators of Force India Formula One Team Limited (“**FIFO**”) are parties to a claim made by an unsuccessful bidder for FIFO in relation to the conduct of the administration and in particular in relation to the manner in which the business was marketed and sold in August 2018.

In accordance with case management directions, disclosure of documents was completed on 14 February 2020 and exchange of witness statements is due to be completed by 10 July 2020. The case is scheduled to go to trial in November 2020.

The Group intends to strongly defend the claim, which it regards as baseless.

By a written Opinion dated 26 November 2018, Lexa Hilliard QC concluded:

*“The claim, as pleaded, is weak in fact and law. I consider that the claim against the current Administrators, as currently pleaded, will fail. Even if the claim is amended, on the basis of the documents that I have been provided with thus far, I do not consider that claim has any prospect of succeeding.*

*If there is a claim at all, it is one that should be properly brought against the Company (i.e. FIFO). At all material times, the Administrators were acting for and on behalf of the Company. There is no basis for a claim against the Administrators personally”.*

In the opinion of Mishcon de Reya LLP, solicitors to Geoff Rowley and Jason Baker, no documents or information have come to light since the date of the Opinion that materially alters the factual or legal position as analysed by Counsel.

- (b) The Group is defending a claim for conspiracy to injure made by a shareholder in Lordsbridge Leisure Limited, a company in liquidation and in respect of which partners in the Group were appointed administrators and have subsequently been appointed as joint liquidators. The claim value is stated to be in excess of £10,000,000. The Group has been advised by counsel that the claimant does not have grounds for the claim made, the claim is being defended strongly and an application is being made to the High Court to strike out the claim on the basis that the Group regards it as baseless; this strikeout application is due to be heard in early July 2020.

The Group maintains professional indemnity insurance and has notified these claims to its insurers on a precautionary basis.

## **18. GENERAL**

- 18.1 There has been no significant change in the financial or trading position of the Group since 31 October 2019, the date to which the unaudited interim financial information on the Group as set out in Part 3 Section C of this document was prepared.
- 18.2 The estimated costs and expenses relating to the Placing (including those fees and commissions referred to in paragraph 9 above) payable by the Company are estimated to amount to approximately £1.3 million (excluding VAT). This excludes fees incurred by the Partnership relating to the Reorganisation and IPO preparation. The total net proceeds of the Placing payable to the Company, after settling fees will be £18.7 million.
- 18.3 In the opinion of the Directors, the minimum amount which must be raised by the Company through the allotment of New Shares pursuant to the Placing is approximately £20 million which will be applied as follows:
- |   |               |
|---|---------------|
| (a) For the purposes set out in paragraph 10 of Part 1 of this document and for working capital | £18.7 million |
| (b) Costs and expenses payable under the Placing  | £1.3 million  |
- 18.4 The financial information set out in this document relating to the Group does not constitute statutory accounts within the meaning of section 434(3) of the 2006 Act. Saffery Champness LLP of 71 Queen Victoria Street, London EC4V 4BE, which is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales, have been the auditors of the Company for the three financial years ended 30 April 2019 and during the 6 month period to 31 October 2019 and have given unqualified audit reports on the statutory accounts of the Company for the three financial years ended 30 April 2019 within the meaning of section 495 of the 2006 Act. None of those reports contained any statements under section 498(2) or (3) of the 2006 Act. Full audited accounts for the Group have been delivered to the Registrar of Companies in England and Wales for each of the three financial years ended 30 April 2017, 30 April 2018 and 30 April 2019.

18.5 RSM have given and not withdrawn their written consent to the issue of this document with the inclusion in it of their report in Part 3 and the references to their report and to their name in the form and in the context in which it is included and have authorised the contents of Part 3 of this document. RSM have no material interest in the Company.

18.6 The information at Part 1 of this document sourced from third parties has been accurately reproduced and as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which render the reproduced information inaccurate or misleading.

In addition, a number of sources have been cited throughout this document in respect of market information, including the following:

- Atradius N.V., *Corporate insolvencies rise for first time in 10 years* (August 2019);
- Begbies Traynor Group plc, *Latest Red Flag Alert Report for Q3 2019* (October 2019);
- Competition and Markets Authority, *Statutory audit service market study – Final report* (April 2019); and
- Financial Reporting Council, *Developments in Audit 2019* (November 2019).

18.7 Cenkos is registered in England and Wales under number 05210733 and its registered office is at 6.7.8 Tokenhouse Yard, London EC2R 7AS. Cenkos is regulated by the Financial Conduct Authority and is acting in the capacity as nominated adviser and broker to the Company. Cenkos has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

18.8 Save as otherwise disclosed in this document there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.

18.9 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

- (a) received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or
- (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission, any of the following:
  - (i) fees totalling £10,000 or more;
  - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
  - (iii) any other benefit with a value of £10,000 or more at the date of Admission.

18.10 25,000,000 New Shares will be issued pursuant to the Placing.

Dated 2 March 2020



**FRP**

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